



Public Disclosure

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Community Reinvestment Act Performance Evaluation

Commerce Bank, National Association
Charter Number: 18112

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NOTE: 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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General Information

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

*This document is an evaluation of the CRA performance of **Commerce Bank, National Association, Kansas City, Missouri**, prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **April 19, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

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

Community Development (CD) - Affordable 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.

Full-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

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 statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

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

Limited-Scope 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, branch distribution).

Low-Income - Income levels that are less than 50% of the median family income.

Median Family Income (MFI) - The median income determined by the United States 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 Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80% and less than 120% of the MFI.

Moderate-Income - Income levels that are at least 50% and less than 80% of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income - Income levels that are 120% or more of the MFI.

Overall CRA Rating

Institution’s CRA Rating: This institution is rated **“Outstanding.”**

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

Performance Levels	Commerce Bank, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- C Commerce demonstrated excellent responsiveness to the home mortgage and small business credit needs of its assessment areas (AAs). The bank’s rank among all lenders for home improvement loans was consistent with its deposit market share rank. Though Commerce’s rank for home purchase loans was lower, this is indicative of the fierce competition the bank faces for this mortgage product. Commerce was consistently the number one small business lender of all reporting financial institutions in its AAs.
- C Commerce achieved excellent penetration to low- and moderate-income (LMI) individuals and good penetration in LMI geographies. This was particularly evident in Commerce’s Kansas City multistate metropolitan AA and the state of Missouri which we weighted most heavily in the overall assessment of the bank’s CRA performance.
- C Commerce also extended a high level of community development loans which enhanced its lending performance by meeting identified community development needs, including affordable housing for LMI individuals and revitalization of LMI geographies. The bank’s efforts in the Kansas City multistate metropolitan AA, the St. Louis AA in the state of Missouri, and the Lawrence AA in the State of Kansas are particularly commendable.

Major factors supporting rating: (Continued)

- C Commerce and its affiliates, Commerce Bancshares, Inc. (CBI) and Capital For Business (CFB), demonstrated excellent responsiveness to community development needs through \$20.9 million in qualified investments, \$12.6 million of which the bank funded during this evaluation period. The investments were diverse, addressing several community development needs. The investments showed leadership in complex Small Business Investment Company (SBIC) financing. Prior period investments continue to impact the bank's AAs by providing capitalization of ongoing businesses that support job creation and retention for many LMI individuals and affordable housing for LMI families. Eighty-four percent of these investment dollars are attributed to the St. Louis and Kansas City AAs where needs and opportunities for these investments are greatest.
- C Commerce's branch delivery system provides reasonable access to geographies and individuals of different income levels, including LMI areas and individuals. The bank's leadership in providing a high level of community development services supplements its delivery of banking services, especially in its Kansas City, St. Louis and Springfield AAs.
- C Commerce extended a substantial majority of its loans within its AAs. This included, by number, 90 percent of its home mortgage and small business loans, and 80 percent of its small farm loans. This information was available on a bank-wide basis but not available for each individual AA.

Description of Institution

Commerce Bank, National Association, (Commerce) is a \$9 billion interstate financial institution headquartered in Kansas City, Missouri. During this evaluation period, Commerce operated 146 banking offices throughout 17 AAs in Missouri and Kansas. AAs included: one multistate metropolitan area--Kansas City; six other metropolitan areas--St. Louis, Springfield, Columbia, Joplin and St. Joseph, Missouri; and, Lawrence, Kansas; and ten nonmetropolitan areas--Branson, Bolivar/Lebanon, California/Tipton, Cape Girardeau, Cassville/Aurora, Hannibal, Mexico/Moberly, Poplar Bluff, and St. Francois County, Missouri; and Manhattan, Kansas. At the prior CRA evaluation in June 1996, Commerce had only one assessment area, Kansas City.

Commerce is a subsidiary of Commerce Bancshares, Inc. (CBI), Kansas City, Missouri, an \$11.5 billion multi-bank holding company. Commerce serves as the lead bank for CBI. CBI merged several affiliate banks in Kansas and Missouri and acquired two banks in Kansas subsequent to the last CRA evaluation. Commerce

was the resulting entity. In addition to the states of Missouri and Kansas, CBI operates a full-service bank in Illinois and a credit card bank in Nebraska. CBI owns Commerce Mortgage Corporation (CMC), a mortgage loan broker and mortgage loan servicer for CBI's banking affiliates. CBI also owns a venture capital subsidiary, Capital For Business, which provides capital for business expansion to companies primarily located in the Midwest.

Commerce is a full-service banking institution, with a business focus on serving the commercial and retail banking needs of its markets. As of December 31, 1998, Commerce's loan portfolio, by dollars outstanding, consisted of: 44 percent commercial and commercial real estate; 26 percent loans to individuals; 23 percent one-to-four family residential; 2 percent agricultural; and 5 percent other loans. Net loans represented 75 percent of total deposits and 63 percent of total assets. This does not include approximately \$365 million in home mortgages the bank's affiliated mortgage company made within the bank's AAs and sold on the secondary market. Tier 1 capital totaled \$612 million as of year-end 1998.

Commerce has the financial capacity to assist in meeting its communities' credit needs. There are no known legal or financial constraints which could impede its CRA efforts. The OCC assigned a CRA rating of "Outstanding Record of Meeting Community Credit Needs" during the bank's prior CRA evaluation ending July 23, 1996. That review commenced prior to the implementation of the new CRA rating criteria and evaluated the bank's performance under twelve assessment factors.

Scope of the Evaluation

Evaluation Period/Products Evaluated

For the Lending Test, we evaluated the bank's home mortgage (HMDA), small business, small farm and community development lending data for 1997 and 1998. We also considered HMDA and small business loans which the bank's affiliates, Commerce Mortgage Corporation (CMC) and Commerce Bank, N.A., Omaha, Nebraska, originated during this same time period. We used 1997 peer data for HMDA, small business and small farm loans to compare Commerce's lending performance to other lenders in its assessment areas that report this data. Peer data for 1998 is not yet available. Our borrower distribution analysis for small business loans is based on 1998 reported data only. In 1997, the bank did not always report revenue information, when available, unless it was used in the credit decision process. Consequently, the bank reported a significant volume of small business loans as "revenues not known." In 1998, the bank received clarification from regulators and began reporting revenue information whenever it

was available to provide more useful information about the revenue sizes of its business clientele.

For the Investment Test, we evaluated equity investments from January 1, 1997 through April 19, 1999. The bank provided us information on grants and donations for calendar years 1997 and 1998. We considered investment activity from the bank's parent, Commerce Bancshares, Inc. (CBI) and CBI's venture capital subsidiary, Capital For Business.

For the Service Test, we evaluated retail banking and community development service information the bank provided us for calendar years 1997 and 1998.

We also used deposit information, annually reported to the Federal Deposit Insurance Corporation in June, to determine Commerce's deposit market share and market presence relative to other financial institutions in its AAs. The most recent deposit information available was as of June 30, 1998.

Data Integrity

We found the bank's reported HMDA, small business and small farm lending data accurate. We verified the accuracy of this loan data by testing a sample of these loans. For community development loans and qualified investments, we verified whether the items the bank submitted for CRA consideration met the community development definition. We found this information generally reliable for those areas receiving full-scope evaluations.

Selection of Areas for Full-Scope Review

We selected a sample of metropolitan and nonmetropolitan AAs for full-scope reviews in each state where the bank has an office. The areas selected are representative of the types of areas in which the bank operates within those states. Refer to the "Scope" section under each State Rating for details regarding how we selected the areas. Every multistate metropolitan area in which the bank has offices in more than one state received a full-scope review. For Commerce, there was one multistate metropolitan area fitting this criteria, Kansas City.

Ratings

The bank's overall rating is a blend of the Kansas City multistate metropolitan area and state ratings for Missouri and Kansas which are based primarily on those areas that received full-scope reviews. For the bank's overall rating, we weighted Commerce's CRA performance in the state of Missouri most heavily in our conclusions. This excludes the Missouri portion of the Kansas City multistate metropolitan area which we rated separately. Sixty-three percent of the bank's

total deposits and 80 percent of the bank's reported HMDA, small business and small farm originations and purchases were attributed to AAs within Missouri. The bank's CRA performance in the Kansas City multistate metropolitan area also carried significant weight in our conclusions since 34 percent of Commerce's deposits and 16 percent of its reported loans were attributed to this AA. Refer to the "Scope" section under each State Rating for details regarding how we weighted the full-scope areas in arriving at the overall state ratings.

Fair Lending Review

We did not identify any substantive violations of anti-discrimination laws. Our fair lending review consisted of two separate analyses of loans originated from July 1998 through December 1998. We compared the rates and terms given to nonminority borrowers for home purchase loans to those given to similarly situated minority borrowers. We also compared rates and terms given to nonminority borrowers for home improvement loans secured by certificates of deposit and stocks to those given to similarly situated minority borrowers. We found no evidence of discrimination based on race in the rates and terms given for the sample of loans reviewed.

Multistate Metropolitan Area Rating

CRA Rating for the Kansas City, MO-KS MSA #3760¹: Outstanding

The Lending Test is rated: Outstanding

The Investment Test is rated: Outstanding

The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- C Commerce demonstrated excellent responsiveness to the small business, home improvement, home purchase and community development credit needs in its Kansas City AA. Commerce ranked first among all lenders in small business loan originations. The bank's rank among all lenders for home improvement loans was consistent with its overall deposit market share rank. Commerce's rank for home purchase loans was lower than its deposit market share rank, but was considered very good given the vigorous competition for this product type. In addition, the bank extended a high level of community development loans which supplemented its lending performance.
- C Commerce achieved particularly strong penetration to LMI individuals and in LMI geographies for home purchase and home improvement loans. The bank also achieved good penetration to businesses with revenues of \$1 million or less. The bank's community development lending enhanced its performance in LMI geographies and to LMI borrowers since a majority of these loans helped further community development initiatives through revitalizing or stabilizing LMI geographies or meeting the needs of LMI individuals.
- C Commerce and its affiliates, CBI and CFB, showed excellent responsiveness to community development needs with \$6.2 million in qualified equity investments and donations. These investments assisted in meeting primary community development needs in the AA. Investments were diversified, showing leadership in complex SBIC financing and providing financial support for other primary community development needs in the AA, including affordable housing for LMI individuals.
- C Commerce's branch distribution provides reasonable access to geographies and individuals of different income levels, including LMI areas and individuals. The bank's delivery of services is enhanced through its employees' leadership in providing community development services in this AA.

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

Description of Institution's Operations in the Kansas City AA

Commerce operates 48 branches in its Kansas City AA, with the majority concentrated in Jackson County, Missouri and Johnson County, Kansas. Thirty-four percent of the bank's total deposits originated in the Kansas City AA. Commerce held approximately 11 percent of all the deposits that financial institutions reported in its Kansas City AA. For Jackson County, Commerce held the third highest deposit market share among 36 financial institutions. For Johnson County, Commerce ranked ninth in deposit market share among 49 financial institutions. A significant portion of the bank's reported loan originations, 16 percent, by number, and 20 percent, by dollar volume, were attributed to this MSA. This was second only to its St. Louis MSA.

Refer to the Market Profile for the Kansas City MSA in Appendix C for detailed demographics and other performance context information. We used this information to provide some insight into the lending opportunities available for different loan types among CTs and borrowers of different income levels.

Our conclusions for each characteristic for the Lending, Investment and Service Tests are italicized and detailed in the following narrative.

LENDING TEST

Commerce's performance under the Lending Test in the Kansas City AA is rated Outstanding.

We weighted the bank's home mortgage and small business lending performance similarly. Both are primary product lines for the bank and represented 44 percent and 53 percent of the bank's total reported loan originations, respectively, for this evaluation period. Our analysis focused on the home purchase, home improvement and small business loan products, since community contacts identified these loan types as credit needs in the AA. An analysis of Commerce's small farm loan originations for the Kansas City AA is not meaningful since this loan type represented only 2.5 percent of its reported loan originations. Small farm loans were also not an identified credit need for this predominately metropolitan area.

Lending Activity

Commerce demonstrated excellent responsiveness to the home mortgage, small business and community development credit needs of its Kansas City AA given

the fierce competition it faces. Refer to Table 1 in Appendix D for the data used to evaluate the bank's lending activity in the Kansas City AA.

Commerce ranked fourth in home improvement loans among all lenders reporting this data, which is consistent with its rank in deposit market share. Although Commerce ranked 20th in home purchase loans, it faces significant competition for this product type from nonbank lenders. Virtually all lenders that ranked higher than Commerce were nationwide mortgage companies with offices in the area, or savings and loan institutions which focus on home mortgage lending. For small business loans, Commerce ranked first in the number of originations among all lenders subject to reporting this data. In January 1999, Commerce opened a Business Banking Center at one of its Kansas City branches which specifically focuses on small businesses with revenues of \$1 million or less with credit needs of \$100 thousand or less. Refer to Appendix C for further details regarding the Market Profile for this AA.

Distribution of Loans by Income Level of the Geography

Commerce's distribution of lending, including in LMI geographies, was good. Penetration in LMI geographies for home mortgage loans was much stronger than small business loan penetration which we considered adequate. We did not find any unexplained conspicuous gaps in the bank's lending patterns in the Kansas City AA. Refer to Tables 2-5 in Appendix D for the data used to evaluate the geographic distribution of the bank's loan originations in the Kansas City AA.

Home Mortgage Loans

Commerce achieved excellent penetration of LMI geographies in the Kansas City AA with its home purchase and home improvement loans. For both product types, the bank's percentage of loans in moderate-income geographies exceeded the comparable percentage of owner-occupied housing. Although penetration was not as good in low-income geographies, it was considered adequate. Opportunities for home ownership and lending are limited as indicated by the small percentage of owner-occupied housing (3 percent) attributed to these low-income areas. Of note, Commerce's market share for home purchase loans in both low- and moderate-income geographies was more than double its market share of home purchase originations.

Small Business Loans

Commerce's small business loan penetration in LMI geographies was adequate. The percentage of the bank's loans that originated in both low- and moderate-income geographies was somewhat lower than the percentage of businesses located in these geographies. Despite this, Commerce's market share of small

business loans in moderate-income geographies exceeded its market share of small business loan originations overall.

Distribution of Loans by Income Level of the Borrower

Commerce's distribution of lending by borrower income level was excellent overall. The bank achieved very strong penetration to LMI borrowers with its home mortgage lending and good penetration to businesses with revenues of \$1 million or less. Refer to Tables 7-10 in Appendix D for the data used to evaluate the borrower distribution of the bank's loan originations in the Kansas City AA.

