



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

January 28, 2002

### Community Reinvestment Act **Performance Evaluation**

Commerce Bank/Harrisburg, N.A.  
Charter Number: 22765

100 Senate Avenue  
Camp Hill, PA 17001

Office of the Comptroller of the Currency

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**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 **Satisfactory**.

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

Performance Levels	Commerce Bank/Harrisburg, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
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:

- Commerce's lending activity is good in its assessment area;
- A substantial majority of Commerce's loans were originated in its assessment area;
- Geographic distribution of loans is adequate;
- Home mortgage lending to borrowers of different income levels is good;
- Distribution of small loans to businesses is good;
- Commerce has made an adequate level of qualified investments;
- Commerce's service delivery systems are accessible to geographies and individuals of different income levels; and
- Commerce has provided a good level of community development services.

## Definitions and Common Abbreviations

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

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

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

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

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

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

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

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

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

Commerce Bank/Harrisburg, N.A. (Commerce) is an independent banking institution headquartered in Camp Hill, Pennsylvania. The bank has offices located in the southern central Pennsylvania counties of Cumberland, Dauphin, Lebanon and York. Commerce is a retail intrastate bank with 15 full service branches and two loan production offices. All of the branches also have on-site ATMs.

The bank continues to exhibit rapid growth. As of December 31, 2001, the total bank assets of \$610 million had increased 27% from the same prior year period. Total loans were \$346 million, an increase of 18% from the same prior year period, and total deposits were \$563 million, an increase of 26% from the same prior year period.

Commerce's last Public Evaluation (PE) was dated July 19, 1999 and the overall CRA rating assigned was **Satisfactory**. Since the previous PE, Commerce has not closed any branches and has opened four new branches. There are no financial or legal impediments to hinder Commerce's ability to help meet its community credit needs. Commerce has no operating subsidiaries.

Commerce is a wholly owned subsidiary of Pennsylvania Commerce Bancorp, Inc. (PCB), a one-bank holding company, also headquartered in Camp Hill, Pennsylvania. Commerce is a community bank with primary products, which include residential mortgages, small business loans and consumer installment loans. Commerce participates in the "Preferred Lender Program" with the Small Business Administration (SBA) as well as the SBA Express Revolving Line of Credit Program. As such, they act as a designated underwriter and receive automatic approval for loans that they submit to the SBA.

As of September 30, 2001, net loans and leases represented 56% of total assets. This loan portfolio is comprised of residential mortgages (31%), commercial loans (65%), and consumer loans (4%). Net tier one capital is \$44 million as of September 30, 2001. Competition in the area is very strong and includes local community banks, regional banks, national non-bank financial institutions and mortgage companies.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test for home mortgages reported under the Home Mortgage Disclosure Act (HMDA) is from January 1, 1999 through September 30, 2001. The previous evaluation period was from January 1, 1997 through December 31, 1998. For loans to small businesses, the evaluation period is from January 1, 2000 to September 30, 2001. Due to the bank's movement from a small bank to a large bank for CRA evaluation purposes the time frames are different for HMDA loans and loans to small businesses. For community development loans, and the Investment and Service Test the evaluation period is January 1, 2000 to January 28, 2002 due to the bank's movement from a small bank to a large bank for CRA evaluation purposes. Commerce did not originate any small farm loans during the evaluation period and therefore, tables 7 and 12 are not included in the PE.

### Data Integrity

During August of 2001, Commerce's publicly filed information and registers were examined by the OCC to verify the accuracy of the data. These registers contain loan data for home mortgages and small businesses. We found the loan data to be accurate, with the exception of a few errors, which were corrected.

Community development loans, investments and services submitted by management were also reviewed at that time and again during this examination to ensure that they met the regulatory definition of community development.

### Selection of Areas for Full-Scope Review

We performed full scope reviews of the Harrisburg-Lebanon-Carlisle, PA MSA (HLC MSA) and the York MSA. Please refer to the table in Appendix B for additional information regarding these areas.

### Ratings

The bank's overall rating is based on a full-scope review of its two assessment areas (AAs). Home mortgage products received equal weight with small loans to businesses in evaluating the Lending Test. Approximately 53% of the loans originated during the evaluation period were home mortgage loans in each AA, with small business loans accounting for nearly all of the remaining 47%. No small farm loans were originated. Agricultural lending is not a primary business line of Commerce. Also, home purchase and home improvement mortgages were given more weight in our analysis than home refinance mortgages. Home purchase and home improvement loans represent 81% of the mortgages in each AA. Further, home purchase loans were identified as the primary credit need of the AAs. Finally, more weight was given to the findings in the HLC MSA as this is where the bank does the majority of its business, both lending and deposits, in evaluating the Lending, Investment and Service Tests.

### Other

During the examination, contacts were made with a Regional Redevelopment Authority and a community group in Harrisburg, Pennsylvania involved in obtaining affordable housing for low- and

moderate-income individuals. Other recent contacts with community organizations in Commerce's AA were reviewed and included the following: a Housing and Redevelopment Authority that oversees all of the subsidized lending housing projects in the county and a nonprofit housing organization whose mission is to provide housing information and education to allow low- and moderate-income individuals to obtain affordable housing. Based on these contacts, the Commerce AA has the following needs, which we considered in our evaluation of Commerce's performance under the Lending, Investment and Service Tests:

- technical support, entrepreneurial training, credit counseling, deposits products tailored to the non-banked population and increased awareness of loan programs for start-up and small businesses;
- affordable rental and single family housing, especially in urban areas with high concentrations of low- and moderate-income populations; and
- affordable home mortgage purchase and home improvement products targeted to low- and moderate-income individuals.

