



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

January 03, 2008

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Commerce Bank/Harrisburg National Association  
Charter Number: 22765

1249 Market Street  
Lemoyne, PA 17043

Office of the Comptroller of the Currency

Mid-size Banks  
440 South La Salle Street 2700  
Chicago, IL 60605

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

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## Overall CRA Rating

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

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

Performance Levels	Commerce Bank/Harrisburg National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory			X
Needs to Improve		X	
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:

- A good level of lending activity.
- A good geographic distribution of loans.
- A good distribution of loans among individuals of different income levels.
- Community development lending levels that had a positive impact on the Lending Test rating.
- A poor level of qualified investments that serve the assessment areas, including those made on a regional basis.
- Service delivery systems are reasonably accessible to geographies and individuals of different income levels.
- An adequate level of qualified community development service activities.

## Definitions and Common Abbreviations

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

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

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

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

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

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

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

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

**Geography:** A census tract 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

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

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

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

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

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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

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

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

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

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

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

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

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

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

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

## Description of Institution

Commerce Bank - Harrisburg, N.A. (CBHNA) is an independent bank headquartered in Lemoyne, Pennsylvania. CBHNA operates in central Pennsylvania in the Counties of Berks, Cumberland, Dauphin, Lancaster, Lebanon, and York. CBHNA is a wholly owned subsidiary of Pennsylvania Commerce Bancorp, Inc. (PCB), a one-bank holding company. PCB had total average assets of \$1.9 billion as of September 30, 2007. PCB uses the Commerce "brand" through a franchise agreement with Commerce Bancorp, Inc, headquartered in Philadelphia, Pennsylvania.

CBHNA is a full service intrastate bank with 33 full service branches and two loan production offices throughout its assessment area (AA). The bank is a growth oriented institution focusing in core deposit growth through de novo expansion. The bank grew by nine branches through de novo expansion during the evaluation period.

As of September 30, 2007, CBHNA had \$1.9 billion in average assets that included \$1.1 billion in net loans, representing 57.9 percent of average assets. The bank's loan mix consists of 80 percent real estate loans, 18 percent commercial and industrial loans, and 2 percent loans to individuals. During the evaluation period, core deposits increased by 25 percent and net loans increased by 35 percent. As of September 30, 2007, CBHNA reported Net Tier 1 Capital of \$140 million.

CBHNA operates in a competitive financial services market with consumer finance companies, large national and regional banks, credit unions, savings banks and community banks. CBHNA is not subject to any known financial, legal or regulatory restrictions that would impede its ability to help meet the credit needs of its assessment area.

CBHNA's last CRA exam was January 3, 2005, at which time, the bank's performance was rated "Satisfactory."

# Scope of the Evaluation

## Evaluation Period/Products Evaluated

The evaluation period covered January 1, 2004 through December 31, 2006 for Home Mortgage Disclosure Act (HMDA) loans and small loans to businesses. The market share and peer comparisons are based on the information contained in the aggregate HMDA Register for 2006 and Small Business/Farm Register for 2006. The aggregate HMDA and Small Business/Farm Reports are available for public review.

The evaluation period for community development loans, investments and services is January 03, 2005 through January 03, 2008, this represents the time period between the start dates of the bank's last and current CRA exams. We based our conclusions related to community development loans and qualified investments on the number and dollar amounts made during the evaluation period. In addition, we considered the level of innovation, complexity, responsiveness to community credit needs and the degree to which these instruments are not routinely provided by others.

## Data Integrity

We performed a data integrity exam of the loan information indicated above. We chose samples with 95 percent reliability and five percent precision, which resulted in random samples of 60 HMDA loans and 60 small business loans. We compared the information contained on the publicly filed loan register to the information contained in the bank's loan files and evaluated the processes the bank employees to ensure data accuracy. We found the bank's HMDA loan and small business loan data to be of good quality.

## Selection of Areas for Full-Scope Review

We completed full-scope reviews of the bank's Harrisburg-Carlisle MSA AA and York-Hanover MSA AA. We completed a limited scope review of the bank's Lancaster, Lebanon, and Reading MSA AAs. We chose the Harrisburg and York AAs for full-scope reviews because they comprise the area with the highest percentages of the bank's lending, deposits and branches. These AAs represent 83 percent of CBHNA's lending for the evaluation period. These AAs also comprise 84 percent of CBHNA's deposits and 67 percent of its branches. Please refer to Appendix A later in the report for more information.

## Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. When determining conclusions for the Lending Test, home mortgage products were weighted the heaviest followed by small loans to businesses. Within the home mortgage product category home refinance loans were weighted more heavily than home purchase loans, followed by home improvement loans. This weighting is reflective of CBHNA's volume by loan type over the evaluation period. The volume of multifamily loans and small loans to farms originated during the entire evaluation period was too insignificant to evaluate as analysis would not be meaningful, therefore Tables 5, 7, and 12 were eliminated.

