



**LARGE BANK**

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

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Public Disclosure

January 2, 2007

## **Community Reinvestment Act Performance Evaluation**

**Commercebank, National Association  
Charter Number: 16804**

**220 Alhambra Circle  
Coral Gables, FL 33134**

**Office of the Comptroller of the Currency**

**South Florida Field Office  
9800 Northwest 41st Street Suite 120  
Miami, FL 33178**

**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 **Commercebank, National Association** with respect to the Lending, Investment, and Service Tests:

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

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

The major factors that support this rating include:

- Overall, the level of community development lending is excellent and it has a positive impact on lending activity. The bank is helping to meet the housing and small business needs in its assessment areas through its community development lending. In Florida, New York and Texas, the volume of community development lending is excellent and the activity is responsive to assessment area needs.
- The overall level of lending is excellent, given the bank's business strategy in its assessment areas and considering the positive impact of community development lending. Lending activity is excellent in Florida and good in New York and Texas.
- The overall geographic distribution of loans within the bank's assessment areas is good. Performance is good in Florida, New York and Texas.
- A substantial majority of the bank's loan originations were within its assessment areas.
- The overall distribution of loans by income level of the borrower is good. Performance is good in Florida and excellent in New York and Texas.

- Overall, the level of qualified investments is excellent, given the availability of investment opportunities in the bank's assessment areas. Performance is excellent in Florida and Texas. Performance is good in New York.
- Overall, the bank provided a good level of Service Test performance. A high level of community development services in the primary Florida assessment area had a positive impact of the overall Service Test conclusion. Retail services are adequately distributed with branches reasonably accessible to all income geographies. Community development services are excellent, with the bank taking a leadership position. Performance in Florida is consistent with the overall conclusion. Retail service performance is consistent with the overall conclusion in New York and Texas. In New York, community development service performance is good, and in Texas it is adequate.

## 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

Commercebanc, N. A. (CBNA) is an interstate commercial bank headquartered in Coral Gables, Florida. It is a wholly-owned subsidiary of Commercebanc Holding Company (CHC), a bank holding company also headquartered in Coral Gables, which in turn is owned by Mercantil Servicios Financieros (MSF), the largest international financial institution in Venezuela. MSF is publicly owned with its stock traded on the Caracas Stock Exchange. Commercebanc Investment Services, a broker-dealer and investment adviser, is an operating subsidiary of CBNA. Because of its affiliation with CHC and MSF, the bank has numerous affiliates. With the exception of Commercebanc Trust Company, N.A., these affiliates operate outside the United States. No activity of any affiliate is being included in this examination.

CBNA operates 11 branches in the state of Florida, as well as one in the state of New York, and one in the state of Texas. In May 2006 the bank completed the merger acquisition of Florida Savings Bank. At the time of the transaction, Florida Savings Bank has assets of approximately \$130 million and operated three branches in Miami-Dade County Florida.

CBNA offers a wide variety of domestic, international, personal, commercial, and corporate banking services. However, the bank's strategic focus is business lending. Most of its customers are foreign nationals and most of the bank's deposits are derived from this source. Trade financing and foreign correspondent banking activities are major business lines. In order to meet its CRA obligations, the bank concentrates on small business and community development lending, areas where the bank has significant expertise. Residential mortgage lending is not a primary business line for the bank. Most of its residential mortgage loans are to foreign nationals purchasing second homes in the Miami area. In some assessment areas, the bank purchases home mortgage loans in order to assist in helping to meet assessment area needs.

As of September 30, 2006, CBNA reported total assets of \$4.664 billion. Total loans of \$2.256 billion represented 48% of total assets and consisted of commercial and commercial real estate loans (67%), loans to foreign banks and businesses (17%), loans secured by 1-4 family residential properties (11%), loans secured by multi-family residential properties (4%), and consumer and other loans (1%). Deposits totaled \$3.293 billion and Tier 1 Capital was \$370 million, or 8% of total assets.

A majority of the bank's deposits (85% as of September 30, 2006) are from foreign customers, most of which reside in Venezuela. The large percent of foreign deposits has a material impact on the evaluation of the bank's CRA performance. As of September 30, 2006, only \$503 million of the bank's deposits were from domestic customers. However, the domestic loan portfolio totaled \$1.3 billion, indicating that portions of domestic loans were funded with foreign deposits. It also indicates that the bank has a smaller domestic customer base than other similarly sized banks from which to generate loans. Our evaluation of the bank's performance takes these factors into consideration.

There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs of its assessment areas. CBNA's performance was rated "Outstanding" at its last CRA evaluation dated December 23, 2003.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation assesses the bank's performance under the Lending, Investment and Service Tests. In evaluating the bank's lending performance, we reviewed residential mortgage loans subject to filing under the HMDA, small loans to businesses and community development loans. We also evaluated community development investments and community development services. The bank reported no small loans to farms. Therefore, tables for this product are not included in the Core Tables of this report (Appendix D).

With the exception of community development loans, the evaluation period for the Lending Test is January 1, 2003 through December 31, 2006. For community development loans, the Investment Test, and Service Test, the evaluation period is December 23, 2003, the date of the last CRA evaluation, through December 31, 2006. Our conclusions related to community development loans and qualified investments were based on the number and dollar amounts made during the evaluation period. In addition, we considered the level of innovation, complexity, responsiveness to community credit needs and the degree to which these instruments are not routinely provided by private investors.

The evaluation period was impacted by the implementation of changes made by the Office of Management and Budget (OMB) to Metropolitan Statistical Area (MSA) designations, which became effective in 2004. Because of this, the Lending Test evaluation period was divided into two segments. The first segment includes all of 2003 and uses the old OMB designations to identify the assessment areas. The second segment includes 2004 through 2006 and uses the new OMB designations to identify the assessment areas. Performance for the 2003 segment of the evaluation period is discussed in the evaluation but the Core Table is not included in Appendix D.

### Data Integrity

This evaluation is based on accurate data. We tested the accuracy of the bank's HMDA and small business loan data prior to the beginning of the CRA examination. HMDA data was determined to be accurate. However, errors were noted in the data for small business loans. These errors were corrected, and the corrected data, which was resubmitted, was used for this examination. Because of the impact of these errors on 2005 activity, we manually recalculated small business loan market share.

Community development loans, investments and services submitted by bank management were verified to ensure that they met the regulatory definition for community development. Some items submitted by the bank for consideration were excluded from this evaluation because they did not meet the definition or purpose of community development.

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

CBNA has four assessment areas, two in Florida, one in New York, and one in Texas.

In Florida, the Miami assessment area received a full-scope review and the Ft. Lauderdale assessment area received a limited scope review. The one assessment area in New York and Texas received a full-scope review.

## **Ratings**

CBNA's overall rating is a blend of the state ratings. Because the Florida assessment area represents the majority of the bank's deposits (91%), the most weight was placed on this area in determining ratings. State ratings are based on those areas that received full-scope reviews. Also, most weight in reaching conclusions was given to the more recent and lengthy 2004-2006 segment of the evaluation period.

## **Other**

Community credit needs in the assessment areas were determined by reviewing recent community contacts conducted by the OCC and other regulators in connection with other CRA examinations of banks operating in the same assessment area. We also conducted a community contact in the full-scope assessment area of Florida. Details regarding the organization and its mission are in the "Scope" section of the state of Florida.

The most commonly identified community development need centers around affordable housing-- rehabilitation and new construction of both single-family and multi-family occupancy. Other identified needs were credit and resource assistance to purchase affordable housing, credit and resource assistance to very small businesses and entrepreneurs, and homeownership counseling.

Refer to the profile in Appendix C for additional information.

## **Fair Lending Review**

We found no evidence of discrimination or other illegal credit practices inconsistent with helping to meet community credit needs.

## State Rating

<b>CRA Rating for Florida<sup>1</sup>:</b>	<b><u>Outstanding</u></b>
<b>The lending test is rated:</b>	<b><u>Outstanding</u></b>
<b>The investment test is rated:</b>	<b><u>Outstanding</u></b>
<b>The service test is rated:</b>	<b><u>High Satisfactory</u></b>

The major factors that support this rating include:

- Lending activity that reflects excellent responsiveness to credit needs in its assessment areas, when consideration is given to the positive impact of community development loans.
- Good geographic distribution of loans in the bank's assessment areas.
- Good distribution of loans by income level of the borrower in the bank's assessment areas.
- Excellent community development lending, which had a positive impact on lending activity.
- An excellent level of qualified investments that reflect good responsiveness to credit and community development needs.
- Excellent community development service performance which had a positive impact on the overall Service Test rating.
- Adequate retail service delivery systems that are reasonably accessible to geographies and individuals of different income levels in its assessment areas.

### Description of Institution's Operations in Florida

CBNA conducts almost all of its operations in Florida from which it receives 91% of its deposits. The bank has 11 full-service offices in Miami-Dade County, where the bank is headquartered. Three offices were added in May 2006 when CBNA completed the merger acquisition of Florida Savings Bank. The bank has two offices in Broward County, north of and adjacent to Miami-Dade County. The vast majority of the bank's

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<sup>1</sup> 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.

deposits are owned by customers living in Venezuela who are referred by officers and employees of financial affiliates in Venezuela. Approximately 84% of the bank's deposits are from international customers. At September 30, 2006, international deposits totaled \$2.6 billion versus domestic deposits of \$495 million in the Florida assessment area.

Refer to the Market Profile for the state of Florida in Appendix C for detailed demographics and other performance context information for the assessment area that received a full-scope review.

## **Scope of Evaluation in Florida**

CBNA has two assessment areas in Florida which include of a portion of MSA 33100 (Miami-Ft. Lauderdale-Palm Beach, FL). This MSA consists of three Metropolitan Divisions (MDs) including MD 33124 (Miami-Miami Beach-Kendall, FL) and MD 22744 (Ft. Lauderdale-Pompano-Deerfield Beach, FL), which comprise the bank's Florida assessment area. The Miami assessment area, which contains 97% of Florida deposits and 80% of Florida loan activity during the evaluation period, received a full-scope review. The Ft. Lauderdale assessment area received a limited-scope review. Ratings for the state of Florida are based primarily on performance in the Miami assessment area.

Loan products evaluated include home purchase, home refinance, and multi-family loans reported under the HMDA and small loans to businesses reported under the CRA. The volume of home improvement loans reported under the HMDA was not sufficient for analysis. The bank did not report any small loans to farms therefore there was no analysis and the table was excluded from the Core Tables in Appendix D. We also evaluated community development loans, investments, and services.