### **Fair Lending Review**

An analysis of the bank's most recent public comments, consumer complaint information and the most recent HMDA and Small Business lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in 1999. No violations of the substantive provisions of the anti-discrimination laws and regulations were identified.

## **Conclusions with Respect to Performance Tests**

### **LENDING TEST**

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

The bank's performance under the lending test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in both the HLC MSA and the York MSA is good.

#### **Lending Activity**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's lending activity. Commerce actively sells residential mortgages on the secondary mortgage market.

The mechanics of their loan origination process require that the mortgage loans originated by Commerce be reported on the HMDA LAR of the purchasing institution if that institution makes the credit decision. The purchasing institutions of these originations made the final credit decisions. During the evaluation period, the bank originated, brokered and sold an additional 746 residential mortgage loans totaling \$82 million which are not reflected in this evaluation.

### **HLC MSA**

Lending activity in the HLC MSA is good. The bank's lending patterns are generally reflective of the credit needs of the community. Sixty-five percent of the bank's lending is done in this AA. The bank's lending to individuals is centered in HMDA products, 53% for this AA. Purchase, home improvement, refinance loans represent 35%, 46%, and 18%, respectively, of all mortgages originated in this AA. Multi-family loans represent a small portion of the bank's lending with six loans originated for this AA. As the volume of multi-family loans is not significant, an analysis of these loans is not meaningful.

Small business credit is also an important credit need of the AA and therefore is reflected in the larger volume of lending, 47% for the AA. There is no small farm credit lending based on the credit demand at the bank.

Commerce has 10 branches and 77% of its deposits in this AA. Commerce is ranked eighth in deposits in this MSA with a 4.70% market share as of June 30, 2001. Lending patterns are also similar to deposit patterns for home improvement loans and small loans to businesses. Market share for home purchase, home improvement, and home refinance mortgage loans is 0.62%, 3.07%, and 0.38%, respectively.

Based on 2000 HMDA Peer Mortgage Data, Commerce ranked 30<sup>th</sup> (0.96% market share) in overall home mortgage lending. Several non-bank mortgage lenders and other large regional banks dominate the market.

Based on 2000 HMDA Peer Mortgage Data, Commerce ranked 42<sup>nd</sup> with a 0.62% market share in home purchase lending. Based on this same data, Commerce ranked 10<sup>th</sup> with a 3% market share in home improvement lending. Two credit unions dominate this product in this MSA with a combined market share of 24%.

Commerce ranked 62<sup>nd</sup> with a 0.38% market share in home refinancing behind these same large regional banks and non-bank mortgage lenders.

Based on 2000 CRA peer data, Commerce ranks ninth in small loans to businesses with a market share of 2.76%. The two top lenders are nationwide credit card issuers and dominate the MSA with a combined 44% market share.

### **York MSA**

Lending activity in York County is good. Thirty-five percent of the bank's lending is done in this AA. The bank's lending patterns are reflective of the credit needs of the community. Again housing and small business loans are the primary credit needs of the AA, with 53% of loan originations being HMDA, 46% being small business, and the remaining 1% being community development. Purchase, home improvement, and refinance loans represent 31%, 50%, and 18%, respectively, of HMDA originations during the assessment period. There is no small farm credit lending based on credit demand at the bank.

Commerce has five branches and 23% of its deposits in this AA. Market share of deposits is 2.33% and they are ranked tenth as of June 30, 2001. The market share for home improvement loans exceeds the deposit market share and the market share for small loans to businesses equals the deposit market share. Market share for home purchase, home improvement, and refinance loans is 0.46%, 3.17%, and 0.35%, respectively. Commerce originated four multi-family loans in this AA. As the volume of multi-family loans is not significant, an analysis of these loans is not meaningful.

Based on 2000 HMDA Peer Mortgage Data, Commerce ranked 29<sup>th</sup> (0.85% market share) in overall home mortgage lending. Several non-bank mortgage lenders and other large regional banks dominate the market.

Based on 2000 HMDA Peer Mortgage Data, Commerce ranked 45<sup>th</sup> with a 0.46% market share in home purchase lending. Based on this same data, Commerce ranked 11<sup>th</sup> with a 3% market share in home improvement lending. Two large regional banks dominate this product in this MSA with a combined market share of 28%.

Commerce ranked 67<sup>th</sup> with a 0.35% market share in home refinancing behind these same large regional banks and non-bank mortgage lenders.

Market share of small loans to businesses is 2.33%. Based on 2000 CRA peer data, Commerce ranks ninth in small loans in this MSA. The two top lenders are nationwide credit card issuers and dominate with a combined 46% market share.

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

The geographic distribution of Commerce's home mortgage loans and small loans to businesses reflect adequate penetration in the AA.