CBHNA's overall ratings under each test are the consolidation of conclusions reached for each full-scope AA, along with consideration of any impact on performance by the limited scope AAs. When consolidating full scope AA conclusions into overall ratings, greater weight was given to the Harrisburg MSA AA than the York MSA AA. The weighting was based on the greater lending and deposit activity in the Harrisburg MSA AA and the larger number of branch offices in this AA.

## **Other**

Two community contacts were made in conjunction with this review, one in the Harrisburg AA and the other in the York AA. The information from two recent community contacts was also reviewed. The contacts were made with a representative involved with economic development and an organization dedicated to the provision of affordable housing.

In the Harrisburg AA our contact believes the primary credit needs are financing for new and expanding businesses, especially small businesses and financing for affordable housing projects.

In the York AA our contact believes the primary credit need identified is capital for small business start-up and redevelopment projects. Our contact stated that many projects take longer to start or complete and that there is a need for "patient capital" to keep the projects in process.

The identified need for small business and affordable housing related credit, investments and services was considered in our evaluation of CBHNA's performance under the Lending, Investment and Service Tests. Refer to the Market Profile in Appendix B of this Evaluation for more information.

## **Fair Lending or Other Illegal Credit Practices Review**

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

# Conclusions with Respect to Performance Tests

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "High Satisfactory." Based on the full-scope reviews, the bank's performance is good in both the Harrisburg AA and in the York AA.

### Lending Activity

Refer to Table 1 of Appendix C for the facts and data used to evaluate the bank's lending activity.

The bank's leading product was home mortgage loans, representing 87 percent of the loans originated and purchased during the evaluation period in the York MSA AA and 79 percent in the Harrisburg MSA AA. Small loans to businesses accounted for 13 percent of originated and purchased loans in the York MSA AA and 21 percent in the Harrisburg MSA AA.

Among originated and purchased home mortgage loans, 45 percent of York AA loans and 45 percent of Harrisburg AA loans were for home mortgage refinance, 36 percent of Harrisburg AA loans and 33 percent of York AA loans were home purchase loans and 22 percent of York AA loans and 19 percent of Harrisburg AA loans were for home improvement.

CBHNA's overall lending activity in the two full-scope AAs is good.

CBHNA's lending activity is good in the Harrisburg MSA AA. CBHNA ranks third for deposits with an 11.40 percent market share. CBHNA ranked fifth in overall home mortgage lending based on 2006 HMDA aggregate data. CBHNA is ranked sixth for origination and purchase of home improvement loans, and ranks 12<sup>th</sup> for home refinance and 14<sup>th</sup> for home purchase loans. Competition is strong in the AA, home mortgage lending in the AA is dominated by non-bank financial institutions. Credit unions and regional banks are also heavily active in the market. Based on 2006 CRA aggregate data, CBHNA is ranked 18<sup>th</sup> for originations and/or purchases of small loans to businesses.

CBHNA's lending activity in the York MSA AA is adequate. CBHNA ranks eighth for deposits with a 5.58 percent market share. CBHNA ranked 15<sup>th</sup> in overall home mortgage lending based on 2006 HMDA aggregate data. CBHNA is ranked sixth for home improvement loans, 26<sup>th</sup> for home refinance loans, and 28<sup>th</sup> for home purchase loans. Based on 2006 CRA aggregate data, CBHNA is ranked 21<sup>st</sup> in the origination and purchase of small loans businesses.

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

The geographic distribution of CBHNA's home mortgage loans and small loans to businesses reflect good penetration throughout the full scope AA geographies.

## ***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in of Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loans is good. The geographic distribution is good in both the Harrisburg AA and in the York AA.

The geographic distribution of home purchase loans is excellent in the Harrisburg AA and good York AA. In the Harrisburg AA, the portion of home purchase loans made in both low and moderate-income geographies exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies exceeds and in moderate-income geographies is somewhat below the bank's overall market share of home purchase loans. In the York AA, the portion of home purchase loans made in low-income geographies is near to and in moderate-income geographies is very near to the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies exceeds and in moderate-income geographies is below the bank's overall market share.

The geographic distribution of home improvement loans is good in the Harrisburg and excellent in the York AA. In the Harrisburg AA, the portion of home improvement loans made in low-income geographies is lower than and moderate-income geographies is near to the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies is below and in moderate-income geographies exceeds the bank's overall market share of home improvement loans. In the York AA, the portion of home improvement loans made in both low and moderate-income geographies exceeds the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in moderate-income geographies is below and in low-income geographies is significantly below the bank's overall market share.