Of loans originated/purchased in the 2004-2006 segment of the evaluation period, 70% were small loans to businesses. Therefore, the most weight in reaching our conclusions was given to performance related to small loans to businesses.

For this examination, we conducted one community contact in the Miami assessment area. The community contact was a non-profit entrepreneurial institute that provides resource and credit assistance to all areas related to small business operations. The most pressing need identified was the need for micro-lending to provide for small dollar loans to assist very small businesses. We also reviewed community contacts conducted at other examinations for banks operating in the same assessment area and we reviewed the Five-Year Consolidated Plan for Miami, as submitted to the U. S. Department of Housing and Urban Development (HUD). The most critical identified need is housing that is affordable to low- and moderate-income families.

Refer to the profile in Appendix C for additional information.

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in Florida is rated "Outstanding". Based on a full-scope review, the bank's performance in the Miami assessment area is excellent.

### Lending Activity

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

Overall lending levels reflect excellent responsiveness to meeting assessment area credit needs, when comparing deposit market share and rank with loan market share and rank, given the bank's deposit mix and business strategy. Lending activity performance for the 2003 segment of the evaluation period is not inconsistent with 2004-2006 performance discussed here.

Small business lending activity is excellent, given performance context. FDIC data as of June 30, 2005 shows that CBNA had a total deposit market share in the Miami assessment area of 4.01% and was ranked 8<sup>th</sup>. However, when only domestic deposits are considered, the bank's deposit market share is .62% and it is ranked 24<sup>th</sup> of the 76 financial institutions taking deposits in the assessment area. Based on 2005 peer data, CBNA's market share of small loans to businesses was .40% with a rank of 20<sup>th</sup> among 112 loan reporters, based on number of loans. When the dollar amount of such loans is considered, the bank had a market share of 3.61% and was ranked 9<sup>th</sup>, exceeding the bank's domestic market share and rank. A comparison based on dollar volume of lending is deemed more meaningful because of the inclusion of a large number of credit card lenders in the reporting. Credit card lenders originate a large number of loans, but the dollar volume is significantly smaller. For example, the top six small business loan reporters in 2005 are all credit card lenders that do not take deposits in the assessment area. Combined, these six lenders have a market share of 76%, based on number of loans, but only a 19% market share based on dollar volume.

Overall HMDA lending is adequate, when considering the bank's business strategy and the market in which the bank operates. For overall HMDA lending, the bank is ranked 199<sup>th</sup> of 939 reporters in 2005, with a market share of .03%, based on number of loans, and .10% based on dollar volume. Based on the bank's business strategy, the small portion of HMDA lending to total lending analyzed, and the level of competition in the market, such performance does not materially detract from the bank's overall lending activity performance. However, the bank's market share and rank of multi-family HMDA loans is consistent with its commercial lending strategy. Based on 2005 aggregate HMDA data, CBNA had a market share of 1.50% for multi-family loans in the Miami assessment area and was ranked 18<sup>th</sup>, which exceeds the bank's domestic market share and rank.

In addition, the bank's high volume of community development loans was considered. Community development lending represents 35% of the dollar volume of the bank's loans analyzed in the 2004-2006 segment of the evaluation period.

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

Overall, the geographic distribution of loans in the state of Florida is good. The overall geographic distribution of loans in the full-scope Miami assessment area is good, based primarily on the distribution of small loans to businesses. As previously noted, such loans represent 80% of HMDA and small business loan activity analyzed during the 2004-2006 segment of the evaluation period. The geographic distribution of HMDA loans is adequate. The geographic distribution of small loans to businesses is good.

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

Refer to Tables 2, 4, and 5 in the state of Florida section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loans.

The overall geographic distribution of HMDA loans throughout the full-scope Miami assessment area is adequate. Because of the higher number of loans, home purchase loans received the most weight in reaching our conclusion. Home improvement loans were not included in the analysis as their number was too small (12) to be meaningful. Also, conclusions were based primarily on performance in moderate-income geographies because of the limited opportunities to lend in low-income geographies. Based on 2000 Census data, only 1.69% (7,594 units) of owner-occupied housing units exist in low-income geographies, significantly limiting opportunities for any one of the many lenders reporting home mortgage lending in the Miami assessment area.

The geographic distribution of *home purchase loans is adequate*. The bank's percent of home purchase loans in low-income geographies is lower than the percent of owner-occupied units in these geographies. The bank's market share of home purchase loans in low-income geographies is equivalent to its overall market share of home purchase loans. The bank's percent of home purchase loans in moderate-income geographies is somewhat lower than the percent of owner-occupied units in these geographies. The bank's home purchase market share in moderate-income geographies is somewhat lower than its overall market share of home purchase loans. Performance for the 2003 segment of the evaluation period is not inconsistent with 2004-2006 performance.

The geographic distribution of home mortgage *refinance loans is adequate*. The bank's percent of refinance loans in low-income geographies exceeds the percent of owner-occupied housing units in such geographies and its market share of refinance loans in low-income geographies exceeds its overall market share of refinance loans. The bank's percent of home mortgage refinance loans in moderate-income geographies is somewhat lower than the percent of owner-occupied units in these geographies. The bank's market share of refinance loans in moderate-income geographies is somewhat

lower than its overall market share of refinance loans. Performance for the 2003 segment of the evaluation period is not inconsistent with 2004-2006 performance.

The geographic distribution of *multi-family loans is excellent*. The bank's percent of multi-family loans in low-income geographies exceeds the percent of multi-family units in these geographies. The bank's percent of multi-family loans in moderate-income geographies exceeds the percent of multi-family units in these geographies. The bank's multi-family market share in low-income geographies is somewhat lower than its overall multi-family market share. The bank's multi-family market share in moderate-income geographies exceeds its overall market share of multi-family loans. Performance for the 2003 segment of the evaluation period is not inconsistent with 2004-2006 performance.

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

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

The geographic distribution of small loans to businesses is good. The bank's geographic distribution of small loans to businesses in both low- and moderate-income geographies is near to the percentage of businesses located in such geographies. The bank's market share of small loans to businesses in both low-income and moderate-income geographies exceeds its overall market share of small loans to businesses. Performance for the 2003 segment of the evaluation period is not inconsistent with 2004-2006 performance.

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

We evaluated the lending distribution of this assessment area to determine if any unexplained conspicuous gaps existed. No unexplained conspicuous gaps were identified.

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

This analysis was performed at the bank level rather than state or assessment area levels. During the evaluation period, a substantial majority of the bank's loan originations were within its overall assessment area. Specifically, 95% of loan originations by number and 94% by dollar were within the bank's overall assessment area. By product, 92% by number and 93% by dollar of HMDA loan originations were within the bank's overall assessment area. Regarding small loans to businesses, 97% by number and 95% by dollar were originated within the bank's overall assessment area. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of the geography.

## Distribution of Loans by Income Level of the Borrower

Overall, the distribution of loans by income level of the borrower in the state of Florida is good, based primarily on the distribution of small loans to businesses. The overall distribution of loans by income level of the borrower in the full-scope Miami assessment area is good, based primarily on the distribution of small loans to businesses. The distribution of HMDA loans by income level of the borrower is poor, given performance context. The distribution of small loans to businesses is good, and this performance was given the greatest amount of weight since the volume of small loans to businesses is significantly higher than the volume of HMDA loans.

### *Home Mortgage Loans*

Refer to Tables 8 and 10 in the state of Florida 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 distribution of HMDA loans among individuals of different income levels throughout the full-scope Miami assessment area is poor, given performance context.

Consideration was given to the poverty level in the Miami assessment area, which negatively impacts the ability of low-income families to own a home. In the Miami assessment area, approximately 18% of households live below the poverty level. In addition, consideration was given to the fact that home prices in the Miami assessment area are very high in comparison with median family income making it very difficult for a low-income family to purchase a home in the assessment area. A moderate-income family may also experience some difficulty. (See Appendix C – Market Profiles for a full discussion.)

The distribution of home *purchase loans to borrowers of different income levels is poor, given performance context*. The bank's percent of home purchase loans made to both low-income and moderate-income borrowers is significantly lower than the percent of low-income and moderate-income families in the assessment area. The bank's market share of home purchase loans made to low-income borrowers exceeds its overall market share of home purchase loans to all borrowers. The bank's home purchase loan market share to moderate-income borrowers is significantly lower than its overall market share of home purchase loans to all borrowers. Performance for the 2003 segment of the evaluation period is stronger than 2004-2006 performance however it is based on a very small number of loans (22) and performance had a minimal impact on the overall performance conclusion.

The distribution of *home mortgage refinance loans among borrowers of different income levels is adequate, given performance context*. The percent of the bank's loans to both low-income and moderate-income borrowers is lower than the percent of such families residing in those geographies. The bank's market share of refinance loans to both low-income and moderate-income borrowers exceeds its overall market share to borrowers

of all income levels. Performance for the 2003 segment of the evaluation period is stronger than 2004-2006 performance and it had a limited impact on the overall conclusion.

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

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

The distribution of *small loans to businesses within the full-scope assessment area is good*. The percent of CBNA's small loans to small businesses (businesses with annual revenues of \$1 million or less) substantially meets the percent of small businesses in the full-scope assessment area. The bank's market share of small loans to small businesses exceeds its overall market share of small loans to all businesses. Of small loans to businesses, 66% were for amounts of \$250,000 or less. Performance for the 2003 segment of the evaluation period is not inconsistent with 2004-2006 performance

### **Product Innovation and Flexibility**

CBNA offers no lending products that are considered innovative or flexible. This had a neutral impact on the Lending Test rating.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Florida section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development loans, including multi-family loans that also qualify as community development loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as community development loans. Table 5 does not separately list community development loans, however.

Community development lending had a positive impact on the Lending Test for the state of Florida. Based on a full-scope review, community development lending in the Miami assessment area is excellent and it had a positive impact on the Lending Test. The bank originated a significant number and dollar amount of community development loans. These loans exhibited good responsiveness to the various needs in the assessment area, particularly affordable housing loans, which are responsive to the assessment area's most critical need.

Refer to the profile in Appendix C for a discussion of assessment area needs and available opportunities.

During the evaluation period, CBNA originated or participated in 55 community development loans totaling \$223.7 million. The majority of community development loan dollars (\$154.7 million or 69%) provided funds to revitalize and stabilize low- and moderate-income geographies within the Miami assessment area. These loans, most

of which were located in the Miami-Dade Empowerment Zone or various redevelopment areas designated by the city of Miami, help to support activities that attract and retain businesses and residents in low- and moderate-income geographies by providing jobs and housing.