Home Mortgage Loans

Commerce's distribution of home purchase and home improvement loans among borrowers of different income levels was excellent. For moderate-income borrowers, Commerce's percentage of home purchase and home improvement loans significantly exceeded the percentage of moderate-income families in the AA. The bank's penetration to low-income borrowers was also notable given that 7 percent of the families in the AA live below poverty, which presents a barrier to home ownership. Despite this, the bank's percentage of home improvement loans slightly exceeded the percentage of low-income families. And, the bank's portion of home purchase loans was just slightly below the portion of low-income families for this AA.

Commerce's market share of loans to LMI borrowers was comparable or exceeded its overall market share for home purchase and home improvement loans.

Small Business Loans

Commerce's distribution of small business loans to firms with revenues of different sizes was good. The bank made a majority of its small business loans to firms with revenues of \$1 million or less. Although the bank's percentage of loans to businesses with revenues of \$1 million or less was lower than comparable demographics, i.e. the percentage of businesses in the AA with revenues of \$1 million or less, the bank achieved almost 90 percent of the comparable demographics and exceeded the percentage of other reporting lenders. The bank made a significant portion of its loans, 79 percent, in amounts of \$100 thousand or less, with an average loan size of \$89 thousand for the evaluation period.

Community Development Lending

Commerce extended a high level of community development loans that enhanced its lending performance in LMI areas and to LMI individuals. The majority of these loans helped revitalize and stabilize LMI areas in or near areas targeted for redevelopment through city or federal programs. Other community development loans provided funding for organizations engaged in providing affordable housing and community services for LMI individuals. In its efforts, Commerce served as

primary lender for several of these projects and also partnered with other lenders to secure financing for larger projects.

Commerce extended 38 community development loans totaling over \$46 million during this evaluation period. Refer to Table 1 in Appendix D for the data used to evaluate the bank's level of community development lending.

- C Seventy-seven percent of the dollars (9 loans totaling \$36 million) funded projects which assisted with redevelopment efforts of LMI areas located primarily in or near the LMI downtown area of Kansas City, Missouri or within the Bi-State Empowerment Zone.
- C Twenty loans totaling \$2.1 million assisted organizations that construct affordable housing for LMI families.
- C Eight loans totaling \$4.6 million assisted organizations that primarily provide community services for LMI individuals, including health care, day care and transitional housing.
- C One loan totaling \$4 million to an SBIC financial intermediary that makes equity investments in early stage businesses in Kansas City. This loan funded timing differences between investments and capital calls.

In addition, Commerce extended over \$7 million in loans which were already reported as HMDA or small business loans. These loans helped further community development activities in the Kansas City area, including revitalization or stabilization of LMI areas and providing affordable housing for LMI individuals.

Product Innovation and Flexibility

Commerce, through its mortgage company affiliate, is a leader in providing home mortgage programs with flexible terms to assist LMI borrowers in achieving home ownership. Commerce also offers small business lending programs targeted to LMI areas.

Affordable mortgage loan programs include national, state and local government-sponsored programs which offer fixed rates, low down payments and closing cost and down payment assistance. Bank representatives actively seek grant assistance for potential LMI borrowers through Commerce's closing cost grant program and other sources to assist potential LMI home buyers in qualifying for these mortgage loan programs. The bank's closing cost grant assistance program for LMI borrowers defrays up to \$750 in closing costs. Refer to the **Community Development Services** section under the **Service Test** for this AA for details regarding the number of LMI borrowers impacted.

Commerce extended the first loan in the nation under the Fannie Mae HomeChoice program, which is a 3-year pilot program targeting LMI individuals with disabilities or who have dependents with disabilities living with them. Other home mortgage loan programs Commerce offers in this AA include: the Fannie Mae Community Home buyers, Fannie Mae 97 and FLEX 97 programs, the City of Kansas City, Kansas' Community Housing Investment Partnership (CHIP), the Kansas City, Missouri's HOME Investment Partnership, New Construction and Urban Home Ownership Programs, for targeted areas.

The bank offers the Missouri First Linked Deposit Business Loan Program which was established to provide financing for small businesses creating jobs in Missouri. The program links state funds deposited in the lending institution to reduced interest rates for the borrower. The program gives priority to firms located in enterprise zones and economically depressed areas.

INVESTMENT TEST

The bank's performance under the Investment Test in the Kansas City AA is rated Outstanding. Refer to Table 12 in Appendix D for the data used to evaluate the bank's level of qualified investments in the Kansas City AA. This table reflects only the funded portions of these investments. It does not reflect over \$3.8 million in legally binding unfunded commitments of the bank and CBI which could benefit the bank's AAs or broader statewide or regional areas that include the AAs. Some of the investments described in this section benefitted, or have the potential to benefit, multiple AAs. Commerce allocated these investments among several AAs based on the portion of the bank's deposit base attributed to each AA. The discussion of these investments indicates which were allocated in this manner.

Commerce and its affiliates provided an excellent level of qualified investments and demonstrated continued commitment to support community development initiatives both in its AA and its broader statewide area. The bank and its affiliates showed leadership in SBIC investments and strong support of affordable housing initiatives. Investments were diverse and addressed primary community development needs, including capitalization of small businesses, equity investments in affordable housing funds and financial support for many community development organizations through donations and grants.

Commerce had \$6.2 million in qualified investments attributed to this AA. The bank funded \$3.3 million during this evaluation period and had \$2.9 million outstanding from prior evaluation periods. Prior investments continue to have an impact on the AA, supporting capitalization of viable businesses which provide LMI jobs and affordable housing for LMI individuals.

Per community contacts and consolidated plans for the City and the Enhanced Enterprise Community, the Kansas City AA has many community development needs. These include: affordable housing for LMI individuals; small business development; revitalization or stabilization of LMI areas; and financial support for many community development organizations that provide needed services for LMI individuals. Several of these community development needs translated into opportunities for investment, including affordable housing and business development. Commerce focused its investments in small business development and equity investments in affordable housing equity funds which benefitted its AA and the broader statewide area. Commerce also provided a considerable amount of donations to support community development organizations in the Kansas City AA.

Commerce is the only bank of its size in the two-state area of Kansas and Missouri with a venture capital affiliate that has two licensed SBICs. CBI's venture capital subsidiary, Capital For Business (CFB), is nationally recognized by the Small Business Administration (SBA) as a model for SBIC financing. CFB effectively partners CBI resources with other investors contributions to create more financing opportunities. These investments often involve complex financing arrangements. CFB initiated a new \$12.5 million SBIC venture capital fund to provide financial assistance for Missouri businesses seeking nonconventional financing or capital for business expansion. This new fund targets Missouri businesses with gross annual sales of \$3 to \$4 million. It was also the only new Missouri Certified Capital Company authorized by the State of Missouri in 1998.

CFB manages three funds under its SBIC licenses with over \$60 million in capital commitments and a total of \$21.8 million in investments currently outstanding. CBI was the sole investor in one of the funds and CFB serves as the managing partner for the other funds. CBI funded \$13.1 million of the investments outstanding. Nine million resulted in direct investments in businesses in the bank's AAs. CBI has an additional commitment to fund \$2.3 million which could potentially benefit businesses in any of the bank's AAs.

For the Kansas City AA, CFB's direct equity investments totaled over \$3 million, including \$303 thousand during the current evaluation period and \$2.7 million in prior evaluation periods. These SBIC investments provided capital for expansion or recapitalization of seven businesses currently operating in the Kansas City AA.

In addition, Commerce allocated \$342 thousand of the \$1.1 million initial capitalization and start-up costs for CFB's newest SBIC venture capital fund to the Kansas City AA. The remainder of the \$1.1 million investment is allocated to the other AAs in the state of Missouri where businesses could potentially benefit from the fund's investments.

Commerce is the sole bank investor in a local Kansas City SBIC venture capital fund. The bank funded \$93 thousand during this evaluation period which represented the remainder of its \$250 thousand commitment. The fund provides capitalization and management assistance to companies in the start-up or expansion phases of development. This SBIC fund, in combination with the Small Business Administration, has provided \$25 million in equity to 17 businesses in the Kansas City area.

In addition to promoting economic development through SBIC financing, Commerce provided strong support of affordable housing initiatives, which benefitted not only its Kansas City AA, but the broader statewide or regional area that includes its AA.

Commerce has participated in all four subscriptions of a Missouri statewide affordable housing equity fund beginning in 1994. To date, the bank has funded \$177 thousand of its \$800 thousand commitment. The remainder of the \$800 thousand commitment will be funded over a 5-7 year period. Commerce allocated portions of this investment among all Missouri AAs, except for the St. Louis AA, which has its own affordable housing equity fund. Commerce allocated \$89 thousand of the funded portion of this investment to the Kansas City AA. This includes \$61 thousand during the current period and \$28 thousand during prior CRA evaluation periods. Five of the 11 projects to date have produced affordable housing for LMI individuals in the Kansas City AA. Other projects benefitted other AAs in Missouri, including two projects in the Columbia AA and one project in both the St. Joseph and the Cape Girardeau AAs.

In March 1999, Commerce became the first investor in Kansas' inaugural statewide affordable housing fund. The bank committed \$250 thousand to the \$6 million fund. To date, \$12,500 has been funded with the remainder to be funded over an 11-year period. The bank allocated the funded portion of this investment among its Kansas AAs--Kansas City (68 percent), Lawrence (12 percent) and Manhattan (20 percent). These AAs are all potential beneficiaries of the fund which will invest in low-income rental housing projects in the state of Kansas.

To further support affordable housing initiatives in the state of Missouri, Commerce purchased two Missouri Housing Development Commission bond issues totaling \$6 million. These bonds were issued to provide funding for government-guaranteed mortgage securities backed by pools of single-family mortgages to be made to LMI individuals in the state of Missouri. Commerce allocated \$1.9 million of this investment to its Kansas City AA. The remainder of the \$6 million is allocated to the other Missouri AAs.

Commerce and its affiliated charitable foundation also provided \$612 thousand in grants and donations to qualified community development organizations. The

majority of these dollars assisted organizations that provide needed services for LMI individuals, including housing, food, health care and social services.

SERVICE TEST

The bank's performance under the Service Test in the Kansas City AA is rated High Satisfactory. Refer to Table 13 in Appendix D for the data used to evaluate the distribution of the bank's branch and ATM delivery system.

Commerce's distribution of branches and ATMs is reasonably accessible to geographies and individuals of different income levels in the AA. The bank's delivery of services is enhanced through its leadership in providing community development services in this AA.

The following sections describe in more detail the branch and ATM distribution and community development services for the Kansas City AA.

Retail Banking Services

The percentage of branches and ATMs in LMI tracts is lower than the percentage of population residing in these tracts. However, one branch and seven ATMs are located in CTs with no income designation. These CTs with no income designation are located in downtown Kansas City, Missouri, an area surrounded by LMI CTs, and accessible via the city's public transportation system. In addition, four branches, located in middle-income CTs are adjacent to moderate-income CTs.

Based on our analysis of the bank's lending distribution, by geography and borrower income, the bank has achieved good penetration of LMI areas and successfully reached LMI borrowers despite having few traditional branches in LMI areas. This accomplishment is attributable to Commerce's active involvement in community development initiatives, including affordable housing and economic development loan programs that specifically target LMI areas and individuals. Refer to the **Community Development Services** section for this AA.

Commerce's record of opening and closing offices had no impact on LMI geographies in the AA. The bank did not close any branches during our evaluation period. Commerce opened four offices and acquired three offices, however, none were in LMI CTs.

The bank provides comparable hours and services at each of its offices regardless of tract income level. Commerce's branches generally offer weekday and Saturday hours with extended drive-up hours. The bank's six grocery store branches offer Sunday hours, however, none are located in LMI geographies. The availability of loan officers in branches is also consistent regardless of tract income level. Upon request, loan officers will meet customers by appointment at any branch location.

Commerce participates in Kansas' VISION Program and Missouri's QUEST Program which gives welfare recipients the ability to withdraw welfare payments by debit card at the bank's ATMs. Other alternative delivery systems include, but are not limited to, telebanking and a 24-hour account information line. The bank does not have information available to determine whether these systems are effective alternatives for delivering banking services to LMI geographies and individuals.

Community Development Services

Commerce was a leader in providing community development services, particularly to organizations that provide affordable housing opportunities to LMI individuals and financing for small businesses. These organizations encompassed local offices of national affordable housing organizations, government agencies at the national, state and local level, and neighborhood organizations serving targeted LMI areas or individuals. Bank representatives routinely served these organizations in key positions using their financial expertise as advisory directors, loan committee members and loan consultants, finance committee members and educators.

During this evaluation period, bank representatives were actively involved in providing these services to 17 affordable housing organizations throughout the Kansas City AA. Some of the more notable examples of the bank's involvement follow:

- C Bank officials played a leadership role in developing flexible underwriting policies for a local community development corporation (CDC) that provides home improvement loans to residents of a LMI area in an effort to revitalize the neighborhood. The bank also contributed to the revolving loan fund which this CDC operates.
- C Bank officials played a key role in promoting a local community lender association's down payment/closing cost grant program to assist LMI borrowers in purchasing a home. Bank officials assisted the association in completing the successful application for a grant under the Federal Home Loan Bank's Affordable Housing Program. The bank also developed a marketing brochure for the program and was the number one user of the grant funds. During this evaluation period, the bank obtained 32 grants totaling \$72 thousand to assist LMI borrowers with up to \$2,500 in down payment/closing cost assistance.
- C Commerce offered its own closing cost grant program for LMI individuals which allows up to \$750 per borrower to defray closing costs. The \$23 thousand in grants to 32 LMI borrowers in the Kansas City AA is reflected in the dollars in Table 12.
- C Bank representatives partnered with a local municipality to initiate and develop a special low-interest home improvement loan program targeted toward LMI individuals and areas.
- C Bank representatives worked with a national mortgage lending organization to become the first approved lender in the state of Missouri to pilot a new

affordable home loan program for LMI individuals with disabilities or who have dependents with disabilities. This initiative is a cooperative effort between the national organization, state and local housing and disability agencies, lenders and potential LMI homeowners. Commerce made the first loan in the nation under this program.

- C A bank officer was instrumental in providing a home ownership training session for LMI immigrants in 1997 and 1998. Vietnamese and Kurdish translators participated in these sessions. This service helped address an identified credit need within the AA.