The geographic distribution of home refinance loans is good in the Harrisburg AA and adequate in the York AA. In the Harrisburg AA, the portion of home refinance loans made in low-income geographies exceeds and in moderate-income geographies is lower than the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies exceeds and moderate-income geographies is somewhat below the bank's overall market share of home refinance loans. In the York AA, the portion of home refinance loans made in low-income geographies is somewhat lower than and in moderate-income geographies is lower than the portion of owner-occupied housing units that are in those geographies. The market share of loans originated in low-income geographies exceeds and moderate-income geographies is somewhat below the bank's overall market share of home refinance loans.

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

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

The overall geographic distribution of small loans to businesses is excellent. Distribution is excellent in both the Harrisburg and York AAs. In the Harrisburg AA, the portion of small loans to businesses made in low-income geographies exceeds the portion of businesses that are in those geographies while the portion of small loans to businesses made in moderate-income geographies is near to the portion of businesses that are in those geographies. The market share of loans originated in both low and moderate-income geographies exceeds the bank's overall market share. In the York AA the portion of small loans to businesses made in both low and moderate-income geographies exceeds the portion of businesses that are in those geographies. The market share of loans originated in both low and moderate-income geographies exceeds the bank's overall market share.

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

Reports detailing CBHNA's lending activity over the evaluation period for home mortgage loans and small loans to businesses were reviewed to identify gaps in the geographic distribution of loans. No unexplained conspicuous gaps were identified.

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

This portion of the evaluation was performed at the bank level as opposed to an evaluation of the individual AAs. A substantial majority (88 percent) of the combined total of home mortgage loans and of small loans to businesses were made within the bank's AAs. CBHNA originated 96 percent of their home mortgage loans and 64 percent of the small loans to businesses within their AAs. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level of geography.

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

The borrower distribution of CBHNA's home mortgage and small loans to businesses reflects a good dispersion among borrowers of different income levels. The dispersion among borrowers is good throughout both the Harrisburg and York AAs. In the evaluation of borrower distribution, we gave consideration to the poverty level in each of the AAs. The percentage of households living below the poverty level in the Harrisburg AA is 8 percent and in the York AA is 7 percent. Per the Department of Health and Human Services, the 2006 poverty income level is \$20,000 for a family of four. Due to reasons of affordability, it is unlikely that those with incomes below the poverty level would be involved in home mortgage financing. Accordingly, we considered this in evaluating the bank's lending distribution to low-income borrowers.

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

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

The overall borrower distribution of home mortgage loans is good in both the Harrisburg and York AAs.

Home purchase loan borrower distribution is excellent in both the Harrisburg and York AAs. In the Harrisburg AA, the portion of home purchase loans to low-income borrowers lower than the portion of low-income families, but is excellent when considering the 8 percent of households

living below the poverty level. The portion of home purchase loans to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans made to low-income borrowers exceeds and to moderate-income borrowers is somewhat below CBHNA's overall market share in the AA for home purchase loans. In the York AA, the portion of home purchase loans to low-income borrowers is lower than the portion of low-income families, but is considered excellent when considering the 7 percent of households living below the poverty level. The portion of home purchase loans to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans made to low-income borrowers exceeds and to moderate-income borrowers is somewhat below CBHNA's overall market share in the AA for home purchase loans.

Home improvement loan borrower distribution is good in each AA. In the Harrisburg AA, the portion of home improvement loans to low-income borrowers lower than the portion of low-income families, but is excellent when considering the 8 percent of households living below the poverty level. The portion of home improvement loans to moderate-income borrowers is near to the portion of families defined as such. The market share for loans made to low-income borrowers exceeds and to moderate-income borrowers is somewhat below CBHNA's overall market share in the AA for home improvement loans. In the York AA, the portion of home improvement loans to low-income borrowers is lower than the portion of low-income families, but is considered excellent when considering the 7 percent of households living below the poverty level. The portion of home improvement loans to moderate-income borrowers is near to the portion of families defined as such. The market share for loans made to low-income borrowers is below and to moderate-income borrowers substantially meets CBHNA's overall market share in the AA.

Refinance loan borrower distribution is good in both the Harrisburg and York AAs. In the Harrisburg AA the portion of home refinance loans to low-income borrowers is significantly lower than the portion of low-income families, but is good when considering the 8 percent of households living below the poverty level. The portion of home refinance loans to moderate-income borrowers is somewhat lower than the portion of families defined as such. The market share for loans made to low-income borrowers is somewhat below and to moderate-income borrowers is below CBHNA's overall market share in the AA for home refinance loans. In the York AA, the portion of home refinance loans to low-income borrowers is lower than the portion of low-income families, but is good when considering the 7 percent of households living below the poverty level. The portion of home refinance loans to moderate-income borrowers exceeds the portion of families defined as such. The market share for loans made to both low-income borrowers is somewhat below and to moderate-income borrowers exceeds CBHNA's overall market share in the AA.