Approximately 20% of community development loan dollars totaling \$45 million helped to meet affordable housing needs in the Miami assessment area. These loans helped to provide approximately 2,000 rental units affordable to low- and moderate-income persons and families. While most of these loans represent multi-family HMDA loans, nine loans totaling \$3 million and providing approximately 1,400 of the housing units, represent the bank's share of loans originated by a lending consortium in which the bank participates. The consortium was established by a local branch of a statewide non-profit community development corporation (CDC) to provide area banks with the opportunity to participate in larger, more complex affordable housing development. The CDC provides financing for land acquisition, development, and/or construction of multi-family and single-family housing that is affordable to low- and moderate-income individuals and families. Most projects make use of Low Income Housing Tax Credits (LIHTC).

The remaining 11% of community development loan dollars (\$24 million) helped to meet economic development needs by providing financing to businesses that meet the size requirements of the CRA and provide jobs in low- and moderate-income geographies.

Also, CBNA originated a regional community development loan totaling \$12 million. This revitalization and stabilization loan provides some benefit to the full-scope Miami assessment area as well as the limited-scope Ft. Lauderdale assessment area and neighboring Palm Beach County, all of which are included in MSA 33100. The loan is to refinance eight gas station/ convenience store locations from another bank and to provide funds to expand the convenience store operations. The loan will help to revitalize and stabilize the various low- and moderate-income areas by helping to retain and increase job opportunities as well as provide needed services.

In addition, the bank originated four community development loans totaling \$13.8 million during the evaluation period that are within the state of Florida but outside the bank's Florida assessment area. The loans do not have the potential to benefit the bank's assessment area, but were given consideration because the bank adequately met the community development loan needs within its Florida assessment area. Three loans, representing approximately 25% of the total dollar amount of outside assessment area lending, are affordable housing loans that are helping to provide 167 rental housing units that are affordable to low- and moderate-income persons or families. The fourth loan helped to revitalize and stabilize a low- and moderate-income geography in a Florida Enterprise Zone in Vero Beach by helping to attract new residents.

Other Data: In addition, the bank showed its responsiveness to community needs during the evaluation period by issuing a stand-by Letter of Credit totaling \$3.2 million to guarantee performance for the completion of a housing development in a moderate-

income geography in a CRA zone in Homestead. Without the Letters of Credit, the project would not have been able to move forward.

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

Based on a limited-scope review, the bank's performance under the Lending Test in the Fort Lauderdale assessment area is not inconsistent with the bank's overall "Outstanding" performance under the Lending Test in Florida. Refer to the Tables 1 through 12 in the state of Florida section of Appendix D for the facts and data that support this conclusion.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in Florida is rated "Outstanding". Based on a full-scope review, the bank's performance in the Miami assessment area is excellent, given available opportunities, the size and capacity of the bank, and the impact of regional and statewide investments. Refer to the profile in Appendix C for a discussion of available opportunities.

Refer to Table 14 in the State of Florida section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments. A significant portion of the bank's investments are mortgage-backed securities, for which the collateral is a pool of mortgage loans to low- and moderate-income borrowers. Several of these securities are backed by mortgages on properties located in more than one the bank's assessments areas. These investments are presented in Table 14 as "Regional Investments" because they benefit multiple assessment areas under analysis. In addition, the bank has several statewide prior period investments that are backed by pools of SBA loans in Florida that have the potential to benefit portions of the bank's Florida assessment areas. These investments are presented in Table 14 as "Statewide Investments" because they benefit portions of the bank's Florida assessment areas as well as portions of Florida outside the bank's assessment areas. The impact of these regional and statewide investments is taken into consideration when reaching conclusions about performance in specific assessment areas.

The dollar volume of community development investments is excellent. Investments are responsive to assessment area needs addressing the needs to revitalize and stabilize low- and moderate-income geographies and the critical need of affordable housing. Investments are not generally considered innovative or complex however some grants reflected innovative activities on the part of the bank. Private investors routinely provide the type of qualified investments discussed here.

Current Period Investments:

During the evaluation period, the bank originated 117 community development investments totaling \$10.3 million that benefit the Miami assessment area. Of these investments, two, totaling \$5 million or approximately 49% of total investment dollars, were in new bonds issued by the Miami Beach Redevelopment Agency to finance revitalization efforts in a designated distressed area of the city. Such funding will assist the city in revitalizing and stabilizing low- and moderate-income geographies within Miami Beach. Six investments, representing approximately 36% of total investment dollars, are securities backed by Federal National Mortgage Association (FNMA) mortgages to low- and moderate-income borrowers in the Miami assessment area. Mortgage-backed securities are important because they provide needed liquidity to lending institutions so that additional mortgages can be funded and they help to meet the identified need for affordable housing financing for low- and moderate-income families.

Approximately 8% of investment dollars (nine investments) consist of deposits in qualified Community Development Financial Institutions (“CDFIs”) and operating investments in lending consortia in which the bank participates. The consortia provide financing to non-profit Community Development Corporations (“CDCs”) that finance affordable housing initiatives for low- and moderate-income families or promote economic development by financing businesses with gross annual revenues of \$1 million or less that are located in the Miami-Dade Empowerment Zone. The CDFIs are credit unions that operate in the Miami assessment area and provide banking services in low- and moderate-income geographies.

The remaining current period investments consist of 100 grants and donations totaling \$656,000 to organizations in the Miami assessment area whose primary purpose meets the definition of community development. Several of these grants are innovative and highly responsive to assessment area needs, providing local non-profit organizations with the ability to initiate new programs that benefit low- and moderate-income people and/or geographies. For example, CBNA provided a grant to a local university to assist in funding a mobile unit that visits low- and moderate-income geographies in Miami to provide assistance in all facets of starting, operating, and financing a small business. It is the only such program in South Florida. Also, the bank provided the initial funding to a Miami-Dade community service organization to implement a new transactional program for homeless women. The funding will help to provide job training and child care services. Further, the bank is a founding member of an organization formed to assist in rehabilitating and stabilizing homes of elderly residents in low- and moderate-income geographies of the city of Miami. The program began with emergency repairs for such homes as a result of damage sustained from Hurricane Wilma and now continues to assist such residents with all types of emergency repairs allowing them to remain in their homes.

In addition to the direct assessment area investments discussed above, the Miami assessment area benefited from approximately 42% of the \$12 million of regional

investments noted in Table 14. These investments are mortgage-backed securities backed by loans to low- and moderate-income borrowers.

### Prior Period Investments

Prior period investments were originated during previous examination evaluation periods and remain on the books of the bank. In the Miami assessment area, there are three prior period investments totaling \$736,000. One investment totaling \$695,000 is a tax increment revenue bond from the Miami Beach Redevelopment Agency (“MBRA”) to promote redevelopment in a distressed area of Miami Beach. The remaining prior period investments consist of two mortgage-backed securities backed by Federal National Mortgage Association (“FNMA”) mortgages to low- and moderate-income income borrowers in the Miami assessment area. Both investments continue to have a positive impact on the community. The redevelopment in Miami Beach continues to help provide economic revitalization and stabilization to the low- and moderate-income geographies that comprise the redevelopment zone and the securitized mortgage loans continue to support low- and moderate-income families.

In addition to the prior period investments directly in the Miami assessment area, the assessment area continues to benefit from approximately 89% of the six statewide investments in loan pools backed by loans secured by the Small Business Administration (“SBA”) and totaling \$19.6 million, because a majority of the loans are in the bank’s Miami-Dade assessment area. The loans continue to finance businesses with gross annual revenues of \$1 million or less (based on the size of the loan) and to support permanent job creation, retention, and improvement for persons who are currently low- and moderate-income.

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

Based on a limited-scope review, the bank’s performance under the Investment Test in the Ft. Lauderdale assessment area is not inconsistent with the bank’s overall “Outstanding” performance under the Investment Test in Florida. Refer to the Table 14 in the state of Florida section of Appendix D for the facts and data that support this conclusion.

### **SERVICE TEST**

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

CBNA’s performance under the Service Test in Florida is rated “High Satisfactory”, considering the bank’s business strategy and its strong community development service performance. Based on a full-scope review, the bank’s performance in the Miami assessment area is good, given the bank’s business strategy and strong community development service performance in the assessment area.

## Retail Banking Services

Refer to Table 15 in the state of Florida 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.

CBNA's delivery systems are adequate and reasonably accessible to geographies and individuals of different income levels throughout the full-scope assessment area. The bank has no offices in low-income geographies. The percentage of branches in moderate-income geographies is somewhat lower than the percentage of population residing in such geographies. Although not located in a low- or moderate-income geography it should be noted that the main office branch is located in the central business district of Coral Gables and is immediately adjacent to two moderate-income geographies, making the bank's services accessible.

The bank's record of opening and closing branches had a neutral impact on Service Test conclusions. During the evaluation period, two branches, both in upper-income geographies, were opened in the Miami assessment area. Although both of these branches are located in upper-income geographies, they are predominately commercial areas near a regional airport and the Miami Free Trade Zone, where a large number of small businesses are clustered. The bank's primary business focus is commercial lending.

Office hours and services offered are comparable among the bank's various branch locations, regardless of the income level of the geography.

Certain alternative delivery systems enhance the bank's ability to deliver services to its primarily commercial customer base. The bank's business development officers regularly solicit businesses throughout the bank's full-scope Miami assessment area. The bank's performance regarding the geographic distribution of small loans to businesses reflects the effectiveness of these efforts. Also, in April 2005, the bank began partnering with a local university to bring small business loan information to low- and moderate-income geographies via a new, innovative mobile small business institute. The unit makes stops twice each week, and once a week, a CBNA small business lender is part of the mobile unit's staff. Since inception, the unit has visited approximately 49 different locations, a significant majority of which are in low- and moderate-income geographies. The mobile unit has helped to augment the delivery of the bank's services.

Branch offices are augmented by a variety of alternative retail delivery channels, including ATM's, telephone banking, and online banking. There is no data on the effectiveness of these alternative retail delivery systems, and no significant weight was given to these systems.

## Community Development Services

CBNA's community development service performance is excellent, considering the bank's size and business strategy. The bank is a leader in providing community development services in the Miami assessment area. The volume of community development services is excellent, based on the number of organizations impacted and the number of persons benefiting from the bank's activities. Community development services are responsive to assessment area needs, particularly the critical need of affordable housing, and the bank's participation in the small business mobile unit is an example of an innovative undertaking.

