



Comptroller of the Currency
Administrator of National Banks

Midwestern District Office
2345 Grand Boulevard, Suite 700
Kansas City, Missouri 64108

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT PERFORMANCE
EVALUATION**

July 23, 1996

**Commerce Bank, N. A.
Charter Number 18112
1000 Walnut
Kansas City, Missouri 64106**

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

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Commerce Bank, N. A., Kansas City, Missouri prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of July 23, 1996. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the Agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

GLOSSARY OF TERMS AND COMMON ABBREVIATIONS

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

Metropolitan Statistical Area (MSA) - Area consisting of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Census Tract (CT) - Small, locally defined statistical areas within a MSA. These areas are determined by the United States Census Bureau in an attempt to group homogeneous populations. A CT has defined boundaries per 10-year census and an average population of 4,000.

Median Family Income - The median income determined by the United States Census Bureau. This figure is based on estimations developed by the Department of Housing and Urban Development and is updated annually.

Low- and Moderate-Income (LMI) - Income levels which are less than 80% of the median family income.

Community Reinvestment Act (CRA) - A statute that requires federal regulators to evaluate a financial institution's lending performance in light of the credit needs in the institution's local community. The regulator must also evaluate whether the institution's defined community is reasonable. *(This is a generic description of the bank's requirements and not a legal explanation of the requirements contained in 12 U.S.C. 2901, as amended, and 12 CFR 25, as amended.)*

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

Commerce Bancshares, Inc. (CBI) - CBI is the parent company of Commerce Bank, N.A., Kansas City, Missouri.

Commerce Mortgage Company, Inc. (CMC) - CMC is a mortgage company that is a wholly-owned subsidiary of CBI.

Commerce Bank, N.A. (Commerce)

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance record of meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

Based on the findings presented below, this institution is rated: **“Outstanding Record of Meeting Community Credit Needs.”** The evaluation period covers July 27, 1994 through July 23, 1996.

The purpose of CRA is to ensure that financial institutions help meet the credit needs of their local communities. We rated this institution's CRA record as Outstanding because:

- We found high volumes of local lending. Commerce was the second largest home purchase lender among financial institutions (excluding mortgage companies not associated with a bank or savings and loan association) in the delineated community in 1994.
- Commerce was the leading home purchase lender in the community's LMI areas in 1994.
- The bank also had a strong record of lending to LMI borrowers during 1994.
- Commerce continued originating a significant number of home loans in LMI areas and to LMI borrowers in 1995.

REASONABLENESS OF COMMUNITY DELINEATION

The bank's delineated community is reasonable and does not arbitrarily exclude any LMI areas. It consists of six regions within the 11-county Kansas City, Missouri and Kansas City, Kansas MSA. The regions include: Leavenworth in northern Leavenworth County; Bonner Springs in southwestern Wyandotte County; Excelsior Springs in eastern Clay County; Harrisonville in central Cass County; Lexington in north central Lafayette County; and metropolitan Kansas City, Kansas and Missouri, which are in portions of Platte, Wyandotte, Johnson, Jackson and Clay Counties. The delineation consists of 339 census tracts. By income level, the tracts are 41% LMI, 38% middle- and 21% upper-income.

COMMUNITY PROFILE

According to 1990 census data, Commerce's delineated community has a population of 1.2 million. The median family income for the delineated community, as updated in 1996 by the Department of Housing and Urban Development (HUD), is \$47,700.

Residential and commercial growth is concentrated in Johnson County, Kansas. Competition for banking and financial services in the Kansas City area is strong. Kansas City's largest industries are agribusiness, telecommunications, banking, engineering, transportation, and manufacturing. The general economic condition is fair. Unemployment rates are below the national average.

BANK PROFILE

Commerce is a \$2.8 billion institution with 38 branches and an extensive automated teller machine (ATM) network. It is a full service bank, providing both commercial and retail lending. As of March 31, 1996, the bank had a 63% loan-to-deposit ratio. The bank's loan mix was: 46% commercial and commercial real estate loans; 46% consumer loans to individuals, including residential real estate loans; and 8% other loans.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

Commerce effectively identified community credit needs and maintained ongoing relationships with a variety of community representatives.

The Board of Directors and management pursued meaningful contacts with a number of groups and organizations that enabled the bank to assess the community's credit needs on an ongoing basis. Contacts included public officials, neighborhood organizations, and community groups involved in affordable housing, small business, and community development.