Commerce also actively supported organizations involved in providing financing and education for small businesses. Bank representatives provided their expertise to the loan committees of five economic development organizations which provide financing, including flexible microloan programs, for small businesses. Bank officials also regularly shared their financial expertise regarding small business financing options and served as directors, council members and committee members to over 30 organizations engaged in economic development initiatives.

In addition, Commerce employees provided significant support to organizations that primarily provide community development services to LMI individuals. Examples of this support are:

- C Human Resources personnel arranged an employment career fair in a low-income CT. These personnel assisted residents of this LMI area with developing resumes and improving interview skills.
- C Seventeen bank employees provided financial education to primarily LMI students (grades 1-12) at 14 schools located in LMI areas. Educational programs included maintaining bank accounts, developing business plans and applying for loans.

State Rating

CRA Rating for Missouri²:	<u>Outstanding</u>
The Lending Test is rated:	<u>Outstanding</u>
The Investment Test is rated:	<u>Outstanding</u>
The Service Test is rated:	<u>High Satisfactory</u>

The major factors that support this rating include:

- C Commerce demonstrated excellent responsiveness to the small business, small farm, home mortgage and community development credit needs in the state of Missouri. The bank ranked first among all lenders for small business loan originations in all three full-scope AAs. Commerce's rank among all reporting small farm lenders was also similar to its deposit market share rank in AAs where small farm lending was a more significant part of the bank's overall loan originations. The bank's rank for home improvement loans was similar to its deposit market share rank. Its market share rank for home purchase loans was consistently lower than its deposit market share rank, but considered good given the strong competition from nationwide lenders and several savings and loan institutions for this product type. Commerce also extended a relatively high number of community development loans which supplemented its lending performance.
- C Commerce achieved excellent penetration to borrowers of different income levels and good penetration in LMI geographies. Commerce's distribution of home mortgage loans to LMI borrowers was particularly strong in its St. Louis AA. The bank's community development lending enhanced its performance in LMI geographies and to LMI individuals. These loans provided affordable housing for LMI individuals and assisted with revitalizing and stabilizing LMI geographies.
- C Commerce and its affiliates showed excellent responsiveness to community development needs in the state of Missouri, providing \$14.6 million in qualified investments. Investments were diverse, demonstrating leadership and complexity in SBIC financing and showing strong support of affordable housing initiatives, especially in the St. Louis AA.

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

- C Commerce's branches are reasonably accessible to geographies and individuals of different income levels, including LMI areas and individuals. The bank's leadership and high level of community development services in Missouri, particularly in its St. Louis and Springfield AAs, supplements its branch distribution network.

Description of Institution's Operations in Missouri

Commerce operates 89 branches and 163 ATMs within 14 AAs in the state of Missouri. This excludes the Missouri portion of the Kansas City AA which is presented separately in this evaluation. AAs included: five metropolitan areas-- St. Louis, Springfield, Columbia, Joplin and St. Joseph; and nine nonmetropolitan areas--Branson, Bolivar/Lebanon, California/Tipton, Cape Girardeau, Cassville/Aurora, Hannibal, Mexico/Moberly, Poplar Bluff, and St. Francois County. Sixty-three percent of the bank's total deposits were attributed to these AAs. Eighty percent, by number, and 76 percent, by dollar volume, of the bank's total reported loans also originated in these AAs.

Commerce had the third highest deposit market share (\$6.5 billion in deposits or 9 percent) among all FDIC-insured financial institutions operating in Missouri, including the Missouri portion of the Kansas City AA. Major competitors were NationsBank (now Bank of America) and Mercantile Bank (now Firststar), with 13 percent and 11 percent deposit market shares, respectively.

The largest number of branches (36 or 40 percent) and ATMs (87 or 53 percent) in Missouri is attributable to the St. Louis AA. The St. Louis AA also accounts for 35 percent of the bank's total deposits and 22 percent of the reported loan originations during this evaluation period.

Refer to the Market Profiles for the State of Missouri in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews. We used this information to provide some insight into the lending opportunities available for different loan types among CTs and borrowers of different income levels.

Scope of Evaluation in Missouri

We performed full-scope reviews of the St. Louis and Springfield MSAs and the Poplar Bluff Nonmetropolitan AA. These areas constituted a representative sample of markets in which the bank operates. Together, these AAs represented 45 percent of the bank's total deposits and 38 percent of the total reported loan originations for this evaluation period. Our conclusions for the state of Missouri are based primarily on these areas that received full-scope reviews. Refer to Appendix A for additional information on these full-scope reviews.

For the state of Missouri, we weighted the bank's CRA performance in the St. Louis AA most heavily since the largest portion of the bank's deposits and reported loans, as well as bank resources and investment opportunities, are concentrated in this AA. We considered the bank's CRA performance in the Springfield AA second in significance and Poplar Bluff AAs least in our overall evaluation for the state of Missouri. However, the performance in these two AAs did not outweigh performance in the St. Louis AA since the portion of the bank's deposits (8 percent and 2 percent, respectively) and loans (13 percent and 3 percent, respectively) attributed to these AAs was much less significant.

For nonmetropolitan AAs in Missouri that received limited scope reviews, we combined the information for all AAs and presented the combined information in the Tables in Appendix D. The combined AAs included: Cassville/Aurora; Bolivar/Lebanon; Branson; California/Tipton, Cape Girardeau; Hannibal; Mexico/Moberly; and St. Francois County.

Our conclusions for each characteristic for the Lending, Investment and Service Tests are italicized and detailed in the following narrative.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

Commerce's performance under the Lending Test in Missouri is rated Outstanding. Based on our full-scope reviews, the bank's performance in the St. Louis and Springfield AAs and the Poplar Bluff nonmetropolitan AA is excellent. We weighted the bank's home mortgage lending and small business lending performance similarly since both were primary product lines of the bank, representing 43 percent and 51 percent of total originations, respectively, for the state of Missouri. The mix of loans varied by AA. Home mortgage loans represented between 30 and 52 percent of loan originations and small business loans represented between 35 and 51 percent. Small farm loans, as a percent of total loan originations, represented less than 1 percent in the St. Louis AA and 12 percent in the Springfield and Poplar Bluff AAs. For home mortgage loans, we focused on home purchase and home improvement loans since they were common credit needs identified in these AAs. Community contacts also identified small business lending as an identified credit need in the St. Louis and Springfield AAs. Small farm lending received the least weight of the loan product types since it was not a significant product line nor an identified credit need in all full-scope AAs.

Lending Activity

Commerce demonstrated excellent responsiveness to the home mortgage, small business, small farm and community development credit needs of its Missouri AAs. Refer to Table 1 in Appendix D for the data used to evaluate the bank's lending activity.

For home improvement loans, Commerce ranked first in market share in its Springfield and Poplar Bluff AAs, consistent with its deposit market share rank. In St. Louis, the most competitive market, the bank ranked sixth in home improvement originations. This was considered good given that the top two home improvement lenders made 35 percent of the reported loans and the other three lenders ranking in the top five operate nationwide. For home purchase originations, Commerce ranked seventh in its Springfield AA, second in its Poplar Bluff market and 18th of 304 lenders in its St. Louis AA. In the Springfield AA and the St. Louis AA, most of the lenders with a higher market rank were savings and loan institutions or nationwide mortgage companies that specialize in this loan type or have considerably more resources than Commerce.

For small business lending, Commerce ranked first among all reporting lenders in all three AAs, St. Louis, Springfield and Poplar Bluff. This rank was higher than its deposit market share rank in St. Louis and consistent with its deposit market share in Springfield and Poplar Bluff. Commerce also ranked first in small farm loan originations for its Springfield AA and second among reporting lenders in its Poplar Bluff AA. Analysis of small farm lending for the St. Louis AA is not meaningful since this loan type represented less than one percent of total loan originations in this AA.

Distribution of Loans by Income Level of the Geography

Commerce's distribution of lending, including in LMI geographies, was good in the state of Missouri for home mortgage, small business and small farm loans. Penetration of moderate-income geographies was consistently stronger than penetration in low-income CTs. We did not find any unexplained conspicuous gaps in the bank's lending patterns in the St. Louis, Springfield or Poplar Bluff AAs. Refer to Tables 2-6 in Appendix D for the data used to evaluate the geographic distribution of the bank's loan originations.

Home Mortgage Loans

Overall, Commerce achieved good penetration of LMI CTs with its home purchase and home improvement lending in Missouri. The bank's penetration with its home improvement lending was consistently stronger than its home purchase penetration in all AAs. Our conclusion regarding performance in low-income CTs

was based on penetration in the St. Louis AA, since less than one-tenth of one percent of owner-occupied housing is located in low-income CTs in Springfield and Poplar Bluff has no low-income CTs.

For home improvement loans, Commerce achieved excellent penetration of LMI CTs. This included penetration of moderate-income CTs in St. Louis, Springfield and Poplar Bluff AAs and low-income CTs in the St. Louis AA. In these CTs for all AAs, the percentage of home improvement loans significantly exceeded or substantially met the percentage of owner-occupied housing attributed to these CTs. Commerce's market share in LMI geographies, when relevant, also exceeded its overall market share in all three AAs.

For home purchase loans, Commerce achieved good penetration of LMI CTs overall. The bank achieved excellent penetration of moderate-income CTs in the St. Louis AA, adequate penetration in the Springfield AA and good penetration in the Poplar Bluff AA. For the St. Louis AA, the bank's percentage of loans substantially met the percentage of owner-occupied housing. For the Springfield AA, the bank's penetration was approximately 50 percent of the comparable percentage of owner-occupied housing. And, for the Poplar Bluff AA, penetration was a little over 70 percent of the comparable percentage of owner-occupied housing. In low-income CTs in the St. Louis AA, penetration was lower than the comparable percentage of owner-occupied housing, but considered adequate given only three percent of owner-occupied housing is located in these CTs. In both the St. Louis and Poplar Bluff AAs, the bank's market share in LMI CTs, as applicable, exceeded its market share overall.

Small Business Loans

Commerce's distribution of small business loans showed good penetration of LMI CTs in Missouri. Distribution of small business loans in the St. Louis AA was good, with the bank's percentage of small business loans in these CTs just over 80 percent of comparable demographics. In the Springfield and Poplar Bluff AAs, penetration of low- or moderate-income CTs was excellent. In these AAs, the bank's percentage of loans in these CTs nearly met the percentage of comparable demographics.

Small Farm Loans

Commerce's geographic distribution of small farm loans was good in the state of Missouri based on the performance in the Springfield and Poplar Bluff AAs. For each of these AAs, small farm loans represented 12 percent of all reported loan originations. We weighted performance in the Springfield AA most heavily since this AA accounts for 18 percent of the bank's total small farm loan originations in the state of Missouri.

In the Springfield AA, Commerce's geographic distribution of small farm loans was adequate in LMI CTs, considering the limited opportunities for making farm loans in these geographies. Although Commerce made only 3 loans in low-income CTs and 4 loans in moderate-income CTs, demographic data indicates there are only 26 total farms located in these CTs. Most of the LMI CTs are located within the city limits. The rural CTs, where small farm lending opportunities are more prevalent, are predominately middle-income. Commerce originated 93 percent of its small farm loans in middle-income CTs, which is consistent with the location of the most significant portion of farms in this AA.

For the Poplar Bluff AA, Commerce's geographic distribution of small farm loans was excellent. Commerce made 60 percent of its small farm loans (76 of 128 loans) in moderate-income CTs which greatly exceeded the portion of farms attributed to those CTs. There are no low-income CTs in the Poplar Bluff AA.

Distribution of Loans by Income Level of the Borrower

Commerce's distribution of lending by borrower income level was excellent overall in the state of Missouri. The bank achieved excellent penetration to LMI borrowers with its home mortgage lending. Home mortgage loan distribution to LMI borrowers was strongest in the St. Louis and Springfield AAs, and although weaker in the Poplar Bluff AA, it was considered good given the high percentage of families living below poverty in this AA. Commerce achieved good distribution to businesses with revenues of \$1 million or less in its St. Louis AA and excellent distribution in its Springfield and Poplar Bluff AAs. The bank also achieved excellent distribution to farms with revenues of \$1 million or less in its Springfield and Poplar Bluff AAs. Refer to Tables 7-11 in Appendix D for the data used to evaluate the borrower distribution of the bank's loan originations.

Home Mortgage Loans

Commerce's distribution of home purchase and home improvement loans among borrowers of different income levels, including LMI borrowers, was excellent in the state of Missouri. The bank's penetration to LMI borrowers was particularly strong for its home improvement lending where it consistently exceeded comparable demographics for all three AAs.

For home improvement loans, Commerce's distribution among borrowers of different income levels, including LMI borrowers, was excellent overall. The bank achieved excellent penetration to LMI borrowers in its St. Louis and Springfield AA and good penetration in its Poplar Bluff AA. For both low- and moderate-income borrowers, Commerce consistently exceeded comparable demographics by a significant amount, except for low-income borrowers in the Poplar Bluff AA. In this instance, the portion of home improvement loans to low-income borrowers

was significantly less than demographics. This is not considered unreasonable given that 22 percent of families in this AA live at or below poverty which makes it more difficult to qualify for home mortgage credit. Commerce's market share of home improvement loans to LMI borrowers also significantly exceeded its overall market share for home improvement loans, except for low-income borrowers in the Poplar Bluff AA.

For home purchase loans, distribution among borrowers of different income levels, including LMI borrowers, was excellent overall. The bank achieved excellent penetration to moderate-income borrowers in its St. Louis, Springfield and Poplar Bluff AAs, substantially meeting or exceeding the comparable demographics. For low-income borrowers, the bank also achieved excellent penetration in its St. Louis AA and good penetration in its Springfield and Poplar Bluff AAs, considering the high level of families living below poverty. Commerce's market share of home purchase loans to LMI borrowers met or exceeded its overall market share in the St. Louis AA; but was less than its overall market share in the Springfield and Poplar Bluff AAs.

Small Business Loans

Commerce's distribution of small business loans among businesses of different revenue sizes reflects good penetration in its Missouri AAs overall. Distribution in the Springfield and Poplar Bluff AAs was excellent with the portion of loans the bank made to businesses with revenues of \$1 million or less exceeding the percentage of businesses which have revenues of \$1 million or less. For St. Louis, which we weighted most heavily, distribution was good with the bank achieving 85 percent of the comparable demographics. In all three AAs, the bank exceeded the percentage of loans all other lenders, in aggregate, extended to businesses with revenues of \$1 million or less. The bank also made over 75 percent of its business loans in the St. Louis AA and over 80 percent in the Springfield and Poplar Bluff AAs in amounts of \$100 thousand or less. Average loan sizes were \$108, \$72 and \$64 thousand, respectively. Commerce's market share of loans to businesses with revenues of \$1 million or less also exceeded its overall market share of small business loans in all three AAs.