During the evaluation period, the bank co-sponsored 68 first-time home buyer seminars in partnership with local community development corporations (CDCs). Approximately 900 people attended the presentations, which were targeted to low- and moderate-income people and provide the required educational segment for participation in community homebuyer and first time homebuyer lending programs. In addition, seven employees made 10 presentations regarding financial literacy, including credit repair and predatory lending.

Bank officers and employees regularly provide technical assistance to organizations in the Miami assessment area, frequently in positions of leadership. They share their financial expertise by serving as board members, officers, and loan and/or finance committee members of 21 different organizations that help to provide affordable housing opportunities, as well as economic development opportunities and community services to low- and moderate-income individuals and families. Notable are two local CDCs operating in the Little Haiti section of Miami and in Hialeah, as well as four local chapters of national and state CDCs and intermediaries that all focus on helping to meet the critical affordable housing need in the Miami assessment area. Community contacts in the assessment consistently point to the lack of affordable housing as being the primary need in the Miami assessment area.

CBNA officers provided leadership and technical assistance in helping a local university develop and implement a mobile small business institute that primarily serves low- and moderate-income geographies in Miami. The unit provides counseling in all areas related to small business including concept development, business plans, marketing, and the acquisition of financing. One of the bank's commercial lenders is at the unit once each week to provide small business financing information. The activities of the unit have led to greater opportunities for creating new enterprises as well as the growth and expansion of existing businesses in predominately low- and moderate-income areas. In addition, the unit provides information about the First Time Home Buyer program offered through the Metro-Miami Action Plan (MMAP). The mobile unit has had a significant impact on the assessment area. The unit's records indicate that approximately 1,200 people have received in-depth assistance since the inception of the unit.

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

Based on a limited-scope review, the bank's performance under the Service Test in the Ft. Lauderdale assessment area is weaker than the bank's overall "High Satisfactory" performance under the Service Test in Florida. CBNA has two branches in the Ft. Lauderdale assessment area none of which are in low- or moderate-income geographies. Refer to Table 15 in the state of Florida section of Appendix D for the facts and data that support this conclusion.

## State Rating

**CRA Rating for New York<sup>2</sup>:**      **Satisfactory**

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

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

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

The major factors that support this rating include:

- Lending activity that reflects good responsiveness in meeting assessment area credit needs when the impact of community development loans is considered.
- Good geographic distribution of loans in the bank's assessment area.
- Excellent distribution of loans by income level of the borrower in the bank's assessment area.
- Excellent performance regarding community development lending, which had a positive impact on lending activity.
- A good level of qualified investments that reflect good responsiveness to credit and community development needs.
- Adequate service delivery systems that are reasonably accessible to geographies and individuals of different income levels in the bank's assessment areas.
- A good level of community development services.

### Description of Institution's Operations in New York

CBNA operates one branch in New York City, New York. A full service branch that provides services in both English and Spanish, the office was a branch of Banco Santander, Puerto Rico that CBNA acquired in June 2000. As of September 30, 2006, the New York branch had total deposits of \$144 million, of which 3% or \$4 million represent domestic deposits. New York deposits represent 3% of the bank's overall total deposits.

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<sup>2</sup> 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.

The New York branch is located in mid-town Manhattan (51<sup>st</sup> between Madison and Fifth Avenue) next to the Venezuelan Consulate. The surrounding neighborhood is comprised of luxury hotels and department stores along Madison, Park and Fifth Avenues. The location next to the Venezuelan Consulate is advantageous for attracting international deposits because of the bank's affiliation with its parent in Venezuela. However, opportunities for domestic retail business are limited because of the bank's very small presence and the branch's location in a highly commercial tourist area of Manhattan.

The New York branch's business strategy focuses on international business, large syndicated loans and commercial real estate. The branch's primary customer base is international individuals and businesses, primarily from Venezuela. It is the bank's practice to seek referrals from its affiliates in Venezuela. In order to help meet its CRA obligations, the bank purchased residential mortgage loans and originated community development loans, an area in which the bank has expertise. Residential mortgage lending is not a primary business line for the bank. Most of its residential mortgage loan originations are accommodations to foreign nationals purchasing second homes in the New York area.

Refer to the Market Profile for the New York MSA in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

## **Scope of Evaluation in New York**

The bank's assessment area in New York includes a portion of Multi-State MSA 35644 (NY-White Plains-Wayne, NY-NJ) consisting of Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland, and Westchester Counties. This New York MSA received a full-scope review.

Loan products evaluated include home purchase, home refinance, and multi-family loans reported under the HMDA. The volume of home improvement loans reported under the HMDA and small loans to businesses reported under the CRA was not sufficient for analysis. The bank did not report any small loans to farms therefore there was no analysis and the table was excluded from the Core Tables in Appendix D. We also evaluated community development loans, investments, and services.

The need for affordable housing and mortgage financing for low- and moderate-income families is paramount and noted repeatedly by community contacts. This includes special mortgage products as well as programs to provide down payment and closing cost assistance. Home buyer and financial literacy programs are also needed. Since the majority of the population rents, there is a critical need for affordable rental housing. Also, there is an ongoing need for activities that help to create and support new and existing small businesses.

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in New York is rated "Outstanding". Based on a full-scope review, the bank's performance in the New York MSA is excellent.

### Lending Activity

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

CBNA's overall lending activity in the New York MSA is good, given the bank's strategic focus and the level of community development lending. Based on FDIC data as of June 30, 2005, CBNA's overall deposit market share in the New York MSA area was .03% and it was ranked 80<sup>th</sup> of 125 financial institutions reporting deposits in the assessment area. When considering only the level of domestic deposits, the bank had a market share of less than .01% and was ranked 121<sup>st</sup>.

During the 2004-2006 segment of the evaluation period, 66% of the bank's lending activity (based on dollar volume) is represented by HMDA lending. Based on 2005 aggregate HMDA data, the bank had a market share less than .01% and was ranked less than 700<sup>th</sup> of 739 reporters of HMDA lending in the New York MSA. This activity is consistent with the bank's domestic deposit performance and its minimal presence in a highly competitive market that includes the largest mortgage lenders in the United States. Although the bank's primary business focus is commercial lending, it originated/purchased only a minimal number of small loans to businesses (5) in 2005, which did not make a market share comparison meaningful. However, the bank did originate community development loans totaling \$19 million, which represent 31% of bank lending activity during the 2004-2006 segment of the evaluation period (based on dollar amount). Performance in the 2003 segment of the evaluation period was weaker than 2004-2006 performance. In 2003, five HMDA loans and two small loans to businesses were originated/purchased. This performance had minimal impact on overall conclusions.

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

The geographic distribution of loans in New York is good, based on the distribution of home mortgage loans. The geographic distribution of loans in the full-scope New York MSA is good, based on the distribution of home mortgage loans. Small loans to businesses were not evaluated because their number was too small for analysis.

### **Home Mortgage Loans**

Refer to Tables 2, 3, 4, and 5 in the state of New York 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 HMDA loans throughout the full-scope New York MSA is good. Home improvement loans were not included in the analysis as their number was too small (1) to be meaningful. Also, conclusions were based primarily on performance in moderate-income geographies because of the limited opportunities to lend in low-income geographies. Based on 2000 Census data, only 2.58% (31,173 units) of owner-occupied housing units exist in low-income geographies, significantly limiting opportunities for any one of the many lenders reporting home mortgage lending in the New York MSA. No market share analysis is included because the bank's volume of HMDA activity in 2005 was not sufficient enough to calculate.

*The geographic distribution of home purchase loans is adequate.* The bank did not report any home purchase loans in low-income geographies. The level of home purchase loans in moderate-income geographies is somewhat lower than the percentage of owner-occupied housing units in moderate-income geographies. Performance in the 2003 segment of the evaluation period was weaker, but the volume of loans was minimal (1) and it had no impact on the overall conclusion.

*The geographic distribution of refinance loans is excellent.* The bank reported no refinance loans in low-income geographies but the percentage of refinance loans in moderate-income geographies exceeds the percentage of owner-occupied housing units in moderate-income geographies. Performance in the 2003 segment of the evaluation period was weaker, but the volume of loans was minimal (2) and it had no impact on the overall conclusion.

*The geographic distribution of multi-family loans is good.* The bank reported no multi-family loans in low-income geographies. The percentage of multi-family loans in moderate-income geographies is near to the percentage of multi-family housing units in moderate-income geographies. Performance in the 2003 segment of the evaluation period was weaker, but the volume of loans was minimal (2) and it had no impact on the overall conclusion.

### **Small Loans to Businesses**

Refer to Table 6 in state of New York 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.

The geographic distribution of small loans to businesses was not analyzed because the number of reported loans is too small (5) for a meaningful analysis.

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

We evaluated the lending distribution of this assessment area to determine if any unexplained conspicuous gaps existed. No unexplained conspicuous gaps were identified.

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

This analysis was performed at the bank level rather than state or assessment area levels. During the evaluation period, a substantial majority of the bank's loan originations were within its overall assessment area. Specifically, 95% of loan originations by number and 94% by dollar were within the bank's overall assessment area. By product, 92% by number and 93% by dollar of HMDA loan originations were within the bank's overall assessment area. Regarding small loans to businesses, 97% by number and 95% by dollar were originated within the bank's overall assessment area. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of the geography.

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

The distribution of loans by the income level of the borrower in New York is excellent, based on home mortgage loans. The distribution of loans by income level of the borrower in the full-scope New York MSA is excellent, based on the distribution of home mortgage loans. Small loans to businesses were not evaluated because their number was too small for analysis.

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

The distribution of home mortgage loans by the income level of the borrower is excellent.

Consideration was given to the poverty level in the New York assessment area, which negatively impacts the ability of low-income families to own a home. In the New York assessment area, approximately 18% of households live below the poverty level. In addition, consideration was given to the fact that home prices in the New York MSA were very high during the evaluation period when compared with median family income making it very difficult for a low-income family to purchase a home in the assessment area. A moderate-income family may also experience difficulty. (See Appendix C – Market Profiles for a full discussion.) No market share analysis is included because the bank's volume of HMDA activity in 2005 was not sufficient enough to calculate a market share.

*The borrower distribution of home purchase loans is excellent.* The percentage of loans to low-income borrowers is lower than the percentage of low-income families in the assessment area, but such performance consistent with the performance context

discussed above. The percentage of loans to moderate-income borrowers significantly exceeds the level of moderate-income families in the assessment area.