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

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. Geographic distribution of multi-family loans is not discussed due to the limited number of loans originated by Commerce in both AAs.

### **HLC MSA**

Geographic distribution is adequate in the HLC MSA. Home purchase loan geographic distribution is adequate. Commerce did not make any home purchase loans in low-income geographies. Lending in low-income tracts is particularly challenging because there are only four low-income tracts in this MSA and each have a limited number of owner-occupied housing units. Only 1,861 units are available, or 1.37% of the total owner-occupied housing units in the MSA. Additionally, 62% of the housing consists of rental units in the downtown of the City of Harrisburg. Home purchase loans made in moderate-income geographies are below the percentage of owner-occupied housing. The market share for loans made in moderate-income geographies is also below their overall market share for home purchase loans. However lending in these 16 moderate-income tracts is also challenging as 53% of the available housing units are rentals in Harrisburg City as well. Only 9,028 units are available, or 6.63% of the total owner-occupied housing units in the MSA.

Home improvement loan geographic distribution is adequate; however, based on the low level of owner-occupied units, it would be reasonable that limited opportunities would exist for home improvement loans. Home improvement loans made in low-income geographies is near to the percentage of owner-occupied housing and the low-income market share substantially meets the bank's overall market share. Home improvement loans made in moderate-income geographies are below the percentage of owner-occupied housing. Commerce's market share in moderate-income geographies is also below its overall market share.

Refinance loan geographic distribution is adequate based on the low level of owner-occupied units. The percentage of loans made in low-income geographies is below the percentage of owner-occupied housing units in those geographies. The market share for such loans significantly exceeds Commerce's overall market share in the MSA. The percentage of refinance loans made in moderate-income geographies is below the percentage of owner-occupied housing units that are within those geographies. The market share for loans made in moderate-income geographies is also below Commerce's overall market share for refinance loans.

### **York MSA**

Geographic distribution is good in the York MSA. Home purchase loan geographic distribution is excellent. The percentage of home purchase loans made in low-income geographies is near to the percentage of owner-occupied housing units that are within those geographies. The market share for loans made in low-income geographies significantly exceeds Commerce's overall market share for home purchase loans by nearly double. The percentage of loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units in those geographies. The market share for such loans is more than double Commerce's overall market share in the MSA.

Home improvement loan geographic distribution is good. During the evaluation period, Commerce did not originate any home improvement loans in low-income geographies, as there were limited opportunities for these types of loans. There are only 1,165 owner-occupied units in these low-income geographies or 1.34% of the total owner-occupied housing units in the MSA. Home improvement loans made in moderate-income geographies are near to the percentage of owner-occupied housing. Commerce's market share in moderate-income geographies exceeds its overall market share.

Refinance loan geographic distribution is adequate. Commerce did not originate any refinance loans in low-income geographies during the evaluation period. The percentage of refinance loans made in moderate-income geographies exceeds the percentage of owner-occupied housing units that are within those geographies. The market share for loans made in moderate-income geographies significantly exceeds Commerce's overall market share for refinance loans.

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

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

### **HLC MSA**

Geographic distribution is adequate in the HLC MSA. Commerce's small loans to businesses in low-income geographies are below the percentage of businesses that are located in these geographies. Commerce's market share in low-income geographies is below its overall market share. Commerce's small loans to businesses in moderate-income geographies are below the percentage of businesses that

are located in these geographies. Commerce's moderate-income market share is near to its overall market share.

### **York MSA**

Geographic distribution is good in the York MSA. Commerce's small loans to businesses in the low-income geographies are below the percentage of businesses that are located in these geographies. Commerce's market share in low-income geographies exceeds its overall market share. Commerce's small loans to businesses in moderate-income geographies significantly exceed the percentage of businesses that are located in these geographies. Commerce's moderate-income market share is near to its overall market share.

### **Lending Gap Analysis**

Our review of the geographic distribution of loans did not detect any conspicuous or unexplained gaps in Commerce's lending patterns.

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

An analysis of the bank's lending within its assessment areas was performed at the bank level as opposed to the individual AA levels. A substantial majority of the home mortgage loans and small loans to businesses were originated within the bank's assessment areas. For HMDA products, 95% of all originations were within the AAs. For small loans to businesses, 92% of the loans originated were within the AAs, as was the CD loan. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

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

The borrower distribution of Commerce's home mortgage loans reflects good dispersion among borrowers of different income levels in the AA and small loans to businesses also indicates good distribution.

We considered demographic factors including the high cost of housing compared to the median family income of a low-income person, and the high percentage of individuals below the poverty level, in our home mortgage analysis.

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

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

### **HLC MSA**

Borrower distribution for home purchase lending is adequate when considering the difficulty that low- and moderate-income individuals have in purchasing a home in the MSA. The median cost of housing in the MSA is \$75 thousand, based on 1990 census data. The HUD updated median family income for 2001 is \$52,400. A low-income person earns less than \$26,200. Additionally, 7.70% of the households in the MSA are below the poverty level. A moderate-income person earns at least \$26,200 but less than \$41,920.