Small Farm Loans

Commerce's distribution of small farm loans among farms with revenues of different sizes was excellent in the state of Missouri. For both the Springfield and Poplar Bluff AAs, the bank's percentage of farm loans to borrowers with revenues of \$1 million or less nearly met the percent of comparable demographics and exceeded the percentage achieved by all other reporting lenders combined. In the Springfield AA, Commerce made 96 percent of its farm loans in amounts of \$100 thousand or less, with an average loan size of \$26 thousand. In the Poplar Bluff

AA, the bank made 88 percent of its farm loans in amounts of \$100 thousand or less, with an average loan size of \$54 thousand. In both AAs, Commerce's market share of farm loans to borrowers with revenues of \$1 million or less slightly exceeded its market share of total farm loans overall.

Community Development Lending

Commerce extended a relatively high level of community development loans in its St. Louis AA and an adequate level in its Springfield and Poplar Bluff AAs. Opportunities for community development lending were greatest in the St. Louis AA and limited in the Springfield and Poplar Bluff AAs. Commerce did its part to meet the critical need for affordable housing for LMI individuals in the St. Louis and Springfield AAs and assisted with community development initiatives in the Poplar Bluff AA through its community development lending efforts. Refer to Table 1 in Appendix D for the data used to evaluate the bank's level of community development lending.

In the St. Louis AA, the bank originated 22 loans totaling \$5.1 million.

- C Fourteen loans totaling \$1.4 million furthered efforts to construct and rehabilitate affordable housing for LMI individuals, a primary need in this AA.
- C Four loans totaling \$1.8 million provided financing for community organizations that primarily provide services for LMI individuals, including health and day care.
- C The remaining community development loans, four loans totaling \$1.9 million, financed businesses and organizations that helped revitalize and stabilize LMI areas, including the federally designated Empowerment Zone.

In the Springfield AA, the bank made two loans totaling \$5.3 million. All but \$12 thousand of these dollars provided construction financing for a Low Income Housing Tax Credit (LIHTC) multifamily housing project that has one-half of the 144 units designated for persons with 60 percent of median income.

In the Poplar Bluff AA, the bank made three community development loans totaling \$1.3 million. One loan for \$168 thousand represents the bank's participation with six other lenders in a \$1.2 million loan to construct a commercial building as part of an overall plan to attract businesses to this predominantly LMI area. This loan allowed a manufacturing business, which employs primarily LMI workers, to expand and create additional jobs for this area. Two loans totaling \$1.1 million provided financing for a commercial building in a LMI area which will provide office space for state agencies that primarily serve the needs of LMI individuals.

Product Innovation and Flexibility

State of Missouri

Commerce, through its mortgage affiliate, offers an array of affordable home mortgage programs with flexible underwriting terms to assist LMI borrowers in

qualifying for home ownership in its Missouri AAs. Commerce also offers several flexible small business loan programs which target LMI areas.

These programs include government-sponsored home loan programs available from national, state and local government entities. Government sponsored programs are most prevalent in the St. Louis AA and include the Fannie Mae Community Home Buyer's Programs; City of St. Louis Home Ownership Assistance Program; the City of St. Louis Neighborworks Program and the Missouri Housing Development Commission's (MHDC) Down payment Assistance Program. The bank's closing cost grant assistance program for LMI borrowers was available in the St. Louis and St. Joseph AAs during 1998. The bank added the Springfield, Joplin and Columbia AAs to this program in 1999. Refer to the **Community Development Services** section for the number of borrowers benefitting from this program.

Small business loan programs, offered in participation with state or local government entities, include: the Missouri First Linked Deposit Business Loan Program; the City of St. Louis Revolving Loan Program and the State of Missouri Urban Enterprise Loan Program. These programs offer below market rates to small businesses located in predominantly LMI areas, including enterprise zones.

Refer also to the **Product Innovation and Flexibility** section for the Kansas City AA for details on government-sponsored affordable home loan programs offered and details of Commerce's closing cost grant program.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the Columbia, Joplin, St. Joseph and the combined Nonmetropolitan AAs is not inconsistent with the bank's overall Outstanding performance under the Lending Test in Missouri. Refer to the Tables 1 through 11 in Appendix D for the data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in Missouri is rated Outstanding. Based on full-scope reviews, the bank's performance in the St. Louis AA is excellent and good in the Springfield and Poplar Bluff AAs.

Commerce and its affiliates showed excellent responsiveness to the community development investment needs in the state of Missouri, providing \$14.6 million in

qualified investments. Investments were diverse, addressing primary community development needs which included economic development, affordable housing and revitalization or stabilization of LMI areas. Several of the investments involved complex financing, including partnering with multiple investors to accomplish community development initiatives. The bank and its affiliates also showed leadership through their investments in the St. Louis and Springfield AAs.

Refer to Table 12 in Appendix D for the data used to evaluate the bank's level of qualified investments. Refer also to the **Investment Test** for the Kansas City AA for detailed descriptions of investments that benefitted or have the potential to benefit broader statewide or regional areas including the bank's Missouri AAs. The discussion in that section highlights leadership and the complexity of the investments. These investments were: the CBI affiliate, Capital for Business, investments and initiatives; the Missouri statewide affordable housing equity fund; and, Missouri affordable housing bond issues. Proportional allocations are included in the totals in Table 12 for each Missouri AA.

For the St. Louis AA, Commerce had \$11.3 million in qualified community development investments, funding \$6.2 million during the current evaluation period. In addition to direct investments in its St. Louis AA, Commerce provided \$2.7 million to further statewide efforts in the development of affordable housing for LMI individuals. This statewide effort includes the St. Louis AA. Refer to the descriptions of these investments under the **Investment Test** for the Kansas City AA. Investments that originated in prior CRA evaluation periods continue to have an impact on the AA, providing support for businesses that continue to operate and provide jobs for LMI individuals and affordable housing for LMI individuals. Investment dollars also included \$792 thousand in grants and donations to qualified community development organizations.

Per community contacts and the St. Louis City and County consolidated development plans, there are many community development needs in the St. Louis AA, including development of affordable housing for LMI individuals; capital for small businesses; and revitalization and stabilization of LMI areas, including downtown St. Louis. Several of these community development needs translated into opportunities for direct and indirect investments, including equity investments in affordable housing projects for LMI individuals and small business development. Commerce and its affiliates focused community development efforts in two areas, SBIC financing and equity investments in affordable housing initiatives. The bank also provided a significant level of donations to financially support many community development organizations in the AA which address the needs of LMI individuals.

The majority of Commerce's investments and donations showed excellent responsiveness to community development needs, providing economic

development through SBIC financing, support for affordable housing for LMI individuals and revitalization or stabilization of LMI areas.

Commerce, through its affiliate CBI and CBI's venture capital subsidiary, Capital for Business (CFB), provided strong support of small business development and expansion through SBIC investments in local businesses. Refer to the **Investment Test** for the Kansas City AA for details of this SBIC venture capital subsidiary, including comments regarding the leadership provided and the complexity of the investments. CFB provided a total of \$5.2 million in SBIC investments, including \$4.8 million in direct investments in six St. Louis businesses. The remainder of the investment represents the portion of the initial capitalization of CFB's newest SBIC fund which has the potential to benefit this AA. Approximately \$3.3 million of these SBIC investments were funded during prior CRA evaluation periods and remain an integral part of the businesses' ongoing viability.

Commerce actively participated in the St. Louis Equity Fund, the primary affordable housing equity fund in St. Louis, through equity contributions and providing valuable financial expertise. Since 1989, Commerce has participated in six of the equity fund partnerships which have provided 1,047 units of affordable housing for low-income families. To date, Commerce has funded \$836 thousand of its \$1.2 million commitment to this fund, including \$481 thousand from prior evaluation periods. Prior equity investments continue to support the AAs critical need for affordable housing for LMI individuals. Refer to the **Community Development Service** section for details of how bank employees provided their financial expertise.

Commerce provided significant financial support to a revitalization project in downtown St. Louis, a predominantly LMI area, that community leaders initiated. The bank provided \$771 thousand additional capitalization during this evaluation period and a \$1.2 million investment during prior evaluation periods. These contributions, in conjunction with the support of other business leaders, have been essential in keeping this project afloat.

For the Springfield AA, Commerce showed good responsiveness to community development needs in the AA by providing \$961 thousand in qualified investments.

Per community contacts and City and County development plans, there were limited opportunities for direct investment in this AA. Commerce supported two critical community development initiatives for small business development in Springfield's center city area and affordable housing for LMI individuals. The bank exhibited leadership in initiating one of these investments. In addition to direct equity investments in this AA, Commerce supported statewide affordable housing initiatives that benefitted or have the potential to benefit broader statewide areas that include the Springfield AA. Commerce allocated \$612 thousand of these

investments to this AA. These investments were previously described in the **Kansas City AA Investment Test**.

Commerce provided a \$60 thousand equity investment in a local community development corporation (CDC) formed by eight local banks. Commerce and another local bank took the lead in forming the CDC and each provided \$60 thousand of the initial \$300 thousand capitalization. The CDC was the product of a community-wide needs assessment and focuses on the redevelopment and revitalization of the center city of Springfield through financing small businesses in this area. To date, three loans for \$80 thousand have been made.

Commerce funded a \$51 thousand investment in a local equity fund partnership formed in 1993 to address the need for housing for former institutionalized persons with limited incomes. The bank was one of several banks that provided equity for this project which helped build shared housing facilities for these former mental health patients. The bank also funded \$153 thousand in prior evaluation periods.

Commerce also provided \$77 thousand in grants and donations to qualified community development organizations in its Springfield AA. A significant majority of these donations benefitted LMI individuals who are recipients of the services these organizations provide.

For the Poplar Bluff AA, Commerce allocated a significant level of qualified investments to this AA, \$214 thousand, considering the small portion of the bank's loans and deposits originating in this AA. A significant portion of this amount, \$195 thousand, represented the bank's proportional allocation of investments that benefitted or have the potential to benefit broader statewide areas that include the Poplar Bluff AA. Per information from local community contacts, there were few opportunities for direct investments other than financial contributions to community development organizations or statewide affordable housing bond issues or equity funds that could potentially benefit the AA. Commerce provided \$17 thousand in direct grants and donations to qualified community development organizations in the Poplar Bluff AA. The most significant portion of these grants and donations provided financial support to organizations that provide needed services for LMI individuals.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Joplin AA is not inconsistent with the bank's overall Outstanding performance under the Investment Test in Missouri. In the Columbia, St. Joseph and combined Nonmetropolitan AAs, the bank's performance is weaker than the bank's overall performance in the state; however, it did not change the overall

Investment rating for Missouri. The investment performance in these AAs is considered good based on the amount of qualified investments relative to the bank's operations in these AAs and the fewer opportunities for qualified investments with a specific community development purpose. Refer to Table 12 in Appendix D for the data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Missouri is rated High Satisfactory. Based on full-scope reviews, the bank's performance in the St. Louis AA and Springfield AA is good and the Poplar Bluff AA is adequate. Refer to Table 13 in Appendix D for the data used to evaluate the distribution of the bank's branch and ATM delivery system.

Commerce's delivery systems are reasonably accessible to geographies and individuals of different income levels, including LMI, in its St. Louis, Springfield and Poplar Bluff AAs. The distribution of branches and ATMs is consistently lower than the percentage of population attributed to LMI areas in all three AAs, except for ATM distribution in the Poplar Bluff AA. However, the bank's leadership and high level of community development services in the St. Louis and Springfield AAs, in particular, supplements its branch distribution network. This is reflected in the lending performance the bank achieved in making loans in LMI areas and to LMI individuals.

The following sections describe in more detail the branch and ATM distribution and community development services for those AAs, in the state of Missouri, where we performed full-scope reviews.

Retail Banking Services

For the St. Louis AA, the overall percentage of branches and ATMs in LMI tracts throughout the four-county AA is lower than the percentage of population residing in these tracts, especially for moderate-income CTs. However, for St. Louis City, where 79 percent of the LMI CTs of the AA are located, the distribution of branches and ATMs is good. Of the five branches in St. Louis City, two are located in low-income CTs, one in a moderate-income CT, and one in a middle-income CT adjacent to a low-income area. In addition, five of the nine ATMs in this county are located in LMI CTs.

For the Springfield AA, the percentage of branches in LMI CTs is lower than the percentage of population in these CTs. However, the percentage of ATMs in LMI

CTs exceeds the percentage of population in LMI CTs. Branch distribution is not unreasonable considering the bank's moderate-income branch is centrally located among the LMI CTs in the AA. In addition, one branch in a middle-income CT is adjacent to a moderate-income CT.

For the Poplar Bluff AA, branch distribution is not unreasonable based on the small number of branches (6) and ATMs (3) in this AA. Although lower than demographic comparisons, two of the bank's six branches are located in moderate-income tracts. In addition, each of the branches and ATM's in middle- and upper-income tracts are adjacent to moderate-income tracts. There are no low-income CT's in this AA.

For the St. Louis, Springfield and Poplar Bluff AAs, branch hours and services, including the availability of loan officers, are consistent among locations regardless of tract income level. The bank's record of opening and closing offices had no impact on LMI geographies in the St. Louis, Springfield or Poplar Bluff AAs. In St. Louis, the bank opened one branch in an upper-income CT and did not close any branches. Commerce did not open or close any branches in the Springfield or Poplar Bluff AAs.

Alternative delivery systems available to the St. Louis, Springfield and Poplar Bluff AAs include the Missouri QUEST Program for welfare recipients, telebanking and a 24-hour account information line. Refer to the descriptions under the **Service Test** for the Kansas City AA.

Community Development Services

For the St. Louis AA, Commerce was a leader in providing community development services, particularly to organizations that provide affordable housing for LMI individuals and work to revitalize neighborhoods. Commerce employees routinely provided leadership to these organizations by serving in key positions as directors and officers. During this evaluation period, Commerce representatives provided valuable assistance to nine affordable housing organizations which are integral to developing and sustaining affordable housing for LMI individuals in the St. Louis area. Examples of Commerce's involvement include:

- C Commerce provided leadership to the local chapter of a national housing organization which focuses on improving housing in targeted neighborhoods, providing LMI Home buyer services and access to special home loan programs. Three Commerce employees served in key positions with this organization, including chairing fund raising efforts, providing financial oversight as a Board and finance committee member, and providing technical assistance for developing home buyer training.