*The borrower distribution of refinance loans is excellent.* The percentage of loans to low-income borrowers is somewhat lower than the percentage of low-income families in the assessment area. The percentage of loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families in the assessment area.

### **Small Loans to Businesses**

Refer to Table 11 in the state of New York section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's small loans to businesses.

The borrower distribution of small loans to businesses was not analyzed because the number of reported loans is too small (5) for a meaningful analysis.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the state of New York section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development loans, including multi-family loans that also qualify as community development loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as community development loans. Table 5 does not separately list community development loans, however.

Community development lending had a positive impact on the Lending Test for the state of New York. Based on a full-scope review, community development lending in the full-scope New York assessment area is excellent and it had a positive impact on the Lending Test. The volume of community development lending is strong, considering the level of the bank's presence in the assessment area. These loans exhibited good responsiveness to the various needs in the assessment area. Refer to the profile in Appendix C for a discussion of assessment area needs and available opportunities.

During the evaluation period, CBNA originated eight community development loans totaling \$18.7 million. The majority of community development loan dollars (48%) met community service needs in the assessment area by providing financing for a non-profit medical facility that serves low- and moderate-income families and individuals in the Bronx. Four loans totaling \$6.0 million and representing 32% of community development loan dollars helped to revitalize and stabilize low- and moderate-income geographies in the New York assessment area. These loans, in Brooklyn and the Bronx, financed businesses that provide jobs and needed services in the low- and moderate-income neighborhoods in which they are located. One such business

provides affordable day care facilities. The remaining community development loan activity helped to meet affordable housing needs in the assessment area. The two multi-family housing loans, totaling \$3.8 million, helped to provide 67 units of housing affordable to low- and moderate-income families in Westchester County.

In addition, the bank originated three community development loans totaling \$8.7 million during the evaluation period that are outside the bank's assessment area but within the Northeastern regional area that includes the bank's assessment area in the state of New York. The loans do not have the potential to benefit the bank's assessment area, but were given consideration because the bank adequately met the community development loan needs within its New York assessment area. All of the loans provided financing that helps to revitalize and stabilize low- and moderate-income geographies. Two of the loans in neighboring Connecticut helped to provide funding to rehabilitate buildings, one which is in the Center City Redevelopment area of Meriden. The third loan, in neighboring Orange County, New York helped to finance an investment in property located in the Newburgh-Stuart Empire Zone.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test in New York is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the New York MSA is good, given available opportunities, the size and capacity of the bank, and the impact of a regional investment. Refer to the profile in Appendix C for a discussion of available opportunities.

Refer to Table 14 in the state of New York section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments. A significant portion of the bank's investments are mortgage-backed securities, for which the collateral is a pool of mortgage loans to low- and moderate-income borrowers. Several of these securities are backed by mortgages on properties located in more than one the bank's assessments areas. These investments are presented in Table 14 of the state of Florida as "Regional Investments" because they benefit multiple assessment areas under analysis. The impact of these regional investments is taken into consideration when reaching conclusions about performance in specific assessment areas.

The dollar volume of community development investments is good. Investments are responsive to assessment area needs addressing the critical need of affordable housing. Investments are not generally considered innovative or complex and private investors routinely provide the type of qualified investments discussed here.

#### Current Period Investments:

During the evaluation period, the bank originated 18 community development investments totaling \$4.6 million that benefit the New York MSA. Ten investments,

representing approximately 99% of total investment dollars, are securities backed by Federal National Mortgage Association (FNMA) mortgages to low- and moderate-income borrowers in the New York assessment area. Mortgage-backed securities are important because they provide needed liquidity to lending institutions so that additional mortgages can be funded, and they help to meet the identified need for affordable housing financing for low- and moderate-income families. The remaining current period investments consist of eight grants and donations totaling \$66,000 to organizations in the New York assessment area whose primary purpose meets the definition of community development.

In addition to the direct assessment area investments discussed above, the New York MSA benefited from approximately 10% of the \$12 million of regional investments noted in Table 14 for the state of Florida. These investments are mortgage-backed securities backed by loans to low- and moderate-income borrowers.

Prior Period Investments: There are no prior period investments

## **SERVICE TEST**

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

The bank's Service Test rating in the state of New York is "Low Satisfactory". Based on a full-scope review, the bank's performance in the New York assessment area is adequate.

#### **Retail Banking Services**

Refer to Table 15 in the state of New York 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.

The bank offers banking services through one location situated in an upper-income geography in the borough of Manhattan, adjacent to the Venezuelan Consulate. The office is located in a business district reasonably accessible to geographies, businesses, and individuals of different income levels in the assessment area. The bank does not have a retail orientation in the New York assessment area. The business strategy is primarily directed toward the commercial market.

No branches were opened or closed during the evaluation period.

CBNA offers a full range of banking products and services in its assessment area, including the New York Basic Banking Account, a low-cost checking account designed for low- and moderate-income persons. The branch office is augmented by a variety of alternative delivery channels, including ATM networks, telephone banking, and online banking. There is no data on the effectiveness of these alternative delivery systems, and no significant weight was given to these systems.

## **Community Development Services**

CBNA provides a good level of community development services, considering the level of the bank's presence in the New York assessment area and the bank's business strategy. During the evaluation period, the bank partnered with the local chapter of a national affordable housing organization to provide 22 first-time homebuyer education seminars in its New York assessment area. Approximately 500 people attended the presentations, which were targeted to low- and moderate-income people and provides the required educational segment for participation in community homebuyer and first time homebuyer lending programs. In addition, the bank partnered with a non-profit economic development organization to present a basic credit management workshop.

In 2006, the New York staff established a team that is conducting the FDIC Money Style financial literacy workshops in conjunction with a faith-based, non-profit community service organization in East Harlem. In 2006, 24 sessions were presented.

## State Rating

**CRA Rating for Texas<sup>3</sup>: Satisfactory**

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

**The investment test is rated: Outstanding**

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

The major factors that support this rating include:

- Lending activity that reflects good responsiveness in meeting assessment area credit needs when the impact of community development loans is considered.
- Good geographic distribution of loans in the bank's assessment area.
- Excellent distribution of loans by income level of the borrower in the bank's assessment area.
- Excellent performance regarding community development lending, which had a positive impact on lending activity.
- An excellent level of qualified investments that reflects responsiveness to credit and community development needs, given the length of time the bank has been operating in the assessment area.
- Service delivery systems that are reasonably accessible to geographies and individuals of different income levels in its assessment areas.
- An adequate level of community development services given the amount of time the branch has been open.

### Description of Institution's Operations in Texas

CBNA operates one branch in the state of Texas. Located in downtown Houston, the branch opened February 1, 2006. As of September 30, 2006, the Houston branch had deposits of \$67 million, of which 6% or \$3.8 million represent domestic deposits. Texas deposits represent 1% of the bank's overall total deposits.

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<sup>3</sup> 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.

As with its other operations, the primary customer base is international individuals and businesses, particularly from Venezuela. The primary business focus is commercial lending, with an emphasis on the oil and gas industry, which represents a substantial portion of the area's businesses. In order to help meet its CRA obligations, the bank purchased residential mortgage loans and originated community development loans. Residential mortgage lending is not a primary business line for the bank. Most of its residential mortgage loan originations are accommodations to foreign nationals purchasing second homes in the Houston area.

Refer to the Market Profile for the state of Texas in Appendix C for detailed demographics and other performance context information for the Texas assessment area.

### **Scope of Evaluation in Texas**

The bank's assessment area in Texas includes a portion of MSA 26420 (Houston-Sugar Land-Baytown, TX) consisting of all of Harris County. The Harris County assessment area received a full-scope review.

Loan products evaluated include home purchase, home refinance, and multi-family loans reported under the HMDA. The volume of small loans to businesses reported under the CRA was not sufficient for analysis. The bank did not report any home improvement loans or small loans to farms therefore there was no analysis and the tables were excluded from the Core Tables in Appendix D. We also evaluated community development loans, investments, and services.

Community contacts note the need for revitalization and rehabilitation efforts particularly in the Third and Fifth Wards of Houston. These efforts need to be focused on providing affordable housing and commercial facilities. Contacts also noted the need for flexible mortgage products for persons with low credit scores and the need for community services, particularly directed to the large immigrant population.

## **LENDING TEST**

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

The bank's performance under the Lending Test in Texas is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Harris County assessment area is good.

### **Lending Activity**

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

CBNA's overall lending activity in the Texas assessment area is good, given the bank's strategic focus, the limited amount of time the bank has operated in the assessment area, and the level of community development loans. As previously noted, the bank's only branch in Texas opened February 1, 2006, therefore the bank has not had the opportunity to establish a significant deposit market share or volume of lending activity. Based on FDIC data as of June 30, 2006, the bank had total deposits in its Harris County assessment area of \$46.8 million which represents a market share of .06%. That deposit market share was ranked 64<sup>th</sup> of 77 institutions reporting deposits in the county. However, only approximately 3% of the bank's total deposits are domestic deposits. When only domestic deposits are considered, the bank would be ranked last in the market with less than a .01% deposit market share.

For the applicable portion of the evaluation period, the bank originated or purchased 19 home mortgage loans totaling \$16 million, one small loan to a business, and three community development loans totaling \$12.3 million.

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

The geographic distribution of loans in Texas is good, based on a limited number of home mortgage loans. The geographic distribution of loans in the full-scope Harris County assessment area is good, based on a limited number of home mortgage loans. Small loans to businesses were not evaluated because their number (1) was too small for analysis.

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

Refer to Tables 2, 4, and 5 in the state of Texas 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 bank did not report any home improvement loans therefore Table 3 has not been included in the Core Tables.

The overall geographic distribution of HMDA loans in the full-scope Harris County assessment area is good. No market share analysis is included because the bank did not operate a branch in Harris County in 2005, the most recent year for which market share data is available.

*The geographic distribution of home purchase loans is good.* The bank did not report any home purchase loans in low-income geographies. The level of home purchase loans in moderate-income geographies exceeds the percentage of owner-occupied housing units in moderate-income geographies.

*The geographic distribution of refinance loans is good, based on a minimal number of loans.* No loans were originated in low-income geographies. In moderate-income geographies, the percentage of loans was very near to the percentage of owner-occupied housing units in such geographies.