The percentage of home purchase loans made to low-income borrowers in the AA is below the percentage of low-income families in the MSA. Commerce's market share to low-income borrowers is also below its overall market share. This performance is adequate when considering the affordability of housing for a low-income person in the MSA as discussed above. The percentage of loans made to moderate-income borrowers is below the percentage of moderate-income families in the MSA. Commerce's market share to moderate-income borrowers is below its overall market share. This is adequate performance when considering the affordability of housing for a moderate-income person in the MSA as discussed above.

Home improvement borrower distribution is excellent. The percentage of home improvement loans made to low-income borrowers in the MSA is near to the percentage of low-income families in the MSA. The bank originated 12% of its loans to low-income borrowers compared to 15% of low-income families. The bank's market share of 3.24% to low-income borrowers exceeds the overall market share of 3.10%. This is good performance when considering that there are fewer opportunities available to low-income individuals for home improvement loans based on the affordability for a low-income person to purchase a home in the MSA, as discussed above. The percentage of home improvement loans made to moderate-income borrowers in the MSA exceeds the percentage of moderate-income families in the MSA. Commerce originated 20% of its loans to moderate-income families compared to 19% of moderate-income families. Commerce's market share to moderate-income borrowers also exceeds its overall market share.

Home refinance borrower distribution is good. The percentage of refinance loans made to low-income borrowers in the MSA is below the percentage of low-income families in the MSA. Commerce's market share of 0.52% to low-income borrowers substantially exceeds its overall market share. This is good performance when considering that there are less opportunities available to low-income individuals for home refinance loans based on the affordability for a low-income person to purchase a home in the AA, as discussed above. The percentage of refinance loans made to moderate-income borrowers in the MSA is below the percentage of moderate-income families in the AA. Commerce's market share to moderate-income borrowers is near to its overall market share.

## **YORK MSA**

Borrower distribution for home purchase lending is adequate when considering the difficulty that low- and moderate-income individuals have in purchasing a home in the MSA. The median cost of housing in the MSA is \$77 thousand, based on 1990 census data. The HUD updated median family income for 2001 is \$51,300. A low-income person earns less than \$25,650. Additionally, 6.46% of the households in the MSA are below the poverty level. A moderate-income person earns at least \$25,650 but less than \$41,040.

The percentage of home purchase loans made to low-income borrowers in the AA is below the percentage of low-income families in the MSA. Commerce's market share to low-income borrowers exceeds its overall market share. This performance is good when considering the affordability of housing for a low-income person in the MSA as discussed above. The percentage of loans made to moderate-income borrowers is below the percentage of moderate-income families in the MSA. Commerce's market share to moderate-income borrowers is below its overall market share. This is adequate performance when considering the affordability of housing for a moderate-income person in the MSA as discussed above.

Home improvement borrower distribution is adequate. The percentage of home improvement loans made to low-income borrowers in the MSA is below the percentage of low-income families in the MSA.

The bank's market share to low-income borrowers is below the overall market share. This is adequate performance when considering that there are fewer opportunities available to low-income individuals for home improvement loans based on the affordability for a low-income person to purchase a home in the MSA, as discussed above. The percentage of home improvement loans made to moderate-income borrowers in the MSA is near to the percentage of moderate-income families in the MSA. Commerce originated 16% of its loans to moderate-income families compared to 19% of moderate-income families. Commerce's market share to moderate-income borrowers is below its overall market share.

Home refinance borrower distribution is adequate. The percentage of refinance loans made to low-income borrowers in the MSA is below the percentage of low-income families in the MSA. Commerce's market share to low-income borrowers is also below its overall market share. This is adequate performance when considering that there are less opportunities available to low-income individuals for home refinance loans based on the affordability for a low-income person to purchase a home in the AA, as discussed above. The percentage of refinance loans made to moderate-income borrowers in the MSA is below the percentage of moderate-income families in the AA. Commerce's market share to moderate-income borrowers is below its overall market share.

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

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

### **HLC MSA**

The borrower distribution of small loans to businesses is good when considering the strong competition from very large regional banks and non-bank financial institutions for these loans.

Small loans to small businesses (businesses with revenues of \$1 million or less) represents 72% of all small loans to businesses originated by Commerce compared to 86% of the businesses within the MSA defined as such. The bank's lending to small businesses substantially meets the percentage of small businesses in the AA. The market share of 6.26% for small loans made to small businesses substantially exceeds Commerce's overall market share of 2.76%. The distribution by size of loan shows that a majority of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses.

### **YORK MSA**

The borrower distribution of small loans to businesses is good when considering the strong competition from very large regional banks and non-bank financial institutions for these loans.

Small loans to small businesses (businesses with revenues of \$1 million or less) represents 85% of all small loans to businesses originated by Commerce compared to 86% of the businesses within the MSA defined as such. The bank's lending to small businesses substantially meets the percentage of small businesses in the AA. The market share of 5.96% for small loans made to small businesses substantially exceeds Commerce's overall market share of 2.33%. The distribution by size of loan shows that a majority of the loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses.

### **Community Development Lending**

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

Community development lending had a neutral impact on the Lending Test.

### **HLC MSA**

We determined through our community contacts and our internal research that there are opportunities for community development lending within the MSA. However, competition for CD lending is very strong from both large regional and other community banks operating in the area. Commerce did not originate any CD loans in the MSA.