- C Commerce provided closing cost grant assistance to 28 LMI home mortgage borrowers through its own closing cost grant program. The \$26 thousand helped defray closing costs and is included in the dollars for the St. Louis AA in **Table 12 - Qualified Investments**.
- C Four bank officers lent their financial expertise in several capacities to a community development organization that provides technical assistance to nonprofit housing organizations and partners with lenders to assist in revitalizing distressed properties. The goal of this organization is to make the properties a productive and viable part of the neighborhood in which they are located. Commerce employees assisted with the formation of this organization, served on the Board of Directors, participated in a successful application for federal grant funds, and served on committees that review plans for sustaining targeted neighborhoods.
- C Two officers served on the executive and investment committees for a local housing equity fund partnership that has provided over one thousand units of affordable housing for the area through the use of low-income housing tax credit investments. Commerce also contributes funds to this partnership. Refer to the **Investment Test** for details.

One of these officers also helped with the formation of a non-profit entity, capitalized through this fund, which manages rental properties for LMI families. This employee also served on the Board of Directors for this organization and assisted with budgeting.

- C A bank officer served on the Board and loan committee for an organization that provides venture capital loans to small businesses.
- C A bank employee provided financial oversight and served on the Board of Directors for an organization focused on the redevelopment of a LMI commercial district.
- C A Commerce employee serves as Chairman of the Internship Committee and participated in the formation of the Board to institute a high school career academy at an inner-city school in a low-income neighborhood. Another employee provides technical assistance and training. This academy accepts 50 students each year beginning in the ninth grade, educating students on careers in the financial industry. Students have a paid internship following their junior year.

For the Springfield AA, Commerce provides a relatively high level of community development services. Commerce employees provided financial and technical

assistance to organizations focusing on job creation, affordable housing, and services for LMI individuals and families. Examples of these activities include:

- C A bank officer, in conjunction with another local bank, took the lead in forming a local community development corporation (CDC) which was the product of a community-wide needs assessment. The CDC's mission focuses on the redevelopment and revitalization of Springfield's center city through providing loans to start-up businesses in this area. The bank also contributed to the CDC's initial capitalization. Refer to the **Investment Test - Springfield AA** for details. The bank officer continues to serve on the Board of the CDC.
- C A Commerce employee served as president of an organization with a mission of helping families convert from a state of welfare dependence to a self-reliant lifestyle. The organization attempts to address issues such as unemployment, underemployment, the need for appropriate educational and vocational preparation opportunities, lack of affordable child care services, and lack of affordable housing.
- C A Commerce employee provided technical assistance and served as Secretary/Treasurer for an organization that provides shelter and food for homeless people.
- C Three employees were actively involved in fund raising efforts of a local charitable organization which provides funds to organizations that primarily serve LMI families.
- C A staff member served as chairperson and provided financial advice to an organization that provides a mentoring program and job skills training for primarily low-income single mothers. The program is designed to help women move off welfare and become financially independent.

For the Poplar Bluff AA, Commerce representatives provided a limited level of community development services. However, there are fewer opportunities in this nonmetropolitan AA. Examples of community development activities bank personnel provided include:

- C An employee provided quarterly training sessions on budgeting and managing checking accounts to persons at a battered women's shelter. Individuals in this shelter are predominantly LMI.
- C Branch managers participated in an ongoing financial educational program for students who are primarily LMI at a school located in a low-income CT.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Service Test in the Columbia, Joplin, St. Joseph and combined Missouri nonmetropolitan AAs is stronger than the bank's overall rating of High Satisfactory performance under the Service Test in Missouri. This performance was considered favorably in our rating for the Service Test for the state of Missouri. Our conclusions for areas receiving limited-scope reviews were based solely on a review of branch and ATM distributions. We did not review community development services in these areas. In all of these AAs, the percent of the bank's branches and ATMs, though few in number, compares very favorably to demographics, exceeding the percentage of population in these areas. Refer to Table 13 in Appendix D for the data that support these conclusions.

State Rating

CRA Rating for Kansas³:	<u>Satisfactory</u>
The Lending Test is rated:	<u>High Satisfactory</u>
The Investment Test is rated:	<u>Low Satisfactory</u>
The Service Test is rated:	<u>Low Satisfactory</u>

The major factors that support this rating include:

- C Commerce demonstrated good responsiveness to the home mortgage and small business credit needs in Kansas. The bank achieved good penetration in LMI CTs overall. Distribution by borrower income was weaker, but considered adequate given the unique demographics of the bank's Kansas AAs.
- C The bank's community development lending in Kansas, particularly in the Lawrence AA, supplemented its overall lending performance. The bank originated several of these loans in LMI areas which the City targeted for redevelopment.
- C Commerce provided an adequate level of qualified investments in its Kansas AAs, given that only 3 percent of the bank's deposits and 4 percent of its reported loans are attributed to this AA.
- C Commerce's branches are reasonably accessible to geographies and individuals of different income levels, including LMI areas and individuals. In addition, Commerce provided an adequate level of community development services in this AA.

Description of Institution's Operations in Kansas

Commerce operates nine branches and 22 ATMs within two AAs in the state of Kansas. Six of the branches and fourteen ATMs were located in the Lawrence MSA. Three branches and eight ATMs were attributed to the nonmetropolitan Manhattan AA. Only three percent of the bank's total deposits were attributed to the state of Kansas. The state of Kansas accounted for only four percent, by number and by dollar volume, of the bank's total reported loans for this evaluation period.

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

Commerce ranked ninth among all FDIC-insured financial institutions in the state of Kansas with 1.6 percent of deposits. This includes deposits attributed to the Kansas portion of the Kansas City multistate metropolitan area. In the Lawrence AA, Commerce ranked fourth in deposit market share (7 percent of deposits) among 19 financial institutions. The bank ranked third of 13 financial institutions in deposit market share for the Manhattan AA.

Refer to the Market Profiles for the State of Kansas in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews. We used this information to provide some insight into the lending opportunities available for different loan types among CTs and borrowers of different income levels.

Scope of Evaluation in Kansas

We performed a full-scope review of the Lawrence AA. Since a similar portion of the bank's loans and deposits were attributed to the two Kansas AAs and the bank's market share of deposits in the AAs were similar, we selected the metropolitan AA of Lawrence for a full-scope review. Our conclusions for the state of Kansas are based primarily on the bank's performance within the Lawrence AA since it received a full-scope review. Refer to Appendix A for additional information on these full-scope areas.

Our conclusions for each characteristic for the Lending, Investment and Service Tests are italicized and detailed in the following narrative.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in Kansas is rated High Satisfactory. Based on a full-scope review, the bank's performance in the Lawrence AA is good.

Lending Activity

Commerce demonstrated good responsiveness to the home mortgage and small business credit needs in the Lawrence AA. Refer to Table 1 in Appendix D for the data used to evaluate the bank's lending activity.

Commerce ranked fourth of 32 lenders for home improvement loans in the Lawrence AA, which is consistent with its deposit market share rank. The bank originated approximately seven percent of the market's home improvement loans.

The bank ranked seventh of 84 lenders that reported home purchase loans, originating five percent of these loans.

Commerce originated the second highest number of small business loans, with 17 percent, among all lenders subject to reporting this data. In comparison, Commerce ranked fourth in deposit market share with seven percent of all deposits of financial institutions in the AA.

Commerce originated only 13 small farm loans in this AA. Further analysis of this loan product is not meaningful since it represented less than two percent of the bank's originations in the Lawrence AA.

Distribution of Loans by Income Level of the Geography

Commerce's distribution of lending showed good penetration among CTs of different income levels, including LMI areas, overall. The bank achieved excellent penetration of LMI CTs through its home purchase and home improvement lending and adequate penetration through its small business lending. We did not find any unexplained conspicuous gaps in the bank's lending patterns in the Lawrence AA. Refer to Tables 2-5 in Appendix D for the data used to evaluate the geographic distribution of the bank's loan originations.

Home Mortgage Loans

For home purchase and home improvement loans, Commerce's portion of loans in moderate income geographies met or significantly exceeded the percentage of owner-occupied housing in those geographies. Although the bank achieved no penetration in low-income CTs, less than 1 percent of owner-occupied housing units were attributed to these CTs.

Small Business Loans

Commerce made one percent of its small business loans in low-income geographies which was consistent with the percentage of businesses located in these CTs. For moderate-income geographies, the bank's penetration was adequate although significantly lower than the percentage of businesses located in these CTs.

Distribution of Loans by Income Level of the Borrower

Commerce's distribution of loans by borrower income level was good overall. The bank's loan distribution among businesses of different revenue sizes was excellent, but home mortgage lending distribution was much weaker. Refer to

Tables 7-10 in Appendix D for the data used to evaluate the borrower distribution of the bank's loan originations.

Home Mortgage Loans

Commerce's home mortgage lending showed poor penetration among borrowers of different income levels, particularly for LMI borrowers, when compared to demographics. For home purchase and home improvement loans, the bank's percentage of loans to LMI borrowers was much lower than the comparable portion of LMI families, especially for low-income borrowers. However, this is not considered unreasonable based on the lack of decent owner-occupied affordable housing stock for LMI individuals. Demographics show a high percentage of rental units, 45 percent, and a high level of poverty, due in part to the large student population. Twenty-two percent of households and ten percent of families live below poverty levels. Based on the City's comprehensive plan and community contacts, the large student population often doubles up on occupancy which has driven up rental rates and the cost of housing. This has created a profitable market for investment property buyers, further exacerbating the lack of affordable housing for LMI individuals. There is also a shortage of available funds and mechanisms to initiate new programs fundamental to developing an adequate supply of decent affordable housing units for LMI. These factors contribute to more limited opportunities for LMI home ownership, including lending opportunities.

Small Business Loans

Commerce's distribution of small business loans among firms of different revenue sizes was excellent in the Lawrence AA. The bank's portion of loans to firms with revenues of \$1 million or less exceeded the portion of businesses in the AA with similar revenue sizes. The bank's percentage, 79 percent, exceeded the percentage achieved by all other lenders in the market, 64 percent. In addition, Commerce made a significant portion, 89 percent, of its small business loans in amounts of \$100 thousand or less, with an average loan size of \$47 thousand.

Community Development Lending

Commerce extended a relatively high level of community development loans in the Lawrence AA. Refer to Table 1 in Appendix D for the data used to evaluate the bank's level of community development lending.

Nineteen loans totaling \$1.6 million provided temporary financing for the construction and rehabilitation of residential properties in LMI areas targeted for redevelopment by the City of Lawrence. The majority of these properties provide affordable rental housing for primarily LMI individuals. The bank also helped further revitalize a LMI area by providing \$1 million of a \$6.7 million loan to a local economic development organization for the construction and permanent financing of a commercial building in a LMI industrial area of Lawrence. This building houses an information services company which provides many jobs for this AA.

Product Innovation and Flexibility

State of Kansas

Refer to **Product Innovation and Flexibility** in the **Kansas City Multistate Metropolitan Area** section of this evaluation for government-sponsored affordable housing programs and small business programs offered. Commerce offers its closing cost grant assistance program in the Lawrence AA. However, as of this evaluation date, the bank has not made any grants under this program to borrowers in the Lawrence AA.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Lending Test in the Manhattan AA is not inconsistent with the bank's overall High Satisfactory performance under the Lending Test in Kansas. Refer to Tables 1 through 11 in Appendix D for the data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test in Kansas is rated Low Satisfactory. Based on the full-scope review of the Lawrence AA, the bank's performance is adequate. Refer to Table 12 in Appendix D for the data used to evaluate the bank's level of qualified investments.

Commerce made an adequate level of qualified investments and donations in the Lawrence AA. Although the investment dollars attributed to this assessment area are not very large, this is representative of the small portion of the bank's deposits and loans associated with this AA and the limited direct investment opportunities in this AA.

Commerce funded \$18 thousand in qualified investments in the Lawrence AA. The majority of the dollars provided financial support for qualified community development organizations that provide affordable housing and other services for primarily LMI individuals. Based on information obtained from community contacts, there were few opportunities for direct investments other than donations to these types of community development organizations. Other lenders, with a much greater presence in the AA, provide strong competition for these opportunities. Commerce supported local organizations and a statewide affordable housing initiative which has the potential to benefit this AA. The bank allocated \$1,500 of the initial funding of its investment in Kansas' inaugural

statewide affordable housing equity fund to the Lawrence AA. This amount represents 12 percent of the initial funding which Commerce allocated based on the percentage of the bank's total deposits attributed to the Lawrence AA. Commerce will fund the remainder of its \$250 thousand commitment over the next 11 years. The equity fund has the potential to benefit any of the bank's AAs in Kansas. Refer to the description under the **Investment Test** for the Kansas City AA.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Manhattan AA is not inconsistent with the bank's overall Low Satisfactory performance under the Investment Test in Kansas. Refer to the Table 12 in Appendix D for the data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in Kansas is rated Low Satisfactory. Based on our full-scope review, the bank's performance in the Lawrence AA is adequate. Refer to Table 13 in Appendix D for the data used to evaluate the distribution of the bank's branch and ATM delivery system.

Branches and ATM's are reasonably accessible to geographies and individuals of different income levels, including LMI areas and individuals. Commerce personnel in the Lawrence AA provided an adequate level of community development services.

The following sections describe in more detail the bank's branch and ATM distribution and community development services in the Lawrence AA.

Retail Banking Services

Commerce has no branches or ATM's in either of the two moderate-income CT's in the Lawrence AA. However, the bank's low-income CT branch is reasonably accessible to both of these tracts. The bank's middle- and upper-income branches and ATM's also offer reasonable accessibility to each of the LMI tracts.

In August 1998, branch accessibility for LMI areas improved with the opening of a branch in a low-income tract. This branch is also adjacent to, or in close proximity to, both of the moderate-income tracts in the AA. No branches were closed during the evaluation period.

Branch hours and services, including the availability of loan officers for all loan products, are comparable among locations regardless of tract income level. Loan officers, from a centrally located branch, will meet customers by appointment at any branch location.

Alternative delivery systems available in the Lawrence AA include the Kansas VISION Program for welfare recipients, telebanking and a 24-hour account information line. Refer to the descriptions under the **Service Test** for the Kansas City AA.