*The geographic distribution of multi-family loans is excellent, based on a minimal number of loans.* In both low-and moderate-income geographies, the percentage of loans exceeded the percentage of multi-family housing units in the various income geographies.

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

Refer to Table 6 for the state of Texas 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.

The geographic distribution of small loans to businesses was not analyzed because the number of reported loans is too small (1) for a meaningful analysis.

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

The volume of home mortgage and small business loans was not sufficient for a meaningful analysis.

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

This analysis was performed at the bank level rather than state or assessment area levels. During the evaluation period, a substantial majority of the bank's loan originations were within its overall assessment area. Specifically, 95% of loan originations by number and 94% by dollar were within the bank's overall assessment area. By product, 92% by number and 93% by dollar of HMDA loan originations were within the bank's overall assessment area. Regarding small loans to businesses, 97% by number and 95% by dollar were originated within the bank's overall assessment area. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of the geography.

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

The distribution of loans by the income level of the borrower in Texas is excellent, based on the distribution of home mortgage loans. The distribution of loans by income level of the borrower in the full-scope Harris County assessment area is excellent, based on the distribution of home mortgage loans. Small loans to businesses were not evaluated because their number was too small for analysis.

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

The distribution of home mortgage loans by the income level of the borrower is excellent.

Consideration was given to the poverty level in the Harris County assessment area, which negatively impacts the ability of low-income families to own a home. In the Harris County assessment area, 13% of households live below the poverty level. No market share analysis is included because the bank did not exist in 2005, the most recent year for which market share data is available

*The borrower distribution of home purchase loans is excellent.* The percentage of loans to low-income borrowers is somewhat lower than the percentage of low-income families in the assessment area. The percentage of loans to moderate-income borrowers significantly exceeds the level of moderate-income families in the assessment area.

*The borrower distribution of refinance loans is excellent, based on a minimal number of loans.* The percentage of loans to both low-income and moderate-income borrowers exceeds the percentage of such families in the assessment area.

### **Small Loans to Businesses**

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

The borrower distribution of small loans to businesses was not analyzed because the number of reported loans is too small (1) for a meaningful analysis.

### **Community Development Lending**

Refer to Table 1 Lending Volume in the state of Texas section of Appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all community development loans, including multi-family loans that also qualify as community development loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as community development loans. Table 5 does not separately list community development loans, however.

Community development lending had a positive impact on the Lending Test for the state of Texas. Based on a full-scope review, community development lending in the full-scope Harris County assessment area is excellent and it had a positive impact on the Lending Test. The dollar volume of community development lending is strong, considering the level of the bank's presence in the assessment area and the time the branch has been open in Harris County. Community development loans exhibited good responsiveness to the affordable housing needs in the assessment area. Refer to the profile in Appendix C for a discussion of assessment area needs and available opportunities.

In the Harris County assessment area, CBNA originated three community development loans totaling \$12.3 million. The loans helped to meet affordable housing needs in the assessment area by providing 670 units of rental housing that is affordable to low- and

moderate-income individuals and families. All three properties are located in moderate-income geographies.

## **INVESTMENT TEST**

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

Refer to Table 14 in the state of Texas section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

The bank's performance under the Investment Test in Texas is rated "Outstanding", when considering the amount of time the bank has been operating in the assessment area. Based on a full-scope review, the bank's performance in the Harris County assessment area is excellent, given the amount of time the bank has been operating in the assessment area. Refer to the profile in Appendix C for a discussion of available opportunities.

The dollar volume of community development investments is excellent. Investments are responsive to assessment area needs addressing the critical need of affordable housing. Investments are not generally considered innovative or complex and private investors routinely provide the type of qualified investments discussed here.

#### Current Period Investments:

During the evaluation period, the bank originated seven community development investments totaling \$1.96 million that benefit the Harris County assessment area. Two investments, representing approximately 99% of total investment dollars, are securities backed by Federal National Mortgage Association (FNMA) mortgages to low- and moderate-income borrowers in the Harris County assessment area. Mortgage-backed securities are important because they provide needed liquidity to lending institutions so that additional mortgages can be funded, and they help to meet the identified need for affordable housing financing for low- and moderate-income families. The remaining current period investments consist of five grants and donations totaling \$29,000 to organizations in the Harris County assessment area whose primary purpose meets the definition of community development.

Prior Period Investments: There are no prior period investments

## **SERVICE TEST**

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

The bank's Service Test rating in the state of Texas is "Low Satisfactory". Based on a full-scope review, the bank's performance in the Harris County assessment area is adequate.

## **Retail Banking Services**

Refer to Table 15 in the state of Texas 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.

The bank offers banking services through one location situated in an upper-income geography in Houston. The office is located in a business district reasonably accessible to geographies, businesses, and individuals of different income levels in the assessment area. The bank does not have a retail orientation in the Texas assessment area. Its' business strategy is primarily directed toward the commercial market.

The Houston branch was opened February 1, 2006. There was no other branching activity during the evaluation period.

CBNA offers a full range of banking products and services in its assessment area. The branch office is augmented by a variety of alternative delivery channels, including ATM networks, telephone banking, and online banking. There is no data on the effectiveness of these alternative delivery systems, and no significant weight was given to these systems.

## **Community Development Services**

CBNA provides an adequate level of community development services in the Harris County assessment area, considering the level of the bank's presence and the amount of time the Texas branch has been open. A bank officer provides technical support to a non-profit community service organization that provides assistance to primarily low- and moderate-income women in Harris County. Also, a bank officer spoke at a U.S. Department of Commerce Export Assistance Center presentation on export/import financing. The presentation was targeted to small businesses in the Houston area.

## 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 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 (excludes CD loans): 1/1/03-12/31/06 Service Test: 12/23/03-12/31/06 Investment Test and CD Loans: 12/23/03-12/31/06	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Commercebank, N.A. Miami, Florida	Residential Mortgage Loans Community Development Loans Small Business Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Miami, FL MD 33124  Fort Lauderdale, FL MD 22744  New York, NY MSA 35644 Harris County, TX	Full-Scope  Limited-Scope Full-Scope Full-Scope	

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

RATINGS		COMMERCEBANK, N.A.		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
Commercebank, N.A.	Outstanding	Outstanding	High Satisfactory	Outstanding
State:				
FLORIDA	Outstanding	Outstanding	High Satisfactory	Outstanding
NEW YORK	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
TEXAS	High Satisfactory	Outstanding	Low Satisfactory	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

MIAMI, FL MSA.....	C-2
NEW YORK, NY MSA.....	C-5
HARRIS COUNTY, TX .....	C-8

**MIAMI ASSESSMENT AREA**

The bank’s assessment area consists of all of Miami-Dade County, which is equivalent to Metropolitan Division (MD) 33124. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies. The following table provides detailed demographic information about the assessment area.

Demographic Information for Full- Scope Area: MD 33124 (Miami-Dade, FL)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	347	7.78	28.53	32.85	29.97	0.86
Population by Geography	2,253,362	4.89	28.61	35.68	30.79	0.02
Owner-Occupied Housing by Geography	449,333	1.69	19.82	36.99	41.51	0.00
Business by Geography	209,400	5.27	22.49	32.39	39.42	0.43
Farms by Geography	2,649	2.15	17.70	33.26	46.77	0.11
Family Distribution by Income Level	552,484	23.00	16.98	18.53	41.50	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	220,856	8.31	40.20	35.41	16.08	0.00
Median Family Income HUD Adjusted Median Family Income for 2006 Households Below Poverty Level		40,266 48,300 18.08%	Median Housing Value Unemployment Rate (2000 US Census)		123,974 3.92%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2000 US Census and 2006 HUD updated MFI

The Miami MD is a densely populated urban center. According to the 2000 Census, the total population is approximately 2.3 million people, residing in a nearly 2 thousand square mile area. Between the 1990 and 2000 Census, the population increased 16.3 %. The increase is a result of an influx of immigrants from Latin America and the Caribbean, as well as relocation from northern cities in the United States.

The city of Miami, located entirely in the Miami MD, represents approximately 20 percent of the MD population and 28 percent of the MD’s census tracts. However, a disproportionately large portion of the City is categorized as low- and moderate-income with approximately 60 percent of the MD’s low- and moderate-income census tracts being located in the City. According to the U.S. Census Bureau 2004 American Community Survey, the city of Miami is the third poorest city in the United States. Eighteen percent of the population lives below the poverty level.

Housing costs in the assessment area are high and they increased significantly during the evaluation period. As of June 30, 2005, the National Association of Realtors estimated the median sales price of an existing single-family home in the Miami area to

be \$373,000. In 2003, the median price was \$232,000. When compared with a HUD Adjusted Median Family Income of \$48,300 for 2006 it is clear that the unsubsidized purchase of an average single-family residence, coupled with the increasing costs for taxes and hurricane insurance, would be beyond the financial means of most individuals classified as low- and moderate-income. Further, escalating housing prices caused many investors throughout the assessment area to convert rental properties to condominiums. When this occurred in low- and moderate-income geographies, it reduced the number of affordable rental properties. Community contacts note that affordable rental housing has become a critical issue in the assessment area.

The Miami-Dade economy is diverse. Major industries include real estate development, trade businesses with Latin America, tourism and banking. The proximity of the Caribbean, Central and South America plus superior seaport and airport capabilities provide this area with a distinct advantage as a global trading center. Of the approximately 284,000 non-farm businesses in the county, approximately 35% are service businesses and 14% are retail businesses. Businesses are primarily small, both in terms of number of employees and revenue size.

Banking competition is intense. FDIC data as of June 30, 2006 showed 79 institutions operating 612 banking offices of national, regional, and community banks in the Miami MD. Competition for mortgage and small business loans is even more intense since many lenders, such as mortgage and credit card companies lend in the Miami assessment area but do not take deposits. Based on 2005 aggregate data (the most current available), there were 939 HMDA reporters and 116 small business loan reporters in the Miami MD.

There are a wide range of opportunities for community development lending, investments, and services throughout the Miami MD. However, larger institutions in the MSA are quite competitive for the qualified investments that are available. Community development opportunities include working with and providing financing to the numerous organizations whose mission is to provide affordable housing and/or community services for low- and moderate-income persons, as well as organizations with a mission of economic development. There is a federally designated Enterprise Zone that targets economic development with the goal of stimulating and retaining jobs. There are 20 areas designated as Targeted Urban Areas ("TAU") that are the focus for the Urban Economic Revitalization Plan for Miami-Dade County, as well as numerous other redevelopment areas designated by the county and city. However, the shortage of housing subsidies has increased the affordable housing challenge in the assessment area.