Through the bank's ascertainment efforts, management identified several credit- and service-related needs in its community. Examiners confirmed these needs through community outreach. They include:

- Affordable home loan products with downpayment and closing cost assistance;
- Home improvement loans;
- Loans and venture capital for the start up of small businesses; and
- Financial education and homeownership training.

Commerce addressed these needs by offering a full range of credit products and services that were well-suited to meet the community's needs. The bank participated in a large number of public and private loan programs which resulted in strong lending performance. Refer to Assessment Factors I, E, and J for details. The bank strongly emphasized financial education for consumers and small businesses. Refer to Assessment Factor H for details.

During our evaluation period, the bank modified existing products and started offering new products to better serve the needs of the community with a strong focus on the needs of LMI individuals and businesses. Examples include:

- Modified the Community Home Partnership Program (CHPP) in June 1995 by allocating \$37,500 for downpayment and closing cost grants of up to \$750 per loan. The program is targeted to LMI individuals living in LMI areas. Commerce provided 27 grants totaling \$20,534.
- Streamlined commercial loan applications to simplify the process for small businesses.
- Began offering Federal Housing Authority (FHA) loans in January 1995, including the FHA/Veterans' Affairs (VA) refinance product.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The Board and senior management maintained an effective system for formulating and reviewing the CRA process.

The Board provided active oversight of the bank's CRA program through policy development and ongoing review of CRA performance. The Board and senior management demonstrated a willingness to consider innovative programs and underwriting to meet community credit needs. Refer to Assessment Factors I, J, and H for details.

Commerce's directors and senior officers were personally involved in activities and groups designed to develop, improve, and enhance the local community. They demonstrated their involvement through memberships in numerous community organizations.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

Commerce implemented a sound marketing program designed to reach all segments of its community.

Advertisements stimulated awareness of credit services throughout the community. Marketing efforts specifically targeted to LMI individuals used a variety of media. These efforts proved effective and resulted in strong lending performance to LMI borrowers and in LMI areas. Refer to Assessment Factor E for details.

Commerce routinely provided direct and indirect technical assistance to individuals and groups in understanding and applying for credit. The bank strongly emphasized educating prospective LMI homeowners and small business owners. Refer to Assessment Factor H for details.

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Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

The bank showed a high level of responsiveness to area credit needs through its origination of housing-related loans, as well as business loans.

The bank and CMC originated a significant portion of home purchase loans in the delineated community relative to other financial institutions and their mortgage companies. The following tables show volumes of HMDA-reportable loans originated in 1994 and 1995.

1994 HMDA-REPORTABLE LOAN ORIGINATIONS

	Home Purchase	Refinance	Home Improvement	Multi-Family	Totals
# in delineation (bank)	157	65	285	1	508
# outside delineation, but in MSA (bank)	22	11	62	0	95
# in delineation (CMC)	112	125	0	0	237
# outside delineation, but in MSA (CMC)	21	41	0	0	62
# Total	312	242	347	1	902
\$ Total (in thousands)	\$21,985	\$ 14,307	\$ 3,841	\$ 32	\$40,165

1995 HMDA-REPORTABLE LOAN ORIGINATIONS

	Home Purchase	Refinance	Home Improvement	Multi-Family	Totals
# in delineation (bank)	84	73	460	1	618
# outside delineation, but in MSA (bank)	23	19	93	1	136
# in delineation (CMC)	149	56	0	0	205
# outside delineation, but in MSA (CMC)	27	20	0	0	47
# Total	283	168	553	2	1006
\$ Total (in thousands)	\$18,186	\$ 13,745	\$ 7,080	\$ 93	\$39,104

During 1994, 83% of the bank's HMDA-reportable loan originations were within the

delineated community and 99% were within the Kansas City MSA. In 1995, 75% of all HMDA-reportable loan originations were within the bank's delineated community and 96% were within the Kansas City MSA.

The volume of home purchase originations declined from 1994 to 1995, but this was consistent with most financial institutions in the market. Information on the aggregate market shows the bank and CMC originated 1.58% of the home purchase loans in the delineated community in 1994. At that level, they were second in market share relative to other financial institutions (excluding mortgage companies not associated with banks or savings and loan associations) and their mortgage companies within the delineated community. Based on preliminary 1995 aggregate HMDA data for the MSA, the bank and CMC remained second in market share.

During 1995, the bank originated 8 CHPP loans, totaling \$296,000. CHPP was a bank-developed affordable home loan product management began offering during 1993. During June, 1995, the bank replaced CHPP with a similar product - Federal National Mortgage Association (FNMA) 97% Home Purchase Program. See Assessment Factor J for loan volumes under this program.