Community Development Services

Bank staff provided their financial expertise to community development organizations engaged in providing affordable housing and services for LMI individuals, and economic development, including job creation. Some examples of these activities include:

- C Three officers were Board members for two separate economic development corporations focusing on assisting small businesses and recruiting businesses to stimulate job creation. These officers provided financial and loan consultation services to both organizations.
- C A bank officer served as a director of three local affordable housing organizations for LMI individuals. The officer negotiated a land purchase for one organization which was used for constructing affordable housing.
- C A Commerce employee serves as a director for a health care services organization with a mission statement of providing care to persons with limited financial means.
- C A Commerce employee served as a director and provided financial oversight for a community emergency care shelter which primarily serves LMI individuals.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on our limited-scope review, the bank's performance under the Service Test in the Manhattan AA is stronger than the overall rating of Low Satisfactory performance under the Service Test in Kansas. This conclusion was based solely on an analysis of branch and ATM distribution. The bank's percent of branches and ATMs in LMI geographies exceeded comparable demographics, i.e. the percentage of the population attributed to these tracts.

Appendix A: Scope of Evaluation

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 nonmetropolitan 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").

Time Period Reviewed	Lending Test: January 1, 1997 to December 31, 1998 Investment Test: January 1, 1997 to April 19, 1999 Service Test: January 1, 1997 to December 31, 1998	
Financial Institution	Products Reviewed	
Commerce Bank, National Association (Commerce) Kansas City, Missouri	HMDA, Small Business and Small Farm Loans; Qualified Investments	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Commerce Mortgage Corporation (CMC)	Mortgage Subsidiary of CBI	HMDA
Commerce Bancshares, Inc. Capital For Business	Venture Capital Subsidiary of CBI	Qualified Investments
Commerce Bank, N.A., Omaha, Nebraska	Subsidiary bank of CBI	Small Business Loans; Qualified Investments
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Kansas City, MO-KS MSA #3760	Full-Scope	Branson; Bolivar/Lebanon; California/ Tipton; Cape Girardeau; Cassville/ Aurora; Hannibal; Mexico/Moberly; and St. Francois County
State of Missouri		
St. Louis MSA #7040	Full-Scope	
Springfield MSA #7920	Full-Scope	
Poplar Bluff NonMSA	Full-Scope	
Columbia MSA #1740	Limited-Scope	
Joplin MSA #3710	Limited-Scope	
St. Joseph MSA #7000	Limited-Scope	
NonMSA MO Combined	Limited-Scope	
State of Kansas:		
Lawrence MSA #4150	Full-Scope	
Manhattan NonMSA	Limited-Scope	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

COMMERCE BANK, NATIONAL ASSOCIATION				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
COMMERCE BANK, N.A.	Outstanding	Outstanding	High Satisfactory	Outstanding
Multistate Metropolitan Area or State:				
MULTISTATE MSA: KANSAS CITY, MO-KS	Outstanding	Outstanding	High Satisfactory	Outstanding
STATES: MISSOURI	Outstanding	Outstanding	High Satisfactory	Outstanding
KANSAS	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory

(*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Kansas City, MO-KS MSA #3760	C-2
State of Missouri	C-4
St. Louis MSA #7040	C-4
Springfield MSA #7920	C-5
Poplar Bluff NonMSA	C-6
State of Kansas	C-8
Lawrence MSA #4150	C-8

Kansas City, MO-KS MSA #3760

Demographic Information for Full-Scope Area: Kansas City, MO-KS MSA #3760						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	428	10%	23%	42%	22%	3%
Population by Geography	1,489,736	4%	18%	51%	27%	< 1%
Owner-Occupied Housing by Geography	372,729	3%	14%	53%	30%	0%
Businesses by Geography	52,853	6%	16%	45%	30%	3%
Farms by Geography	1,072	1%	10%	59%	29%	1%
Family Distribution by Income Level	399,406	18%	18%	25%	39%	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	143,081	9%	28%	50%	13%	NA
Median Family Income	= \$37,652	Median Housing Value		= \$67,181		
HUD Adjusted Median Family Income for 1998	= \$52,600	Unemployment Rate (December 1998)		= 2.9%		
Households Below the Poverty Level	= 10%					

Source: 1990 U.S. Census; 1998 HUD updated MFI; and Missouri State Census Data Center.

The Kansas City AA consists of seven contiguous counties in the Kansas City MSA. These counties are: Cass, Clay, Jackson and Platte in Missouri; and Johnson, Leavenworth and Wyandotte in Kansas. LMI CTs are predominately located in Jackson and Wyandotte Counties. The AA complies with regulatory guidelines and does not arbitrarily exclude any LMI areas. Commerce excluded the MSA Counties of Miami, KS, Clinton, MO, Lafayette, MO and Ray, MO from its AA. These counties are furthest from the bank's branch locations and are the outlying counties surrounding the greater Kansas City metro area.

Kansas City's economy is stable with a diverse employment base. Unemployment consistently runs well below the national average. Kansas City's largest industries are agribusiness, telecommunications, banking, engineering, transportation and manufacturing. The largest area employers are federal and state government, Hallmark Cards, Inc. and AT&T. Several major corporations are based in Kansas City, including Sprint Corporation, Hallmark Cards, Inc., Hoechst, Marion, Roussell, Inc. and Farmland Industries.

Kansas City's downtown areas have substantial blight and are in need of redevelopment. The City governments have actively sought ways to redevelop this area. In addition, a federally-approved Bi-State Empowerment Zone encompasses 19.6 square miles surrounding the Kansas City, Missouri and Kansas City, Kansas downtown areas. The strategic plan for this area includes providing incentives to attract new businesses to the zone and to improve the lives of the low-income residents of this area through job opportunity and training.

Numerous commercial banks (including other interstate banks), savings institutions and mortgage companies provide strong competition for banking services in the Kansas City AA. Commerce held 11 percent of the deposits in this AA. Primary competitors included NationsBank (now Bank of America), UMB Bank and Mercantile Bank (now Firststar) which held deposit market shares of 17, 13 and 13 percent, respectively.

We reviewed nineteen contacts with government officials and community organizations which regulatory agencies performed. These contacts addressed the following issues: affordable housing; economic development; and community services targeted toward LMI individuals and families. They indicated the primary financial services needed in this AA are: access to financial services, credit education and money management for LMI borrowers; affordable home loans for LMI borrowers; rehabilitation loans in the older portions of the city, predominately Wyandotte and Jackson Counties; education for potential small business owners; start-up loans and small-midsized equity investments for small businesses; and partnering with community development organizations to achieve development initiatives.

State of Missouri Full-Scope Areas

St. Louis MSA #7040

Demographic Information for Full-Scope Area: St. Louis MSA #7040						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	325	12%	19%	42%	26%	1%
Population by Geography	1,774,501	7%	13%	45%	35%	< 1%
Owner-Occupied Housing by Geography	460,050	3%	11%	48%	38%	0%
Businesses by Geography	57,861	6%	10%	46%	38%	< 1%
Farms by Geography	1,010	1%	6%	51%	42%	< 1%
Family Distribution by Income Level	469,175	18%	17%	24%	41%	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	161,110	14%	21%	48%	17%	NA
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$37,995 = \$51,000 = 10%	Median Housing Value Unemployment Rate (December 1998)		= \$82,497 = 3.4%		

Source: 1990 U.S. Census; 1998 HUD updated MFI; and Missouri State Census Data Center.

The St. Louis AA consists of St. Louis City and the counties of Jefferson, St. Charles and St. Louis. The AA complies with regulatory guidelines and does not arbitrarily exclude any LMI areas. Commerce excluded the Illinois portion of the multi-state MSA and the Missouri Counties of Crawford, Franklin, Lincoln and Warren. The bank does not have any branch locations in Illinois and the Mississippi River presents a natural geographic boundary between the two states. The Counties excluded from the AA in the state of Missouri are the western most counties in the MSA and furthest from the bank's branches.

St. Louis is located in eastern Missouri. The economy is good and the unemployment rate below the national average. St. Louis' largest industries are aerospace, defense, food and beverage, automobile assembly, health services, education and chemical. St. Louis is headquarters for 20 Fortune 1000 companies, including Anheuser-Busch Companies, Inc, Monsanto Company and Trans World Airlines, Inc.

A federally-approved Regional Empowerment Zone encompasses 15 CTs in St. Louis City which surround the downtown area. It also includes two CTs in St. Louis County. St. Louis' downtown area has undergone significant redevelopment to remove blight.

Numerous commercial banks (including other interstate banks), savings institutions and mortgage companies provide strong competition for banking services in the St. Louis AA. Commerce ranked third in deposit market share (9 percent of deposits) among financial institutions operating in the St. Louis AA. Primary competitors include Mercantile Bank (now Firststar), NationsBank (now Bank of America) and Magna Bank (now Union Planters) which held deposit market shares of 31, 19 and 6 percent, respectively.

For the St. Louis AA, community contact information encompassed small business lending organizations, economic development, affordable housing and community service organizations. These contacts indicated primary credit needs are: financing for start-up businesses; small business loans under \$100 thousand; reduced rate financing for affordable housing developers of single-family and multi-family housing, including short-term predevelopment and construction financing; and technical assistance and education for marginal home loan applicants.

Springfield MSA #7920

Demographic Information for Full-Scope Area: Springfield MSA #7920						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	62	3%	31%	50%	16%	NA
Population by Geography	240,593	1%	23%	57%	19%	NA
Owner-Occupied Housing by Geography	61,108	< 1%	17%	61%	22%	NA
Businesses by Geography	9,969	4%	18%	62%	16%	NA
Farms by Geography	170	1%	15%	71%	13%	NA
Family Distribution by Income Level	64,429	18%	18%	25%	39%	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	23,159	< 1%	34%	56%	10%	NA
Median Family Income	= \$29,389	Median Housing Value		= \$57,186		
HUD Adjusted Median Family Income for 1998	= \$41,600	Unemployment Rate (December 1998)		= 2.4%		
Households Below the Poverty Level	= 14%					

Source: 1990 U.S. Census; 1998 HUD updated MFI; and Missouri State Census Data Center.

The Springfield AA consists of the counties of Green and Christian. The AA complies with regulatory guidelines and does not arbitrarily exclude any LMI areas.

Springfield, the county seat of Greene County, is located in south central Missouri. Springfield has a diverse economy supported by tourism, health care, manufacturing, distribution, retail sales and higher education. Major employers include six hospitals, seven colleges and universities, Bass Pro Shops, Zenith, Owens/Illinois, and Burlington Northern Railroad.

Numerous commercial banks, savings institutions and mortgage companies provide strong competition for banking services in the Springfield AA. Commerce ranked first among financial institutions with a 15 percent market share of deposits. This was similar to its major competitor, Mercantile Bank (now Firststar). Other primary competitors include NationsBank (now Bank of America) and Empire Bank which held deposit market shares of 14 and 10 percent, respectively.

The City of Springfield’s Consolidated Plan for 1995 focused on several activities to assist LMI households in obtaining affordable housing. This included rehabilitation of existing rental properties and rental assistance; down payment and closing cost assistance; home ownership counseling; and rehab and resale of existing housing stock for potential LMI homeowners. Vision 20/20, a 1996 interim plan for Springfield/Greene County, cites the revitalization and redevelopment of Springfield’s Center City area as a high priority. This includes rehabilitating commercial properties and providing assistance to small businesses in this targeted area.

For the Springfield AA, three community contacts, including affordable housing and community service organizations, indicated credit needs include: affordable home loans with low or no closing costs; home improvement loans; and credit management education.

Poplar Bluff NonMSA Area

Demographic Information for Full-Scope Area: Poplar Bluff NonMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	19	NA	47%	48%	5%	NA
Population by Geography	71,877	NA	46%	45%	9%	NA
Owner-Occupied Housing by Geography	19,210	NA	43%	48%	9%	NA
Businesses by Geography	1,974	NA	47%	40%	13%	NA
Farms by Geography	86	NA	44%	52%	4%	NA
Family Distribution by Income Level	20,414	29%	19%	19%	33%	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	9,850	NA	53%	42%	5%	NA
Median Family Income	= \$24,325	Median Housing Value				= \$32,602
HUD Adjusted Median Family Income for 1998	= \$34,000	Unemployment Rate (December 1998)				= 4.7%
Households Below the Poverty Level	= 27%					

Source: 1990 U.S. Census; 1998 HUD updated MFI; and Missouri State Census Data Center.

The Poplar Bluff AA consists of the counties of Butler and Dunklin. The AA complies with regulatory guidelines and does not arbitrarily exclude any LMI areas.

Poplar Bluff is located in southeast Missouri. It has a higher level of unemployment which contributes to the large percentage of households living below the poverty level.

Fourteen financial institutions provide strong competition for banking services in the Poplar Bluff AA. Commerce ranked first among financial institutions with a 19 percent market share of deposits. Primary competitors included: Mercantile Bank (now Firststar), First Community Bank, NationsBank (now Bank of America) and Kennett National Bank with deposit market shares of 17, 10, 10 and 9 percent, respectively.

For the Poplar Bluff AA, two community contacts with local government officials indicated credit needs include: low-interest business loans to help revitalize the downtown area and credit for LMI individuals, including home purchase loans.

State of Kansas Full-Scope Areas

Lawrence MSA #4150

Demographic Information for Full-Scope Area: Lawrence MSA #4150						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	14	7%	14%	57%	22%	NA
Population by Geography	81,798	6%	17%	57%	20%	NA
Owner-Occupied Housing by Geography	15,821	< 1%	11%	65%	24%	NA
Businesses by Geography	3,024	1%	20%	57%	22%	NA
Farms by Geography	108	0%	7%	73%	20%	NA
Family Distribution by Income Level	17,297	20%	16%	25%	39%	NA
Distribution of Low- and Moderate-Income Families throughout AA Geographies	6,273	5%	18%	65%	12%	NA
Median Family Income	= \$35,631	Median Housing Value		= \$68,633		
HUD Adjusted Median Family Income for 1998	= \$48,300	Unemployment Rate (December 1998)		= 3.2%		
Households Below the Poverty Level	= 22%					

Source: 1990 U.S. Census; 1998 HUD updated MFI; and Kansas Department of Human Resources.

The Lawrence AA consists of Douglas County which is the only county in the MSA. The AA complies with regulatory guidelines and does not arbitrarily exclude any LMI areas.

Lawrence is located 40 miles west of Kansas City in eastern Kansas. It is the site of two major universities, the University of Kansas, the area's largest employer, and Baker University. The economy is diversified and unemployment is slightly higher than that of the state of Kansas. Major employers, in addition to the University, include: Lawrence Public Schools; Hallmark Cards, Inc.; and the City of Lawrence.