Types of community development investments available in the Miami MD include, but are not limited to, tax credit purchases for low- and moderate-income housing, participation in numerous local Community Development Corporations (CDCs") and Community Development Financial Institutions ("CDFIs") and opportunities to contribute to qualified non-profit organizations whose missions are focused on providing affordable housing, community services for low- and moderate-income persons, and economic development. There are also opportunities for the purchase of mortgage-backed

securities but, as housing prices increased, the level of opportunity has declined since housing is much less affordable to low- and moderate-income borrowers, whose mortgages are used for qualified mortgage-backed securities.

**NEW YORK ASSESSMENT AREA**

CBNA's assessment area is comprised of all of Metropolitan Division (MD) 35644, which includes the five boroughs (Bronx, Kings, New York, Queens, and Richmond Counties) of New York City and the suburban counties of Rockland and Westchester. The assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The following table provides detailed demographic information about the assessment area.

Demographic Information for Full Scope Area: New York MD 35644						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,515	13.20	25.29	28.27	30.78	2.47
Population by Geography	9,314,235	14.72	27.97	25.49	31.64	0.18
Owner-Occupied Housing by Geography	1,208,243	2.58	13.53	28.16	55.73	0.00
Business by Geography	659,543	7.58	18.80	20.49	52.11	1.02
Farms by Geography	3,970	2.64	8.01	17.91	71.21	0.23
Family Distribution by Income Level	2,203,975	27.89	15.69	16.62	39.79	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	960,674	25.26	37.68	23.58	13.49	0.00
Median Family Income		49,461	Median Housing Value		244,528	
HUD Adjusted Median Family Income for 2006		59,200	Unemployment Rate (2000 US Census)		4.01%	
Households Below Poverty Level		18%				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 US Census and 2006 HUD updated MFI

According to 2000 Census data, the population of the assessment area is 9.3 million, and contains New York City, the largest city in the United States. The HUD adjusted median family income for 2006 is \$59,200. The distribution of families in the assessment area is as follows: 28% low-income families, 16% moderate-income families, 17% middle-income families, and 40% upper-income families. Approximately 38% of census tracts are low- or moderate-income. Most such tracts are found in New York City, with the greatest concentration in the Bronx.

Unlike the assessment area in Florida, the majority of population lives in rental housing. The very high housing prices having made homeownership inaccessible to many. Within the assessment area, there are 3.7 million housing units of which 33% are owner-occupied, making rental housing the largest segment of the housing market. Approximately 56% of all housing units are multifamily. The majority of the multifamily units are located in Manhattan and the Bronx, and to a lesser degree, Brooklyn.

Based on data from the National Association of Realtors, the median sales price of an existing single family home in the assessment area was \$507,000, as of June 30, 2005, making homeownership difficult for most low- and moderate-income individuals. Many owner-occupied units in New York City are in the form of cooperative apartments which are not captured in the median sales prices. Local industry professionals report average sale prices of Manhattan co-ops of over \$700,000. The average monthly rent is \$755 but that includes rent-stabilized apartments. Market rents approximate \$3,000 per month.

New York City is home to a diversified mix of businesses. Many national and international corporations are headquartered here. Historically, the downtown area of Manhattan has been dominated by the financial services industry. Industries operating in the midtown area include advertising, publishing, and garment production. The retail sector is a major employer with several large department stores and many small businesses operating throughout the assessment area.

The assessment area continues to recover economically, reversing the downward trend from the early 2000's. The city continues to struggle with the effects of 9/11 and, prior to that, the declines in the dot.com sector and the stock market. Thousands of jobs were lost, many of them in lower Manhattan, as businesses moved to Westchester, New Jersey, and Long Island. Historically, unemployment rates are higher in New York City, when compared with the more suburban portions of the assessment area.

CBNA operates in an extremely competitive market with many multinational, regional, foreign, and smaller local banks. Major banks include Citibank, JPMorgan Chase, and HSBC. FDIC data as of June 30, 2006 shows that there are 130 financial institutions reporting deposits in the assessment area, operating 2,041 banking offices. There are 739 HMDA reporters in the assessment area and 228 lenders reported small loans to businesses in the assessment area.

There are a wide range of opportunities for community development lending, investments, and services throughout the assessment area. However, larger institutions in the MSA are very competitive for the qualified investments that are available. Community development opportunities include working with and providing financing to the numerous organizations whose mission is to provide affordable housing and/or community services for low- and moderate-income persons, as well as organizations with a mission of economic development. However, the shortage of housing subsidies has increased the challenge to provide affordable housing in the assessment area.

Types of community development investments available in the New York assessment area include, but are not limited to, tax credit purchases for low- and moderate-income housing, participation in numerous local Community Development Corporations (CDCs") and Community Development Financial Institutions ("CDFIs") and opportunities to contribute to qualified non-profit organizations whose missions are focused on providing affordable housing, community services for low- and moderate-income persons, and economic development. There are also opportunities for the purchase of mortgage-backed securities but, as housing prices increased, the level of opportunity has declined since

housing is much less affordable to low- and moderate-income borrowers, whose mortgages are used for qualified mortgage-backed securities.

**TEXAS ASSESSMENT AREA**

CBNA's assessment area is comprised of Harris County, Texas, which is a portion of MSA 26420 (Houston-Sugar Land-Baytown, TX). The assessment area meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The following table provides detailed demographic information about the assessment area.

Demographic Information for Full Scope Area: Harris County TX						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	649	9.71	34.36	27.43	27.43	1.08
Population by Geography	3,400,578	8.24	33.98	29.11	28.60	0.07
Owner-Occupied Housing by Geography	667,129	3.94	25.93	30.45	39.67	0.00
Business by Geography	279,954	6.06	28.07	26.39	39.20	0.28
Farms by Geography	4,138	4.23	21.24	34.97	39.49	0.07
Family Distribution by Income Level	840,630	24.35	17.94	18.71	39.00	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	355,563	14.05	47.32	26.62	12.01	0.00
Median Family Income		51,431	Median Housing Value		100,639	
HUD Adjusted Median Family Income for 2006		54,616	Unemployment Rate (2000 US Census)		3.13%	
Households Below Poverty Level		13%				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 US Census and 2005 HUD updated MFI

According to 2000 Census data, the population of the Harris County assessment area is 3.4 million. The county seat is Houston, the largest city in the state of Texas and the fourth largest city in the United States. The HUD adjusted median family income for 2006 is \$54,616. The distribution of families in the assessment area is as follows: 24% low-income families, 18% moderate-income families, 19% middle-income families, and 39% upper-income families. Approximately 44% of geographies are low- or moderate-income. These geographies are scattered throughout the county, but there is a concentration in the Third and Fifth Wards, areas that have been targeted for redevelopment. A community contact noted that with a median income of \$7,600 and 62% of residents below the poverty level, the Fifth Ward is the lowest-income neighborhood in Houston.

Approximately 51% of housing units are owner-occupied. Based on data from the National Association of Realtors, the median sales price of an existing single family home in the assessment area was \$143,000, as of June 30, 2005. The average monthly rent is \$606.

Houston's energy industry is recognized worldwide, particularly for oil. More than 5,000 energy related firms are located in the city considered by many to be the "Energy Capital" of the world. Houston is home to the largest medical center in the world, the Texas Medical Center. The Center's economic impact is more than \$10 billion annually, and it has approximately 52,000 employees. Biomedical research, aeronautics, including NASA's Johnson Space Center, and the ship channel are also large parts of the city's industrial base. Houston ranks second in employment growth rate among the ten most populous metro areas.

CBNA operates in a competitive market with many multinational, regional, and smaller local banks. FDIC data as of June 30, 2006 shows that there are 77 financial institutions reporting deposits in the assessment area, operating 947 banking offices. There are 767 HMDA reporters in the assessment area and 159 lenders reported small loans to businesses in the assessment area.

There are a wide range of opportunities for community development lending, investments, and services throughout the assessment area. However, larger institutions in the MSA are very competitive for the qualified investments that are available. Community development opportunities include working with and providing financing to the numerous organizations whose mission is to provide affordable housing and/or community services for low- and moderate-income persons, as well as organizations with a mission of economic development. However, the shortage of housing subsidies has increased the challenge to provide affordable housing in the assessment area.

Types of community development investments available in the Harris County assessment area include, but are not limited to, participation in numerous local Community Development Corporations (CDCs") and Community Development Financial Institutions ("CDFIs") and opportunities to contribute to qualified non-profit organizations whose missions are focused on providing affordable housing, community services for low- and moderate-income persons, and economic development. Houston has 41 Community Development Areas (CDA) and 22 Tax Increment Reinvestment Zones that are targeted for redevelopment. Homeownership Zones have been designated in sections of the Fourth and Third Wards to help develop affordable housing. There are also opportunities for the purchase of mortgage-backed securities.

Institution ID: COMMERCEBANK, N.A. (1000016804)

(Included)

**Table 1. Lending Volume**

LENDING VOLUME		Geography: ALL				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006						
MA/Assessment Area (2005):	% 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>State of Florida</b>												
Full Review:												
Miami MI	87.60	244	151,300	966	250,782	0	0	55	223,657	1,265	625,739	96.77
FL	00.07	0	0	0	0	0	0	1	12,000	1	12,000	00.00
Out	00.28	0	0	0	0	0	0	4	13,800	4	13,800	00.00
Limited Review:												
Ft. Lauderdale MI	12.05	61	106,252	106	23,924	0	0	7	25,880	174	156,056	3.23
<b>State of New York</b>												
Full Review:												
New York MI	96.67	74	39,902	5	1,766	0	0	8	18,725	87	60,393	100.00
Out	3.33	0	0	0	0	0	0	3	8,700	3	8,700	
<b>State of Texas</b>												
Full Review:												
Harris Co	100.00	19	16,438	1	800	0	0	3	12,320	23	29,558	100.00

\* Loan Data as of December 31, 2006. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from December 23, 2003 to December 31, 2006.