### **YORK MSA**

We determined through our community contacts and our internal research that there are some opportunities for community development lending within the MSA. Competition for CD lending is also very strong from both large regional and other community banks operating in the area. Commerce originated one CD loan in this MSA for the purchase and revitalization of a mobile home park, which provides housing opportunities to low- and moderate-income individuals.

## **Product Innovation and Flexibility**

Product innovation and flexibility had a neutral impact on the Lending Test conclusion as the bank offers standard loan products.

## **INVESTMENT TEST**

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

The bank's performance under the investment test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in both the HLC MSA and the York MSA is adequate.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

### **HLC MSA AA**

Investments in this MSA are adequate. During the evaluation period, Commerce made 19 grants and donations totaling \$117 thousand. One of the donations (\$100 thousand) was to the Harrisburg School District for the revitalization, reform, improvement and upgrade of the district's facilities and educational programs. This donation also provides the bank with an Educational Improvement Tax Credit. Thirteen of the district's 18 facilities are in low- and moderate-income geographies, which this investment targets in order to serve low- and moderate-income individuals. The remaining five facilities are in middle-income geographies.

The remaining grants and donations address the identified needs of the area and were made to several local non-profit organizations for various CD initiatives throughout the AA.

We determined through community contacts and our internal research that there are opportunities for qualified investments but that they are very limited for Commerce based on the very strong competition for qualified investments in the MSA. There are few qualified loan funds available.

### **YORK MSA AA**

Investments in this MSA are adequate. During the evaluation period, Commerce made six grants and donations totaling \$3 thousand. The grants and donations address the identified needs of the area and were made to several local non-profit organizations for various CD initiatives throughout the AA.

We determined through community contacts and our internal research that there are limited opportunities for qualified investments and that they are very limited for Commerce based on the very strong competition for qualified investments in the MSA. Again, there are few qualified loan funds available.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "High Satisfactory." Based on a full-scope review, Commerce's overall performance in the AA is good due to the overall accessibility of the service delivery systems, the extended business hours and the relatively high level of community development services. Based on a full-scope review, the bank's performance in both the HLC MSA and the York MSA is good.

### **Retail Banking Services**

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

Commerce's service delivery systems are accessible to individuals and geographies of different income levels in its assessment area. Accessibility is good for both the HLC MSA and the York MSA.

Commerce operates ATMs at each of the fifteen branches in the Commerce AA. Within the individual MSAs, ATMs are distributed as follows: HLC - ten and York - five.

Commerce's hours and services offered throughout the entire AA are excellent and tailored to meet the convenience and needs of the assessment area. Hours and services do not vary in the assessment areas, including the availability of loan officers for all loan products, and are comparable among locations regardless of the income level of the geography. Banking hours and services provided Monday through Friday are supplemented by Saturday and Sunday hours at all branches. There were no changes made to branch hours during this evaluation period.

Commerce offers a no minimum balance checking account, "Free Consumer Checking" to customers, including those who are low- and moderate-income, which allows these individuals to maintain regular checking accounts. There are no other maintenance or check writing fees associated with this particular account.

Commerce offers other delivery services as described below. However, no weight was placed on those other delivery services because a determination of the volume of use in low- and moderate-income geographies and by low- and moderate-income individuals is unavailable. These other delivery services include Bank-by-Mail and Bank-by-Telephone. In addition, Commerce offers Internet Banking services. A depositor can review transaction history and make monetary transfers between Commerce's accounts.

Commerce's branch openings have not affected the accessibility of delivery systems within the AA. There have been no branch closings. In the HLC MSA, two branches were opened in upper-income census tracts and one in a middle-income census tract. One new branch in a middle-income census tract was opened in the York MSA.

### **HLC MSA**

Commerce operates ten branch offices and one loan production office in this MSA. In the HLC MSA, there are no branches in the low-income geographies. However, one of the Dauphin County branches is located within 5 miles of all the low-income and nine of the 16 moderate-income geographies located within the HLC MSA. There is one branch located within a moderate-income geography. That branch is located in Cumberland County and is adjacent to one of the other two moderate-income census tracts in that county. In the HLC MSA, the percentage of Commerce's branches within moderate-income geographies exceeds the percentage of the AA's population living in these geographies.

### **YORK MSA**

Commerce operates five branch offices and one loan production office in this MSA. In the York MSA, there are no branches in the low- or moderate-income geographies. However, four of Commerce's branches (80%) in the York MSA provide accessibility within three miles of all the four low-income and nine moderate-income census tracts located in the York MSA.

## **Community Development Services**

Commerce provides a relatively high level of community development services. A good level of community development services exists in the HLC MSA with an adequate level in the York MSA. Bank employees and officers were engaged in eleven organizations/programs providing technical and financial assistance that benefits low- and moderate-income individuals and economic development.

The following are the community development services provided by Commerce employees in the AA:

### **HLC MSA**

- An officer acts as a Treasurer for an organization which provides funding to organizations, which provide testing and screening of children and summer camp for children. These services are targeted to low- and moderate-income individuals. The officer contributes accounting and bookkeeping services to the organization.
- An officer acts as a Board member for an organization, which provides facility space to organizations which provides medical treatment and helps abused mothers. These services are targeted to low- and moderate-income individuals.
- A member of management is a Board member and also serves on the Loan Committee for a small enterprise development company which promotes economic development for small businesses.