Relative to all other lenders in the area in 1994, the bank ranked third in home improvement originations with 5.45% of the market. We were unable to get preliminary 1995 aggregate HMDA data for home improvement loans.

The bank and CMC originated a significant portion of refinance loans within the Kansas City market. The bank and CMC had a 1.82% market share in 1994, and ranked third relative to other financial institutions and their mortgage companies within the delineated community. Although the volume of refinance originations declined from 1994 to 1995 for the bank and CMC, the trend was consistent for the entire market due to increasing interest rates. Based on preliminary 1995 aggregate HMDA data, the bank and CMC ranked second in market share relative to other financial institutions and their mortgage companies within the MSA.

The bank originated approximately 1,212 small loans to businesses during 1995. Through year-to-date March 31, 1996, the bank originated an additional 320 loans. For both 1995 and the first quarter of 1996, 69% of the bank's small business loans were to businesses located within the Kansas City MSA, excluding Miami County, Kansas.

Assessment Factor J - The institution's participation in governmentally-insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.

Commerce actively participated in governmentally-insured, guaranteed, and subsidized loan programs for housing and small businesses.

HOME LOAN PROGRAMS: Commerce and CMC offered a variety of affordable governmentally-insured, guaranteed, or subsidized home loan programs. During our evaluation period, they originated 164 loans totaling \$6,230,000 within the delineated community. These volumes are included in the HMDA originations shown in the tables.

FNMA Community Lending Programs: CMC originated 72 affordable home loans totaling \$2,526,000 through FNMA programs. Some of these programs offer downpayments as low as 3%. One program can combine home improvement funds on a purchase or refinance loan for up to 50% of the home's value. These programs offer higher debt ratios than conventional loans. They are available in all areas, but include income limitations outside of LMI areas.

Kansas City, Missouri Rehabilitation Loan Corporation's (RLC) HOPE III Program: Commerce continues to be Kansas City, Missouri's exclusive HOPE III lender. Commerce originated 14 loans totaling \$518,000 through this program. Under the program, the City rehabilitates homes purchased from the Department of Housing and Urban Development (HUD). The City provides a grant for up to 30% of the purchase price and the borrower is required to make a downpayment of only \$1,000.

Kansas City, Missouri Housing Development Corporation and Information Center (HDCIC): Commerce originated 5 loans totaling \$239,000 through the HDCIC's new construction programs which are targeted to LMI areas. HDCIC provides downpayment grants ranging from 20% to 50%. According to HDCIC records, Commerce was the third most active lender through these programs since January 1, 1995.

Kansas City, Missouri Rehabilitation Loan Corporation's (RLC) Affordable Home Loan Programs: Commerce originated 31 loans totaling \$1,170,000 through these programs. The programs offer 20% downpayment assistance grants from the City. Private mortgage insurance is not required. The three programs are: 1) CHIP loans targeted to first-time homebuyers in Kansas City, Kansas; 2) PIN loans for Kansas City, Missouri police officers who will live in targeted LMI areas of Kansas City; and 3) 70/20/10 HOME program for first-time homebuyers in targeted LMI areas of Kansas City, Missouri (70% loan from bank; 20% grant from City; 10% loan from MHDC (see below) due after bank loan is repaid). According to RLC records, Commerce was the seventh largest lender under the CHIP program since January 1, 1995. Commerce was the second most active lender under the 70/20/10 program during the same time period. The PIN program has not been successful in Kansas City.

Missouri Housing Development Commission (MHDC) Downpayment Assistance Program: CMC originated 33 loans totaling \$1,332,000 through this program which is targeted to LMI areas. MHDC provides a grant for up to 20% of the purchase price. According to MHDC records, Commerce was the ninth largest lender under the program since January 1, 1995. During this time period, only one other commercial bank originated more

loans through the program than Commerce.

FHA and VA: CMC began offering FHA loans in January 1995, including the FHA/VA refinance product. Since then, CMC originated eight FHA loans totaling \$385,000 and one VA loan for \$60,000 within the bank's delineated community. Additionally, Commerce indirectly provides funding for FHA and VA loans by providing warehousing lines of credit totaling \$32,500,000 to three local mortgage companies. These mortgage companies are active originators of government and conventional loans for single-family residences in the bank's delineated community.