\*\*\* Deposit Data as of June 30, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: COMMERCEBANK, N.A. (1000016804)

(Included)

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

Geographic Distribution: HOME PURCHASE			Geography: ALL				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006					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>State of Florida</b>																
Full Review:																
Miami MD 33124	125	81.70	1.69	0.80	19.82	11.20	36.99	27.20	41.51	60.80	0.03	0.03	0.02	0.03	0.04	
<b>Limited Review:</b>																
Ft. Lauderdale MD 22744	28	18.30	1.16	0.00	23.67	14.29	45.93	25.00	29.24	60.71	0.01	0.00	0.00	0.00	0.02	
<b>State of New York</b>																
Full Review:																
New York MD 35644	25	100.00	2.58	0.00	13.53	8.00	28.16	36.00	55.73	56.00	0.00	0.00	0.00	0.00	0.00	
<b>State of Texas</b>																
Full Review:																
Harris County TX	13	100.00	3.94	0.00	25.93	38.46	30.45	46.15	39.67	15.38	0.00	0.00	0.00	0.00	0.00	

\* Based on 2005 Peer Mortgage Data (SE)

\*\* 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.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: COMMERCEBANK, N.A. (1000016804)

(Included)

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

Geographic Distribution: HOME IMPROVEMENT			Geography: ALL						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006						
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	Over all	Low	Mod	Mid	Upp
<b>State of Florida</b>															
Full Review:															
Miami MD 33124	12	75.00	1.69	0.00	19.82	8.33	36.99	8.33	41.51	83.33	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Ft. Lauderdale MD 22744	4	25.00	1.16	0.00	23.67	0.00	45.93	25.00	29.24	75.00	0.00	0.00	0.00	0.00	0.00
<b>State of New York</b>															
Full Review:															
New York MD 35644	1	100.00	2.58	0.00	13.53	100.00	28.16	0.00	55.73	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Mortgage Data (SE)

\*\* 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.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: COMMERCEBANK, N.A. (1000016804) (Included)

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

Geographic Distribution: HOME MORTGAGE REFINANCE 2006			Geography: ALL				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total*	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp	
<b>State of Florida</b>																
Full Review:																
Miami MD 33124	65	74.71	1.69	4.62	19.82	16.92	36.99	16.92	41.51	61.54	0.03	0.13	0.02	0.01	0.04	
<b>Limited Review:</b>																
Ft. Lauderdale MD 22744	22	25.29	1.16	0.00	23.67	27.27	45.93	54.55	29.24	18.18	0.00	0.00	0.00	0.00	0.00	
<b>State of New York</b>																
Full Review:																
New York MD 35644	36	100.00	2.58	0.00	13.53	30.56	28.16	38.89	55.73	30.56	0.00	0.00	0.00	0.00	0.00	
<b>State of Texas</b>																
Full Review:																
Harris County TX	4	100.00	3.94	0.00	25.93	25.00	30.45	0.00	39.67	75.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2005 Peer Mortgage Data (SE)

\*\* 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.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: COMMERCEBANK, N.A.

(1000016804) (Included)

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: ALL					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% of MF Units***	% BANK Loans*** *	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overa ll	Low	Mod	Mid	Upp	
<b>State of Florida</b>																
Full Review:																
Miami MD 33124	40	85.11	6.85	25.00	35.49	57.50	30.24	10.00	27.42	7.50	2.13	1.15	3.41	0.95	0.00	
<b>Limited Review:</b>																
Ft. Lauderdale MD 22744	7	14.89	2.27	0.00	32.48	57.14	48.64	42.86	16.61	0.00	0.61	0.00	0.79	0.76	0.00	
<b>State of New York</b>																
Full Review:																
New York MD 35644	11	100.00	19.20	0.00	29.91	27.27	19.70	18.18	31.19	54.55	0.00	0.00	0.00	0.00	0.00	
<b>State of Texas</b>																
Full Review:																
Harris County TX	2	100.00	10.57	50.00	36.04	50.00	31.18	0.00	22.22	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2005 Peer Mortgage Data (SE)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

\*\*\*\* Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Institution ID: COMMERCEBANK, N.A.

(1000016804) (Included)

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

Geographic Distribution: SMALL LOANS TO BUSINESSES 2006		Geography:ALL								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,					
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 Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	% of Busines ses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>State of Florida</b>															
Full Review:															
Miami MD 33124	946	89.92	4.94	4.44	22.05	20.19	32.29	24.00	40.31	51.37	0.40	0.42	0.43	0.32	0.44
<b>Limited Review:</b>															
Ft. Lauderdale MD 22744	106	10.08	4.75	9.43	22.72	22.64	42.65	20.75	29.88	47.17	0.04	0.00	0.04	0.01	0.07
<b>State of New York</b>															
Full Review:															
New York MD 35644	3	100.00	7.58	0.00	18.80	0.00	20.49	0.00	52.11	100.00	0.00	0.00	0.00	0.00	0.00
<b>State of Texas</b>															
Full Review:															
Harris County TX	1	100.00	6.06	0.00	28.07	100.00	26.39	0.00	39.20	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* 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 (2006).

Institution ID: COMMERCEBANK, N.A.

(1000016804) (Included)

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

Borrower Distribution: HOME PURCHASE															
Geography: ALL															
Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006															
MA/Assessment Area:	Total Home Purchase 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>State of Florida</b>															
Full Review:															
Miami MD 33124	127	81.94	23.00	0.89	16.98	3.57	18.53	5.36	41.50	90.18	0.04	0.30	0.00	0.01	0.04
<b>Limited Review:</b>															
Ft. Lauderdale MD 22744	28	18.06	20.85	4.00	18.17	4.00	20.48	4.00	40.50	88.00	0.01	0.00	0.00	0.00	0.01
<b>State of New York</b>															
Full Review:															
New York MD 35644	25	100.00	27.89	8.00	15.69	72.00	16.62	0.00	39.79	20.00	0.00	0.00	0.00	0.00	0.00
<b>State of Texas</b>															
Full Review:															
Harris County TX	13	100.00	24.35	15.38	17.94	69.23	18.71	7.69	39.00	7.69	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Mortgage Data (SE)

\*\* As a percentage of loans with borrower income information available. No information was available for 11.6% 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.

\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: COMMERCEBANK, N.A.

(1000016804) (Included)

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

Borrower Distribution: HOME IMPROVEMENT 2006		Geography: ALL										Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total* *	% Famili es***	% BANK Loans****	% Families*	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp	
<b>State of Florida</b>																
Full Review:																
Miami MD 33124	12	75.00	23.00	18.18	16.98	0.00	18.53	18.18	41.50	63.64	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Ft. Lauderdale MD 22744	4	25.00	20.85	0.00	18.17	0.00	20.48	0.00	40.50	100.00	0.00	0.00	0.00	0.00	0.00	
<b>State of New York</b>																
Full Review																
New York MD 35644	1	100.00	27.89	100.00	15.69	0.00	16.62	0.00	39.79	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2005 Peer Mortgage Data (SE)

\*\* As a percentage of loans with borrower income information available. No information was available for 12.5% 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.

\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: COMMERCEBANK, N.A.

(1000016804) (Included)

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

Borrower Distribution: HOME MORTGAGE REFINANCE 2006		Geography: ALL								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31,					
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>State of Florida</b>															
Full Review:															
Miami MD 33124	65	74.71	23.00	8.62	16.98	6.90	18.53	12.07	41.50	72.41	0.03	0.08	0.04	0.01	0.04
<b>Limited Review:</b>															
Ft. Lauderdale MD 22744	22	25.29	20.85	14.29	18.17	47.62	20.48	4.76	40.50	33.33	0.00	0.00	0.00	0.00	0.00
<b>State of New York</b>															
Full Review:															
New York MD 35644	36	100.00	27.89	16.67	15.69	69.44	16.62	2.78	39.79	11.11	0.00	0.00	0.00	0.00	0.00
<b>State of Texas</b>															
Full Review:															
Harris County TX	4	100.00	24.35	50.00	17.94	50.00	18.71	0.00	39.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2005 Peer Mortgage Data (SE)

\*\* As a percentage of loans with borrower income information available. No information was available for 9.2% 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.

\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Institution ID: COMMERCEBANK, N.A.

(1000016804) (Included)

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

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: ALL			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% 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>State of Florida</b>									
Full Review:									
Miami MD 33124	966	90.11	64.00	57.66	44.10	22.36	33.54	0.40	0.55
<b>Limited Review:</b>									
Ft. Lauderdale MD 22744	106	9.89	66.12	63.21	44.34	23.58	32.08	0.03	0.06
<b>State of New York</b>									
Full Review:									
New York MD 35644	5	100.00	66.46	0.00	0.00	20.00	80.00	0.00	0.00
<b>State of Texas</b>									
Full Review:									
Harris County TX	1	100.00	68.18	100.00	0.00	0.00	100.00	0.00	0.00

\* Based on 2005 Peer Small Business Data -- US and PR

\*\* 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 - 2006).

\*\*\*\* 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 0.09% of small loans to businesses originated and purchased by the bank.

Institution ID: COMMERCEBANK, N.A.

(1000016804) (Included)

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: ALL			Evaluation Period: DECEMBER 23, 2003 TO DECEMBER 31, 2006				
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>State of Florida</b>									
Full Review:									
Miami MD 33124	3	736	117	10,300	120	11,036	16.16	0	0
Regional	6	19,551	7	12,000	13	31,551	46.21	0	0
Statewide	6	19,551	0	0	6	19,551	28.63	0	0
<b>Limited Review:</b>									
Ft. Lauderdale MD 22744	0	0	9	6,143	9	6,143	9.00	0	0
<b>State of New York</b>									
Full Review:									
New York MD 35644	0	0	18	4,637	18	4,637	100.00	0	0
<b>State of Texas</b>									
Full Review:									
Harris County TX	0	0	7	1,964	7	1,964	100.00	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.

Institution ID: COMMERCEBANK, N.A.

(1000016804) (Included)

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: ALL				Evaluation Period: DECEMBER 23, 2003 TO DECEMBER 31, 2006					
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>State of Florida</b>																	
Full Review:																	
Miami MD 33124	96.77	11	84.62	0.00	18.00	36.00	45.00	2	0	0	0	0	2	4.89	28.61	35.68	30.79
<b>Limited Review:</b>																	
Ft. Lauderdale MD 22744	3.23	2	15.38	0.00	0.00	50.00	50.00	0	0	0	0	0	0	3.57	26.43	43.13	26.88
<b>State of New York</b>																	
Full Review:																	
New York MD 35644	100.00	1	100.00	0.00	0.00	0.00	100.00	0	0	0	0	0	0	14.72	27.97	25.49	31.64
<b>State of Texas</b>																	
Full Review:																	
Harris County TX	100.00	1	100.00	0.00	0.00	0.00	100.00	0	0	0	0	0	0	8.24	33.98	29.11	28.60