- An officer serves as a Board member on an organization that provides employment and carpentry technical skills to low- and moderate-income children.
- An officer serves as Treasurer for an organization that develops housing for low- and moderate-income senior individuals.
- A member of management serves on the Board of Directors for an organization that is directly involved in providing funds/grants to low- and moderate-income individuals for the downpayment and closing costs associated with purchasing a home.
- An officer is a Board member for an organization that distributes funds to organizations that provide community services targeted to low- and moderate-income individuals.
- A member of management provides technical assistance on financial matters as part of the Committee Review Committee. This Committee audits organizations that receive funding from United Way to ensure that those organizations, which target low- to moderate-income individuals, complied with United Way's guidelines.
- An officer serves on the Allocation Committee for an organization that distributes funds to organizations that provide community services targeted to low- and moderate-income individuals.
- One officer of the Bank presented Commerce's SuperSaver's Children Program to primarily low- and moderate-income students.

### **York MSA**

- An officer is a Board member in an organization that provides food and clothing to low- and moderate-income individuals.
- An officer is a Board member of an organization that raises funds for organizations that provide food and counseling services to low- and moderate-income individuals.
- One employee of the Bank presented Commerce's SuperSaver's Children Program to primarily low- and moderate-income students.

## 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-HMDA : 01/01/99 to 09/30/01 Lending Test-Small Business (excludes CD Loans): 01/01/00 to 09/30/01 Investment and Service Tests and CD Loans: 01/01/00 to 01/28/02	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Commerce Bank/Harrisburg, N.A. (Commerce) Camp Hill, PA	Home Mortgages, Small Loans to Businesses and CD loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	N/A	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>
Harrisburg-Lebanon-Carlisle, PA # 3240	Full-Scope	N/A
York, PA # 9280	Full-Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

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

Harrisburg/Lebanon/Carlisle, PA MSA.....	B-2
York, PA MSA.....	B-3

## Harrisburg/Lebanon/Carlisle, PA MSA

Demographic Information for Full-Scope Area: Harrisburg/Lebanon/Carlisle, PA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	111	3.60	14.41	67.57	13.51	0.90
Population by Geography	515,231	3.05	9.33	65.40	22.22	0.00
Owner-Occupied Housing by Geography	136,119	1.37	6.63	67.64	24.36	0.00
Businesses by Geography	24,187	1.52	13.54	63.46	21.49	0.00
Farms by Geography	1,181	0.08	0.85	81.37	17.70	0.00
Family Distribution by Income Level	139,776	15.07	18.61	27.92	38.39	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	47,085	5.45	15.12	66.05	13.38	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$37,389** = \$52,400** = 7.7%**	Median Housing Value Unemployment Rate		= \$74,881** = 3.6%***		

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

(\*\*)Source: 1990 U.S. Census, and 2001 HUD updated MFI.

(\*\*\*)Source: PA Department of Labor & Industry, October 2001, seasonally adjusted.

Commerce's AA includes portions of the Harrisburg/Lebanon/Carlisle, PA MSA, which includes Cumberland, Dauphin, Lebanon and Perry Counties in the southern central region of Pennsylvania. Commerce operates in this MSA in 111 of the 127 census tracts, including the state capital area of the Commonwealth of Pennsylvania. Within this MSA, Commerce is ranked 8<sup>th</sup> for its market share of deposits and has 4.70% of the deposits based on the June 30, 2001 FDIC/OTS Summary of Deposits Market Share Report. Commerce operates ten full service branches in this MSA. All of the branches have drive-up facilities and ATMs. All branches offer banking hours seven days a week.

Banking competition is very strong for loans, deposits, CD loans and investments in the MSA, limiting opportunities for smaller institutions. Competition exists from national institutions, large regional institutions, community banks and large credit unions. Major banking competitors in the MSA include: Waypoint Bank, ranked 1<sup>st</sup> in deposit share (15.42%) with 25 offices; Allfirst Bank, ranked 2<sup>nd</sup> in market share of deposits (13.36%) with 29 offices; PNC Bank, N.A., ranked 3<sup>rd</sup> in deposit share (11.18%) with 29 offices; and First Union, N.A., ranked 4<sup>th</sup> in market share of deposits (9.78%) with 20 offices.

Commerce offers a traditional line of banking products for loans and deposits. The economy in the area is stable. Major employers in the MSA include the Pennsylvania State Government, the U.S. Government, Hershey Foods Corporation, Highmark Blue Cross/Blue Shield and numerous local governments, hospitals and school districts.

Two community contacts were conducted with a Regional Redevelopment Authority and an affordable housing group. The contacts identified the need for banking products tailored to the non-banked

population, start-up financing for small businesses, affordable rental and single family housing and affordable loans for homebuyers.