With a cost of living slightly higher than the national average, Lawrence has a great need for affordable housing. Its large student population contributes to higher rents in the housing market, making it more difficult for low income populations to find decent affordable housing. The City of Lawrence's Consolidated Plan identified five neighborhoods which are targeted for housing and neighborhood development activity. In four of these neighborhoods, 50 to 70 percent of the families have incomes that are 80 percent or less of median family income. The fifth neighborhood has been declared a blighted area.

Nineteen financial institutions provide strong competition for banking services in the Lawrence AA. Commerce held seven percent of the market's deposits.

Primary competitors included: Capitol Federal Savings and Loan Association, Mercantile Bank (now Firststar) and Douglas County Bank with 34, 25 and 12 percent market shares, respectively.

For the Lawrence AA, two community contacts encompassing a trade association and a government official indicated primary credit needs are affordable housing for LMI families and rehabilitation loans for existing housing stock.

Appendix D: Tables of Performance Data

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Tables of Performance Data	
Commerce Bank (All AAs)	D-4

Content of Standardized Tables

The tables cover the entire CRA evaluation period. 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; market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated by the bank as a percentage of the aggregate number of reportable loans originated by all lenders in the MSA/assessment area. The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations** - See Table 2.
- Table 4. Geographic Distribution of HMDA Refinance Loan Originations** - See Table 2.
- Table 5. Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (< \$1 million) to businesses originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Farm Loan Originations** - The percentage distribution of the number of small loans (< \$500,000) to farms originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table

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

- Table 7. Borrower Distribution of HMDA Home Purchase Loan Originations -** Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of HMDA Home Improvement Loan Originations -** See Table 7.
- Table 9. Borrower Distribution of HMDA Refinance Loan Originations -** See Table 7.
- Table 10. Borrower Distribution of Small Business Loan Originations -** Compares the percentage distribution of the number of small loans (< \$1 million) originated 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. The table also presents the percentage distribution of the number of loans originated 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 11. Borrower Distribution of Small Farm Loan Originations -** Compares the percentage distribution of the number of small loans (< \$500 thousand) originated by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments -** Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area.
- Table 13. Distribution of Branch and ATM Delivery System -** Compares the percentage distribution of the number of the bank's retail branches and ATMS in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

Table 1. Lending Volume

LENDING VOLUME		COMMERCE BANK, N.A., KANSAS CITY, MO				Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998						
MSA/Assessment Area:	% of Total Bank Deposits in Rated Area	Home Mortgage*		Small Business		Small Farm		Community Development		Total Reported Loans		% of Total Reported Bank Loans in Rated Area
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Multistate MSA:												
Full Scope: MSA #3760 - Kansas City (MO-KS)	34%	2,790	\$194,602	3,352	\$297,107	159	\$7,386	38	\$46,465	6,339	\$545,560	16%
State of Missouri:												
Full Scope: MSA #7040 - St. Louis	35%	4,096	\$294,414	4,383	\$474,033	54	\$4,997	22	\$5,092	8,555	\$778,536	22%
MSA #7920 - Springfield	8%	1,622	\$119,694	2,563	\$185,811	656	\$16,901	2	\$5,312	4,843	\$327,718	13%
NonMSA - Poplar Bluff	2%	562	\$24,750	379	\$24,279	128	\$6,917	3	\$1,268	1,072	\$57,214	3%
Limited Scope: MSA #1740 - Columbia	2%	892	\$68,440	625	\$49,739	65	\$4,675	2	\$350	1,584	\$123,204	4%
MSA #3710 - Joplin	2%	616	\$45,622	576	\$59,291	11	\$634	2	\$3,975	1,205	\$109,522	3%
MSA #7000 - St. Joseph	4%	1,098	\$68,413	1,232	\$101,919	109	\$5,222	11	\$434	2,450	\$175,988	6%
NonMSA - MO Combined (8 AAs)	10%	4,863	\$274,822	3,682	\$192,099	2,612	\$75,770	3	\$703	11,160	\$543,394	29%
State of Kansas:												
Full Scope: MSA #4150 - Lawrence	1%	374	\$39,050	347	\$16,371	13	\$497	20	\$2,614	754	\$58,532	2%
Limited Scope: NonMSA - Manhattan	2%	442	\$35,906	355	\$23,686	33	\$763	0	\$0	830	\$60,355	2%

* Includes multifamily loans.

Table 2. Geographic Distribution of Home Purchase Loan Originations

Geographic Distribution: HOME PURCHASE		COMMERCE BANK, N.A., KANSAS CITY, MO								Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998							
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans		
	% 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	#	% of Total	
Multistate MSA:																	
Full Scope: MSA #3760 - Kansas City	3%	1%	14%	15%	53%	47%	30%	37%	20	1.47	3.80	3.26	1.33	1.30	830	17%	
State of Missouri:																	
Full Scope: MSA #7040 - St. Louis	3%	1%	11%	10%	48%	45%	38%	44%	18	1.45	1.96	1.67	1.48	1.36	897	18%	
MSA #7920 - Springfield	< 1%	0%	17%	9%	61%	61%	22%	30%	7	4.09	0.00	2.44	3.72	5.94	483	10%	
NonMSA - Poplar Bluff	NA	NA	43%	31%	48%	45%	9%	24%	2	26.94	NA	36.26	20.16	26.83	159	3%	
Limited Scope: MSA #1740 - Columbia	2%	3%	10%	9%	64%	65%	24%	23%	4	6.75	13.95	5.98	6.06	8.73	321	6%	
MSA #3710 - Joplin	NA	NA	8%	11%	76%	57%	16%	32%	6	6.37	NA	9.35	4.79	10.78	247	5%	
MSA #7000 - St. Joseph	2%	4%	15%	10%	53%	45%	30%	41%	2	12.57	21.43	10.56	10.63	15.40	344	7%	
NonMSA - MO Combined	NA	NA	6%	5%	73%	62%	21%	33%	1	22.05	NA	20.81	20.33	26.87	1,393	28%	
State of Kansas:																	
Full Scope: MSA #4150 - Lawrence	< 1%	0%	11%	11%	65%	46%	24%	43%	7	5.37	0.00	6.63	4.74	6.09	148	3%	
Limited Scope: NonMSA - Manhattan	< 1%	0%	6%	8%	62%	39%	32%	53%	2	16.80	0.00	18.75	11.07	25.39	156	3%	

(*) Based on 1997 Aggregate HMDA Data only.

Table 3. Geographic Distribution of Home Improvement Loan Originations

Geographic Distribution: HOME IMPROVEMENT		COMMERCE BANK, N.A., KANSAS CITY, MO								Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998							
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans		
	% 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	#	% of Total	
Multistate MSA:																	
Full Scope: MSA #3760 - Kansas City	3%	1%	14%	18%	53%	53%	30%	28%	4	5.69	2.16	6.33	5.54	6.10	779	25%	
State of Missouri:																	
Full Scope: MSA #7040 - St. Louis	3%	4%	11%	15%	48%	56%	38%	25%	6	5.47	7.39	6.86	6.18	4.02	806	26%	
MSA #7920 - Springfield	< 1%	0%	17%	20%	61%	66%	22%	14%	1	14.77	0.00	16.23	15.75	10.56	203	7%	
NonMSA - Poplar Bluff	NA	NA	43%	40%	48%	50%	9%	10%	1	71.54	NA	80.95	75.41	40.00	167	5%	
Limited Scope: MSA #1740 - Columbia	2%	5%	10%	8%	64%	72%	24%	15%	3	15.43	26.67	12.90	18.03	9.47	75	3%	
MSA #3710 - Joplin	NA	NA	8%	12%	76%	54%	16%	34%	5	8.00	NA	15.63	5.48	16.47	73	2%	
MSA #7000 - St. Joseph	2%	2%	15%	22%	53%	44%	30%	32%	2	13.39	11.11	13.08	11.62	17.76	162	5%	
NonMSA - MO Combined	NA	NA	6%	7%	73%	72%	21%	21%	1	47.30	NA	42.86	44.39	60.78	723	23%	
State of Kansas:																	
Full Scope: MSA #4150 - Lawrence	< 1%	0%	11%	18%	65%	46%	24%	36%	4	6.61	0.00	9.38	5.03	9.09	28	1%	

Limited Scope: NonMSA - Manhattan	< 1%	0%	6%	24%	62%	36%	32%	40%	1	36.19	0.00	53.8 5	26.5 3	45.0 0	72	3%
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(*) Based on 1997 Aggregate HMDA Data only.

Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations

Geographic Distribution: HOME MORTGAGE REFINANCE		COMMERCE BANK, N.A., KANSAS CITY, MO								Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998						
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans	
	% 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	#	% of Total
Multistate MSA:																
Full Scope: MSA #3760 - Kansas City	3%	< 1%	14%	7%	53%	51%	30%	42%	11	1.95	0.55	1.47	1.93	2.26	1,171	13%
State of Missouri:																
Full Scope: MSA #7040 - St. Louis	3%	1%	11%	4%	48%	45%	38%	50%	5	2.76	0.77	1.51	3.08	2.84	2,389	26%
MSA #7920 - Springfield	0%	< 1%	17%	9%	61%	64%	22%	27%	1	7.27	6.25	6.04	6.98	8.52	930	10%
NonMSA - Poplar Bluff	NA	NA	43%	30%	48%	56%	9%	14%	1	51.89	NA	49.30	56.03	40.00	236	3%
Limited Scope: MSA #1740 - Columbia	2%	2%	10%	9%	64%	65%	24%	24%	3	10.61	14.29	8.70	10.99	10.11	495	5%
MSA #3710 - Joplin	NA	NA	8%	10%	76%	59%	16%	31%	4	4.69	NA	7.52	3.91	6.80	287	3%
MSA #7000 - St. Joseph	2%	2%	15%	11%	53%	45%	30%	42%	1	16.97	15.00	12.94	16.83	19.27	588	6%
NonMSA - MO Combined	NA	NA	6%	6%	73%	69%	21%	25%	1	39.03	NA	37.63	38.10	42.28	2,734	30%
State of Kansas:																
Full Scope: MSA #4150 - Lawrence	< 1%	0%	11%	4%	65%	50%	24%	46%	4	7.61	0.00	2.31	6.46	11.31	195	2%
Limited Scope: NonMSA - Manhattan	< 1%	0%	6%	6%	62%	44%	32%	50%	1	23.04	0.00	33.33	21.21	23.78	206	2%

(*) Based on 1997 Aggregate HMDA Data only.

Table 5. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS		COMMERCE BANK, N.A., KANSAS CITY, MO								Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998						
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Multistate MSA:																
Full Scope: MSA #3760-Kansas City **	6%	3%	16%	12%	45%	45%	30%	37%	1	14.43	8.60	15.20	15.59	13.76	3,352	19%
State of Missouri:																
Full Scope: MSA #7040 - St. Louis	6%	5%	10%	8%	46%	46%	38%	41%	1	15.68	18.72	17.37	16.10	14.62	4,383	25%
MSA #7920 - Springfield	4%	4%	18%	17%	62%	61%	16%	18%	1	35.16	30.86	36.27	36.36	31.50	2,563	15%
NonMSA - Poplar Bluff	NA	NA	47%	44%	40%	43%	13%	13%	1	32.37	NA	39.71	34.54	17.52	379	2%
Limited Scope: MSA #1740 - Columbia	26%	19%	18%	9%	44%	60%	12%	12%	2	18.27	19.66	11.35	20.04	15.77	625	4%
MSA #3710 - Joplin	NA	NA	20%	26%	60%	41%	20%	33%	1	21.54	NA	35.90	14.36	31.62	576	3%
MSA #7000-St. Joseph***	12%	11%	17%	11%	37%	32%	34%	44%	1	45.26	50.63	42.55	39.88	49.02	1,232	7%
NonMSA - MO Combined	NA	NA	8%	7%	59%	69%	33%	24%	1	31.79	NA	46.25	37.02	20.50	3,682	21%
State of Kansas:																
Full Scope: MSA #4150 - Lawrence	1%	1%	20%	11%	57%	47%	22%	41%	2	18.91	0.00	18.88	16.22	24.22	347	2%

Limited Scope: NonMSA - Manhattan	1%	2%	29%	24%	46%	44%	24%	30%	1	34.10	50.0 0	34.1 3	33.7 4	33.5 8	355	2%
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(*) Based on 1997 Aggregate Small Business Data only.

(**) 3% of the businesses, and 3% of the BANK's business loans, are in geographies with no designated income level.

(***) 2% of the BANK's business loans are in geographies with no designated income level.

Table 6. Geographic Distribution of Small Farm Loan Originations

Geographic Distribution: SMALL FARM																
COMMERCE BANK, N.A., KANSAS CITY, MO																
Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998																
MSA/Assessment Area:	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
Multistate MSA:																
Full Scope: MSA #3760 - Kansas City**	1%	0%	10%	8%	59%	62%	29%	30%	2	18.84	0.00	28.57	16.74	22.11	159	4%
State of Missouri:																
Full Scope: MSA #7040 - St. Louis	1%	6%	6%	9%	51%	52%	42%	33%	2	19.79	100	100	14.75	19.35	54	2%
MSA #7920 - Springfield	1%	< 1%	15%	1%	71%	93%	13%	6%	1	68.30	0.00	16.67	68.98	67.65	656	17%
NonMSA - Poplar Bluff	NA	NA	44%	60%	52%	38%	4%	2%	2	16.67	NA	20.48	13.79	5.26	128	3%
Limited Scope: MSA #1740 - Columbia	8%	5%	9%	0%	67%	89%	16%	6%	1	30.43	66.67	0.00	29.52	40.00	65	2%
MSA #3710 - Joplin	NA	NA	5%	27%	81%	64%	14%	9%	5	1.44	NA	100	0.97	25.00	11	< 1%
MSA #7000 - St. Joseph	4%	3%	10%	2%	54%	36%	32%	59%	4	11.34	0.00	50.00	5.26	28.28	109	3%
NonMSA - MO Combined	NA	NA	8%	4%	69%	90%	23%	6%	1	42.94	NA	60.24	44.04	28.57	2,612	68%
State of Kansas:																
Full Scope: MSA #4150 - Lawrence	0%	0%	7%	0%	73%	62%	20%	38%	3	7.32	NA	0.00	8.33	0.00	13	< 1%

Limited Scope: NonMSA - Manhattan	1%	0%	4%	0%	73%	58%	22%	42%	2	14.75	0.00	0.00	19.6 4	10.9 4	33	1%
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(*) Based on 1997 Aggregate Small Farm Data only.

(**) 1% of the farms are in geographies with no designated income level.