SMALL BUSINESS LOAN PROGRAMS: Commerce regularly participated in governmentally-insured, guaranteed, or subsidized programs for small business. During our evaluation period, the bank originated 39 loans totaling \$23,803,800 through various programs within the delineated community. These programs include:

Small Business Administration (SBA) Loans: The bank originated fourteen SBA 7(a) and Low Doc loans. Commerce was the 16th most active local lender under these two programs in 1995. According to the SBA, local lenders originated 35 SBA 504 loans in Commerce's delineated community during fiscal year 1995. Commerce originated five of these loans. The bank made three additional SBA 504 loans in 1996.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

The bank had a good distribution of loans throughout its delineated community and was especially strong in home purchase lending in LMI CTs and to LMI individuals.

During 1994, 30% of the home purchase loans the bank and CMC originated within the delineated community were in LMI CTs. This was the highest volume for any lender in those tracts. During 1994, all lenders that made HMDA-reportable home purchase loans in Commerce's delineated community averaged 8% of those loans in LMI CTs. Sixty-two percent of bank and CMC originations in the delineated community were to LMI borrowers. This compares very favorably to all lenders who made loans in Commerce's delineated community and averaged 33% of their loans to LMI borrowers. The bank's and CMC's 1995 lending levels were similar to 1994, with 32% of home purchase lending in LMI CTs and 57% to LMI borrowers. At the time of this evaluation, the 1995 data on all lenders who make and report HMDA loans was not available.

In 1994, all lenders that made HMDA-reportable home improvement loans in Commerce's delineated community averaged 20% of their originations in LMI CTs and 36% of their

originations to LMI borrowers. Commerce's level of originations in its community exceeded the aggregate average with 24% in LMI CTs and 39% to LMI borrowers. The bank's home improvement lending levels were similar in 1995, with 20% of Commerce's home improvement loans in LMI CTs and 36% to LMI borrowers. The 1995 data on all lenders was not available.

In 1994, Commerce and CMC made 11% of their HMDA-reportable refinance loans in LMI CTs within the delineated community. Twenty-eight percent of those loans were to LMI borrowers within the delineated community. The averages of refinance originations for all lenders in Commerce's community during 1994 were 11% in LMI CTs and 21% to LMI borrowers. The bank and CMC's 1995 lending levels were 16% and 22%, respectively. The 1995 data on all lenders was not available.

The geographic distribution of the bank's small business loans was reasonable. Based on 1995 lending patterns, 7% of the bank's small business relationships were with businesses located within low-income CTs, and 21% were located within moderate-income CTs. This compared reasonably with the volume of businesses located within those tracts. Our analysis included only those business relationships that had received a small business loan (less than \$1 million) during the year. We based our information on the location of businesses in a study prepared by the Mid-America Regional Council.

The bank demonstrated its willingness to meet the credit needs of small businesses through its origination of small loans. We analyzed both the number and size of the small business loans the bank originated during 1995 within the MSA. We found that a significant portion of the loans, 56%, were less than \$50,000.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

Commerce's offices are reasonably accessible to all segments of its delineated community. Bank management regularly reviewed business hours and services to ensure they met the customers' needs.

Commerce has 38 offices which serve its delineated community. Seven offices are located in moderate income CTs and six others are located in CTs adjacent to LMI geographic areas. Thirty-six branches have ATM facilities. The bank also has twelve stand-alone ATM facilities. The bank has not closed any branches since the last CRA evaluation.

Management tailors branch hours to meet the needs of its clientele. It has several locations with extended hours. Customers can apply for loans through the telebanking department during business hours Monday through Saturday. Commerce also offers a 24-hour toll-free Account Information Line which is free to all Commerce bank customers. The bank has two Community Home Loan Advocates, a Small Business Coordinator and five regional small

business representatives who are available to assist all branches with affordable home loan products and small business loans.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

We did not identify any practices intended to discourage individuals from applying for credit. Commerce actively solicited applications from all segments of its community, including LMI areas.

The Board and senior management developed formalized policies and procedures supporting nondiscrimination in lending practices to help ensure individuals were not discouraged from applying for credit. CBI's audit department performed periodic comparative loan file analyses to ensure fair treatment of applicants. Commerce has a secondary review committee which reviewed all proposed denials of HMDA-reportable applications on a weekly basis. In addition, CBI implemented a comprehensive fair lending training program for all commercial lenders, installment loan underwriters, and CMC lenders.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

Our review did not detect any evidence of disparate treatment based on gender. The bank is in substantial compliance with antidiscrimination laws and regulations.