**York, PA MSA**

Demographic Information for Full-Scope Area: York, PA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	69	5.80	13.04	73.91	7.25	0.00
Population by Geography	306,683	2.99	7.71	82.40	6.90	0.00
Owner-Occupied Housing by Geography	86,871	1.34	5.29	86.26	7.10	0.00
Businesses by Geography	12,333	5.25	6.09	80.71	7.95	0.00
Farms by Geography	868	0.69	0.46	95.05	3.80	0.00
Family Distribution by Income Level	85,939	15.09	19.19	28.68	37.04	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	29,458	5.17	12.13	78.49	4.20	0.00
Median Family Income		Median Housing Value				
HUD Adjusted Median Family Income for 2001	= \$37,590**	Unemployment Rate				= \$76,943**
Households Below the Poverty Level	= \$51,300**					= 4.8%***
	= 6.46%**					

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

(\*\*)Source: 1990 U.S. Census, and 2001 HUD updated MFI.

(\*\*\*)Source: PA Department of Labor & Industry, October 2001, seasonally adjusted.

Commerce's AA includes portions of the York, PA MSA, which encompasses all of York County in the southern central region of Pennsylvania. Commerce operates in this MSA in 69 of the 76 census tracts. Within this MSA, Commerce is ranked 10<sup>th</sup> for its market share of deposits and has 2.33% of the deposits based on the June 30, 2001 FDIC/OTS Summary of Deposits Market Share Report. Commerce operates five full service branches in this MSA. All of the branches have drive-up facilities and ATMs. All branches offer banking hours seven days a week.

Banking competition is very strong for loans, deposits, CD loans and investments in the MSA, limiting opportunities for smaller institutions. Competition exists from national institutions, large regional institutions, community banks and large credit unions. Major banking competitors in the MSA include: Allfirst Bank, ranked 1<sup>st</sup> in deposit share (26.62%) with 32 offices; Waypoint Bank, ranked 2<sup>nd</sup> in market share of deposits (18.26%) with 17 offices; Drovers & Mechanics Bank, ranked 3<sup>rd</sup> in deposit share (11.96%) with 16 offices; and First Union, N.A., ranked 4<sup>th</sup> in market share of deposits (8.93%) with 13 offices.

Commerce offers a traditional line of banking products for loans and deposits. The economy in the area is stable. Major employers in the MSA include the York Hospital, the U.S. Government, Harley Davidson Motor Co. and numerous local governments, hospitals and school districts.

Again, the two community contacts were conducted with a Regional Redevelopment Authority and an affordable housing group. The contacts identified the need for banking products tailored to the non-banked population, start-up financing for small businesses, affordable rental and single family housing and affordable loans for homebuyers.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories. This table is not applicable and not included due to the lack of bank loans.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - This table is not applicable and not included due to the lack of bank loans.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - This table is not applicable and not included due to the lack of bank loans.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - This table is not applicable and not included.
- Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also

presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

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

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings -** Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

## Institution ID: 1000022765 COMMERCE BANK/HARRISBURG, N.A.

Table 1. Lending Volume

LENDING VOLUME												
Geography: COMMERCE/HARRISBURG												
Evaluation Period: JANUARY 1, 1999 TO SEPTEMBER 30, 2001												
MA/Assessment Area (2001):	% 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>Full Review:</b>												
Commerce/Hburg MSA3240Hbu	64.98	576	43,651	506	84,212	0	0	0	0	1,082	127,863	76.76
Commerce/Hburg MSA9280Yor	35.02	309	20,796	273	37,110	0	0	1	1,400	583	59,306	23.24

\* Loan Data as of September 30, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From January 01, 2000 to January 28, 1902.

\*\*\* Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: 1000022765 COMMERCE BANK/HARRISBURG, N.A.

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

Geographic Distribution: HOME PURCHASE		Geography: COMMERCE/HARRISBURG				Evaluation Period: JANUARY 1, 1999 TO SEPTEMBER 30, 2001					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>Full Review:</b>															
Commerce/Hburg MSA3240Hburg/Leb/Car	198	69.23	1.37	0.00	6.63	2.53	67.64	56.57	24.36	40.91	0.62	0.00	0.28	0.47	1.02
Commerce/Hburg MSA9280York	88	30.77	1.34	1.14	5.29	7.95	86.26	81.82	7.10	9.09	0.46	0.90	1.02	0.44	0.30

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* 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 housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

Institution ID: 10000022765 COMMERCE BANK/HARRISBURG, N.A.

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

Geographic Distribution: HOME IMPROVEMENT			Geography: COMMERCE/HARRISBURG				Evaluation Period: JANUARY 1, 1999 TO SEPTEMBER 30, 2001					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement 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>Full Review:</b>																
Commerce/Hburg MSA3240Hburg/Leb/Car	234	62.90	1.37	1.28	6.63	0.43	67.64	55.13	24.36	43.16	3.07	2.70	0.00	2.81	4.42	
Commerce/Hburg MSA9280York	138	37.10	1.34	0.00	5.29	4.35	86.26	89.86	7.10	5.80	3.17	0.00	4.69	3.19	2.56	

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* 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 housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: COMMERCE/HARRISBURG				Evaluation Period: JANUARY 1, 1999 TO SEPTEMBER 30, 2001					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	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Commerce/Hburg MSA3240Hburg/Leb/Car	138	63.59	1.37	0.72	6.63	2.90	67.64	62.32	24.36	34.06	0.38	0.63	0.20	0.26	0.75	
Commerce/Hburg MSA9280York	79	36.41	1.34	0.00	5.29	6.33	86.26	83.54	7.10	10.13	0.35	0.00	1.02	0.31	0.43	