Table 7. Borrower Distribution of Home Purchase Loan Originations

Borrower Distribution: HMDA HOME PURCHASE		COMMERCE BANK, N.A., KANSAS CITY, MO								Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998						
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Purchase Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Multistate MSA:																
Full Scope: MSA #3760 - Kansas City	18%	17%	18%	22%	25%	26%	39%	35%	20	1.47	2.40	1.43	1.14	1.47	830	17%
State of Missouri:																
Full Scope: MSA #7040 - St. Louis	18%	15%	17%	22%	24%	26%	41%	37%	18	1.45	1.81	1.42	1.35	1.46	897	18%
MSA #7920 - Springfield	18%	9%	18%	18%	25%	21%	39%	52%	7	4.09	3.19	3.57	2.93	5.49	483	10%
NonMSA - Poplar Bluff	29%	6%	19%	17%	19%	20%	33%	57%	2	26.94	19.4 4	14.6 7	18.7 5	44.7 6	159	3%
Limited Scope: MSA #1740 - Columbia	19%	14%	19%	25%	23%	29%	39%	32%	4	6.75	7.14	6.70	6.31	6.94	321	6%
MSA #3710 - Joplin	19%	8%	19%	20%	24%	21%	38%	51%	6	6.37	5.14	6.31	4.96	7.50	247	5%
MSA #7000 - St. Joseph	21%	8%	17%	17%	23%	21%	39%	54%	2	12.57	12.6 1	9.88	10.0 0	15.5 1	344	7%
NonMSA - MO Combined	18%	5%	17%	16%	23%	25%	42%	54%	1	22.05	16.5 9	15.4 6	19.8 4	28.1 3	1,39 3	28%
State of Kansas:																
Full Scope: MSA #4150 - Lawrence	20%	5%	16%	11%	25%	30%	39%	54%	7	5.37	5.77	2.63	6.16	6.13	148	3%
Limited Scope: NonMSA - Manhattan	17%	2%	20%	5%	22%	20%	41%	73%	2	16.80	4.35	5.71	11.1 1	22.1 8	156	3%

(*) As a percentage of loans with borrower income information available. No information was available for 1% of loans originated by the BANK.

(**) Based on 1997 Aggregate HMDA Data only.

Table 8. Borrower Distribution of Home Improvement Loan Originations

Borrower Distribution: HOME IMPROVEMENT		COMMERCE BANK, N.A., KANSAS CITY, MO								Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998						
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Improvement Loans	
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total
Multistate MSA:																
Full Scope: MSA #3760 - Kansas City	18%	20%	18%	24%	25%	28%	39%	28%	4	5.69	6.71	6.12	5.19	5.33	779	25%
State of Missouri:																
Full Scope: MSA #7040 - St. Louis	18%	24%	17%	27%	24%	25%	41%	24%	6	5.47	8.70	7.48	4.98	3.48	806	26%
MSA #7920 - Springfield	18%	20%	18%	28%	25%	20%	39%	32%	1	14.77	20.41	18.62	9.71	13.41	203	7%
NonMSA - Poplar Bluff	29%	11%	19%	23%	19%	29%	33%	37%	1	71.54	40.00	80.77	64.71	78.85	167	5%
Limited Scope: MSA #1740 - Columbia	19%	16%	19%	37%	23%	24%	39%	23%	3	15.43	20.59	27.69	14.63	8.82	75	3%
MSA #3710 - Joplin	19%	7%	19%	20%	24%	18%	38%	55%	5	8.00	8.16	7.37	4.73	10.84	73	2%
MSA #7000 - St. Joseph	21%	17%	17%	19%	23%	25%	39%	39%	2	13.39	13.95	8.94	14.84	13.66	162	5%
NonMSA - MO Combined	18%	13%	17%	24%	23%	27%	42%	36%	1	47.30	56.04	53.30	43.40	44.21	723	23%
State of Kansas:																
Full Scope: MSA #4150 - Lawrence	20%	7%	16%	7%	25%	25%	39%	61%	4	6.61	4.35	0.00	5.06	11.76	28	1%

Limited Scope: NonMSA - Manhattan	17%	11%	20%	16%	22%	17%	41%	56%	1	36.19	71.4 3	42.8 6	25.0 0	34.8 5	72	3%
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(*) As a percentage of loans with borrower income information available. No information was available for 1% of loans originated by the BANK.

(**) Based on 1997 Aggregate HMDA Data only.

Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations

Borrower Distribution: HOME MORTGAGE REFINANCE		COMMERCE BANK, N.A., KANSAS CITY, MO								Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998							
MSA/Assessment Area:	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall Market Rank*	Market Share by Borrower Income**					Total Home Mortgage Refinance Loans		
	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*	% of Families	% BANK Loans*		Overall	Low	Mod	Mid	Upp	#	% of Total	
Multistate MSA:																	
Full Scope: MSA #3760 - Kansas City	18%	11%	18%	20%	25%	27%	39%	42%	11	1.95	1.89	1.94	1.85	2.29	1,171	13%	
State of Missouri:																	
Full Scope: MSA #7040 - St. Louis	18%	10%	17%	20%	24%	30%	41%	40%	5	2.76	3.00	3.02	3.16	2.83	2,389	26%	
MSA #7920 - Springfield	18%	9%	18%	19%	25%	22%	39%	50%	1	7.27	8.11	8.18	6.55	7.98	930	10%	
NonMSA - Poplar Bluff	29%	7%	19%	12%	19%	19%	33%	62%	1	51.89	61.54	36.67	46.94	58.41	236	3%	
Limited Scope: MSA #1740 - Columbia	19%	10%	19%	23%	23%	31%	39%	36%	3	10.61	13.85	14.98	12.07	7.93	495	5%	
MSA #3710 - Joplin	19%	5%	19%	14%	24%	25%	38%	56%	4	4.69	5.43	1.95	3.49	6.33	287	3%	
MSA #7000 - St. Joseph	21%	6%	17%	16%	23%	23%	39%	55%	1	16.97	17.78	14.85	15.36	19.15	588	6%	
NonMSA - MO Combined	18%	5%	17%	15%	23%	23%	42%	57%	1	39.03	40.50	39.03	35.39	41.43	2,734	30%	
State of Kansas:																	
Full Scope: MSA #4150 - Lawrence	20%	2%	16%	14%	25%	25%	39%	59%	4	7.61	4.26	5.98	6.85	9.11	195	2%	

Limited Scope: NonMSA - Manhattan	17%	4%	20%	7%	22%	17%	41%	72%	1	23.04	60.0 0	14.2 9	20.5 1	25.1 2	206	2%
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(*) As a percentage of loans with borrower income information available. No information was available for 1% of loans originated by the BANK.

(**) Based on 1997 Aggregate HMDA Data only.

Table 10. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS												COMMERCE BANK, N.A., KANSAS CITY, MO			Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998		
MSA/Assessment Area:	Businesses with Revenues of \$1 million or less			Loans by Original Amount Regardless of Business Size			Market Share***		Total Small Business Loans								
	% of Businesses	% BANK Loans*	% Market Loans**	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size						
Multistate MSA:																	
Full Scope: MSA #3760 - Kansas City	70%	61%	39%	79%	12%	9%	14.43	10.45	3,352	19%	\$89						
State of Missouri:																	
Full Scope: MSA #7040 - St. Louis	71%	60%	43%	76%	13%	11%	15.68	16.03	4,383	25%	\$108						
MSA #7920 - Springfield	72%	76%	56%	83%	11%	6%	35.16	41.50	2,563	15%	\$72						
NonMSA - Poplar Bluff	74%	81%	62%	86%	10%	4%	32.37	38.40	379	2%	\$64						
Limited Scope: MSA #1740 - Columbia	74%	69%	74%	80%	12%	8%	18.27	11.65	625	4%	\$80						
MSA #3710 - Joplin	77%	65%	51%	74%	16%	10%	21.54	24.23	576	3%	\$103						
MSA #7000 - St. Joseph	75%	76%	50%	82%	8%	10%	45.26	51.41	1,232	7%	\$83						
NonMSA - MO Combined	76%	77%	62%	90%	6%	4%	31.79	36.14	3,682	21%	\$52						
State of Kansas:																	
Full Scope: MSA #4150 - Lawrence	77%	79%	64%	89%	10%	1%	18.91	14.84	347	2%	\$47						
Limited Scope: NonMSA - Manhattan	76%	64%	56%	86%	7%	7%	34.10	33.68	355	2%	\$67						

(*) Based on 1998 bank data only. No revenue information was available for 7% of business loans originated by the BANK.

(**) The market consists of all other Small Business reporters in BANK's assessment area and is based on 1997 Aggregate Small Business Data only.

(***) Based on 1997 Aggregate Small Business Data Only.

Table 11. Borrower Distribution of Small Farm Loan Originations

Borrower Distribution: SMALL FARM			COMMERCE BANK, N.A., KANSAS CITY, MO				Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998				
MSA/Assessment Area:	Farms with Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share***		Total Small Farm Loans		
	% of Farms	% BANK Loans*	% Market Loans**	\$100,000 or Less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size
Multistate MSA:											
Full Scope: MSA #3760 - Kansas City	91%	84%	84%	91%	7%	2%	18.84	17.02	159	4%	\$46
State of Missouri:											
Full Scope: MSA #7040 - St. Louis	92%	67%	90%	70%	15%	15%	19.79	15.85	54	2%	\$93
MSA #7920 - Springfield	93%	98%	93%	96%	3%	1%	68.30	69.41	656	17%	\$26
NonMSA - Poplar Bluff	91%	82%	83%	88%	10%	2%	16.67	18.05	128	3%	\$54
Limited Scope: MSA #1740 - Columbia	91%	85%	93%	81%	14%	5%	30.43	26.73	65	2%	\$72
MSA #3710 - Joplin	98%	64%	84%	91%	0%	9%	1.44	1.14	11	< 1%	\$58
MSA #7000 - St. Joseph	99%	91%	96%	87%	8%	5%	11.34	10.78	109	3%	\$48
NonMSA - MO Combined	91%	94%	90%	96%	4%	< 1%	42.94	43.68	2,612	68%	\$29
State of Kansas:											
Full Scope: MSA #4150 - Lawrence	97%	92%	92%	92%	8%	0%	7.32	7.89	13	< 1%	\$38
Limited Scope: NonMSA - Manhattan	92%	76%	77%	97%	3%	0%	14.75	13.98	33	1%	\$23

(*) No revenue information was available for 6% of farm loans originated by the BANK.

(**) The market consists of all other Small Farm reporters in BANK's assessment area and is based on 1997 Aggregate Small Farm Data only.

(***) Based on 1997 Aggregate Small Farm Data only.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS		COMMERCE BANK, N.A. KANSAS CITY, MO			Evaluation Period: JANUARY 1, 1997 TO APRIL 19, 1999***					
MSA/Assessment Areas:	Prior Period Investments*			Current Period Investments			Total Investments			
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s	
Multistate MSA:										
Full Scope: MSA #3760-Kansas City	14	2,926	47%	199	3,289	53%	213	\$6,215	30%	
State of Missouri:										
Full Scope: MSA #7040-St. Louis	37	5,079	45%	204	6,184	55%	241	\$11,263	54%	
MSA #7920-Springfield	3	161	17%	89	800	83%	92	\$961	5%	
NonMSA-Poplar Bluff	2	2	1%	50	212	99%	52	\$214	1%	
Limited Scope: MSA #1740-Columbia	3	46	20%	35	187	80%	38	\$233	1%	
MSA #3710-Joplin	2	2	< 1%	19	604	100%	21	\$606	3%	
MSA #7000-St. Joseph	3	22	5%	59	405	95%	62	\$427	2%	
NonMSA-MO Combined	15	20	2%	162	907	98%	177	\$927	4%	
State of Kansas:										
Full Scope: MSA #4150-Lawrence	0	0	0%	19	18	100%	19	\$18	< 1%	
Limited Scope: NonMSA-Manhattan	0	0	0%	20	24	100%	20	\$24	< 1%	

(*) "Prior Period Investments" means investments made in a previous CRA evaluation period that remain outstanding.

(**) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

(***) Includes grants and donations through December 31, 1998 and equity investments through April 19, 1999. These dollars include only the funded portions of the bank and CBI's investments. In addition, the bank and CBI have legally binding unfunded commitments totaling over \$3.8 million which will benefit the bank's AAs or the broader statewide or regional area that includes the bank's AAs.

Table 13. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM																	
COMMERCE BANK, N.A., KANSAS CITY, MO																	
Evaluation Period: JANUARY 1, 1997 TO DECEMBER 31, 1998																	
MSA/Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total BANK Deposits	# of BANK Branches *	% of Total BANK Branches	Location of Branches by Income of Geographies				# of BANK ATMs	% of Total BANK ATMs	Location of ATMs by Income of Geographies				% of the Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Multistate MSA:																	
Full Scope: MSA #3760-Kansas City**	34%	**48	33%	0%	13%	50%	35%	**89	33%	1%	12%	51%	28%	4%	18%	51%	27%
State of Missouri:																	
Full Scope: MSA #7040-St. Louis	35%	36	25%	6%	8%	33%	53%	87	32%	2%	8%	46%	44%	7%	13%	45%	35%
MSA #7920-Springfield	8%	9	6%	0%	11%	78%	11%	21	8%	0%	28%	67%	5%	1%	23%	57%	19%
NonMSA-Poplar Bluff	2%	6	4%	NA	33%	50%	17%	3	1%	NA	0%	67%	33%	NA	46%	45%	9%
Limited Scope: MSA #1740-Columbia	2%	5	3%	40%	20%	40%	0%	11	4%	46%	27%	27%	0%	14%	16%	53%	17%
MSA #3710-Joplin	2%	3	2%	NA	67%	33%	0%	7	3%	NA	29%	57%	14%	NA	10%	74%	16%
MSA #7000-St. Joseph	4%	3	2%	33%	0%	0%	67%	5	2%	20%	0%	0%	80%	4%	17%	50%	29%
NonMSA-MO Combined	10%	27	19%	NA	11%	63%	26%	29	11%	NA	7%	59%	34%	NA	6%	73%	21%
State of Kansas:																	
Full Scope: MSA #4150-Lawrence	1%	6	4%	17%	0%	17%	67%	14	5%	7%	0%	57%	36%	6%	17%	57%	20%
Limited Scope: NonMSA-Manhattan	2%	3	2%	33%	33%	0%	34%	8	3%	12%	63%	0%	25%	5%	25%	45%	25%

(*) Total Branches as of December 31, 1998.

(**) For Kansas City, 1 branch (2% of total branches) and 7 ATMs (8% of total ATMs) are located in CTs with no income designation. Less than 1% of the population lives in CTs with no income designation.