We did not find any evidence of illegal discriminatory treatment of loan applicants because of their gender based on the sample credit applications we reviewed. We determined underwriters provided a comparable level of assistance to applicants regardless of gender. We performed a comparative file analysis on a sample of loan applications to finance new and used automobiles that Commerce received during the first three months of 1996.

V. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

Commerce regularly participated in community development and redevelopment programs, providing leadership, technical expertise and financial support.

Commerce, individually and in partnership with other financial institutions or community development organizations, regularly provided financing to entities and individuals for constructing affordable housing and providing economic revitalization. Commerce also invested in equity funds which promote affordable housing and capitalization of small business start-ups and expansion. Some of the more significant loans and investments include:

- A \$5,000,000 participation in a \$27,000,000 term loan with another local financial institution to reconstruct and/or refinance two hotels in downtown Kansas City, Missouri to promote the economic revitalization of the downtown area.
- Lead lender with \$800,000 of a \$2,000,000 term loan to finance a comprehensive ambulatory and mental health care facility which provides comprehensive health care in a LMI area and serves the medically indigent and homeless of the greater Kansas City area.
- A \$500,000 participation with another local financial institution in a \$1,000,000 construction loan to a non-profit organization to build a new battered women's shelter in a LMI area of Independence, Missouri.
- A \$450,000 line of credit to a local non-profit community development corporation to construct single family residences in a LMI area of Kansas City, Missouri.
- A \$250,000 investment in the Kansas City Equity Partners, L.C., a local venture capital fund, which provides capitalization and management assistance to companies in either start-up or expansion phases of development.
- A \$200,000 investment in both 1994 and 1996 in a Missouri statewide equity fund which invests in affordable housing projects. Since inception in 1994, one of four projects benefitted Kansas City, Missouri. The bank earns federal and state tax credits for its investments.
- A \$180,000 construction loan to two individuals to renovate commercial real estate in downtown Leavenworth into five store fronts.

The bank provided ongoing financial support and technical assistance to several community and economic development organizations. Bank personnel routinely provided first time home buyer and small business educational training directly and in cooperation with local community organizations. Some of the organizations which Commerce, its management and staff actively supported were: Kansas City Neighborhood Alliance HomeWorks Program and HomeValue Initiatives Program; Consumer Credit Counseling Service; and First Step Fund.

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

Commerce has made significant contributions to meet the community's credit needs through housing, small business, and community development lending; providing financial education; and furnishing leadership and technical expertise to community organizations.

Commerce has sufficient resources to help meet the credit needs of its community. The bank also has access to additional resources through its affiliates, including CBI, CBI's banking subsidiaries, and CMC. There are no legal impediments or other factors which limit the bank's efforts.

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

Commerce regularly engaged in other meaningful activities which facilitate meeting the credit needs of its delineated community.

Bank personnel actively participated in the Greater Kansas City Community Lenders Association and Kansas City, Kansas Lenders Consortium. These consortiums assist with identifying credit needs and avenues to meet those needs.

A Commerce affiliate originated a substantial volume of government guaranteed student loans in the bank's local market. In 1995, the affiliate originated over \$8,316,000 to students attending local colleges and universities. In 1996, through May 31st, the affiliate made over \$3,684,000 in local student loans. Commerce employees regularly provided financial education programs to local schoolchildren of all ages. These programs included information on banking services and personal financial management.

Commerce and its affiliates continued to make regular donations to local community organizations that promote affordable housing, financial education or economic stabilization. Examples include:

- Donating a rehabilitated residential property to a local community development corporation to provide housing for a LMI family.
- Donating funds to the Habitat for Humanity to construct the 100th home in the Kansas City area.
- Donating funds to the Civic Mall project to assist with the development and revitalization of the western side of Kansas City, Missouri's central business district.

ADDITIONAL INFORMATION

Commerce is located in MSA #3760. Data on individual home mortgage lenders and aggregated data on home mortgage lending activity in the Kansas City, Missouri/Kansas MSA are publicly available at Mid-America Regional Council, 600 Broadway, Kansas City, Missouri 64105. The telephone number is (816) 474-4240.

During this evaluation, examiners made four in-person community contacts and more than a dozen by telephone. We gathered information on local community credit needs from groups that deal with housing, small business and economic development. We also reviewed 42 summaries of community contacts made in the Kansas City metro area by other regulators.

The Office of the Comptroller of the Currency is responsible for supervising Commerce. Members of the public can contact this regulatory agency with questions, concerns, or issues. The address is:

Office of the Comptroller of the Currency
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