\* Based on 2000 Peer Mortgage Data: Northeast Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

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

Geographic Distribution: MULTIFAMILY		Geography: COMMERCE/HARRISBURG					Evaluation Period: JANUARY 1, 1999 TO SEPTEMBER 30, 2001					Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Commerce/Hburg MSA3240Hburg/Leb/Car	6	60.00	6.80	0.00	13.18	0.00	61.56	33.33	18.46	66.67	0.00	0.00	0.00	0.00	0.00	
Commerce/Hburg MSA9280York	4	40.00	6.03	25.00	11.15	50.00	77.99	25.00	4.83	0.00	57.14	100.00	100.00	25.00	0.00	

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: COMMERCE/HARRISBURG						Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER 30, 2001						
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>†</sup>				
	#	% of Total <sup>**</sup>	% of Business <sup>***</sup>	% BANK Loans	% of Business <sup>***</sup>	% BANK Loans	% of Business <sup>***</sup>	% BANK Loans	% of Business <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Commerce/Hburg MSA3240Hburg/Leb/Car	506	64.96	1.52	0.79	13.54	6.92	63.46	56.92	21.49	35.38	2.76	1.27	2.10	2.34	4.56
Commerce/Hburg MSA9280York	273	35.04	5.25	2.93	6.09	8.06	80.71	80.59	7.95	8.42	2.33	2.47	2.02	2.35	3.00

<sup>†</sup> Based on 2000 Peer Small Business Data: US&PR.

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2001).

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

Borrower Distribution: HOME PURCHASE		Geography: COMMERCE/HARRISBURG					Evaluation Period: JANUARY 1, 1999 TO SEPTEMBER 30, 2001					Market Share <sup>*</sup>				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Commerce/Hburg MSA3240Hburg/Leb/Car	198	69.23	15.07	5.18	18.61	11.40	27.92	22.28	38.39	61.14	0.69	0.38	0.36	0.30	1.28	
Commerce/Hburg MSA9280York	88	30.77	15.09	9.76	19.19	10.98	28.68	24.39	37.04	54.88	0.49	0.64	0.27	0.35	0.69	

\* Based on 2000 Peer Mortgage Data: Northeast Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.85% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

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

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

Borrower Distribution: HOME IMPROVEMENT		Geography: COMMERCE/HARRISBURG					Evaluation Period: JANUARY 1, 1999 TO SEPTEMBER 30, 2001					Market Share <sup>*</sup>				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Commerce/Hburg MSA3240Hburg/Leb/Car	234	62.90	15.07	11.95	18.61	19.91	27.92	23.45	38.39	44.69	3.10	3.24	3.47	2.25	3.44	
Commerce/Hburg MSA9280York	138	37.10	15.09	5.97	19.19	16.42	28.68	38.06	37.04	39.55	3.24	2.00	2.11	4.74	2.96	

<sup>\*</sup> Based on 2000 Peer Mortgage Data: Northeast Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 3.23% of loans originated and purchased by BANK.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: COMMERCE/HARRISBURG					Evaluation Period: JANUARY 1, 1999 TO SEPTEMBER 30, 2001					Market Share <sup>*</sup>				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Commerce/Hburg MSA3240Hburg/Leb/Car	138	63.59	15.07	8.46	18.61	10.00	27.92	15.38	38.39	66.15	0.38	0.52	0.25	0.06	0.68	
Commerce/Hburg MSA9280York	79	36.41	15.09	8.11	19.19	10.81	28.68	20.27	37.04	60.81	0.41	0.00	0.00	0.60	0.57	

<sup>\*</sup> Based on 2000 Peer Mortgage Data: Northeast Region.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 5.99% of loans originated and purchased by BANK.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

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

**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: COMMERCE/HARRISBURG			Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER 30, 2001				
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>Full Review:</b>									
Commerce/Hburg MSA3240Hburg/Leb/Car	506	64.96	85.51	72.13	54.15	26.48	19.37	2.76	6.26
Commerce/Hburg MSA9280York	273	35.04	85.71	84.98	63.37	21.61	15.02	2.33	5.96

\* Based on 2000 Peer Small Business Data: US&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 - 2001).

\*\*\*\* 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 0.00% of small loans to businesses originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: COMMERCE/HARRISBURG				Evaluation Period: JANUARY 1, 1999 TO SEPTEMBER 30, 2001			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Commerce/Hburg MSA3240Hburg/Leb/Car	0	0	19	117	19	117	97.50	0	0
Commerce/Hburg MSA9280York	0	0	6	3	6	3	2.50	0	0

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: COMMERCE/HARRISBURG				Evaluation Period: JANUARY 1, 1999 TO SEPTEMBER 30, 2001									
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>Full Review:</b>																	
Commerce/Hburg MSA3240Hburg/Leb/Car	76.76	10	67	0.00	10.00	50.00	40.00	3	0	0	0	1	2	3.05	9.33	65.40	22.22
Commerce/Hburg MSA9280York	23.24	5	33	0.00	0.00	100.00	0.00	1	0	0	0	1	0	2.99	7.71	82.40	6.90