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

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

The borrower distribution of small loans to businesses is good in the Harrisburg AA and is excellent in the York AA. The portion of CBHNA loans to small businesses (businesses with revenues of \$1 million or less) is near to the portion of businesses that are defined as such in the Harrisburg AA and exceeds the portion of businesses that are defined as such in the York

AA. The market share of small loans to small businesses exceeds CBHNA's overall market share in both AAs.

## **Community Development Lending**

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

CBHNA's level of Community Development (CD) lending had a positive impact on the evaluation of its lending performance.

CBHNA originated three CD loans totaling \$8.5 million in the Harrisburg AA. Two of the loans totaling \$6.5 million were made in conjunction with State and City grant funds totaling \$8.2 million and an additional \$8.8 million in State, County and City loan funds. The proceeds were used to remove a blighted structure that had been vacant for 32 years and the construction and subsequent occupation of a commercial property by the new owner. The property is located in an Enterprise Zone and the new structure and subsequent employment will help to revitalize and stabilize the area. A third loan for \$2 million was made to an organization dedicated to the provision of services to low and moderate-income individuals.

CBHNA originated one CD loan totaling \$550,000 in the York AA. The loan proceeds were used for the conversion of vacant commercial property into an affordable housing complex with 14 apartment units. The units will be occupied by low and moderate-income individuals that receive housing subsidies.

## **Product Innovation and Flexibility**

CBHNA's innovative and flexible lending activity had a neutral impact on the evaluation of its lending performance.

The bank offers an affordable housing mortgage product in cooperation with the Pennsylvania Housing Finance Agency. The program is targeted to people of low or moderate-income and features a low down-payment requirement and a long-term fixed rate. There were 25 loans for \$2.5 million made during the evaluation period.

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

Based on limited-scope reviews, the bank's performance under the Lending Test in the limited scope areas is not inconsistent with the bank's overall "High Satisfactory" performance under the Lending Test. Refer to Tables 1 through 12 in Appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated "Needs to Improve."

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

CBHNA made 151 qualified investments in the Harrisburg AA totaling \$365,000. All of these investments were charitable contributions made to organizations that provide community development services.

In the York AA, CBHNA made 43 investments totaling \$108,000. All of these investments were also charitable contributions made to organizations that provide community development services targeted to low and moderate-income individuals.

The bank funded \$54,600 in a regional investment and holds \$36,600 originated during the prior evaluation period and \$95,000 in unfunded commitments. All of these regional investments represent equity investments in a Small Business Investment Corporation (SBIC) that provides startup capital and operating loans for small businesses.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in the limited scope areas is not inconsistent with the bank's overall "Low Satisfactory" performance under the Investment Test. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "Low Satisfactory." Based on full-scope reviews, the bank's performance is adequate in both the Harrisburg and York AA.

### **Retail Banking Services**

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

CBHNA's delivery systems are reasonably accessible to geographies and individuals of different income levels.

In the Harrisburg-Carlisle AA, the distribution of CBHNA's offices throughout low-income and moderate-income geographies is lower than the distribution of the population living in such geographies. However, a branch located in middle-income geography serves the communities located in adjacent low and moderate-income geographies. The branch, located in downtown

Harrisburg, while itself in a middle-income geography, is centrally located in the middle of three low and two moderate-income geographies that it serves. Additionally, the area has a well-developed, inexpensive mass transit bus system, Capital Area Transit (CAT), providing greater access to the branch network. The CAT system has a fleet of 135 buses.

In the York AA, CBHNA's has no offices located within low or moderate-income geographies. However, CBHNA has only six branches located within this AA and one of these branches is adjacent to and services two low-income geographies. Additionally, this AA also has a well-developed, inexpensive mass transit bus system, "rabbittransit," providing greater access to the branch network. Nearly 6,000 people depend on rabbittransit daily. The bus system has twelve routes serving York and its surrounding suburbs and three routes serving Hanover.

Since the last evaluation the branch network throughout the full-scope AAs expanded by two branches. Two branches were opened in middle-income geographies, and one in upper-income geography. There was one branch closure during the evaluation period in an upper-income geography.

CBHNA's hours and services offered throughout the full-scope AAs are excellent. Services offered are comparable among locations regardless of the income level of the geography. Twenty-two branch offices are located within the full-scope AAs. All branches offer extended hours on every day of the week including Saturday and Sunday hours. The extended hours include full-service lobby banking, including lending and new account services.

CBHNA offers alternative delivery systems in the form of ATMs. The geographic distribution of the bank's ATMs in the various categories of income geographies is similar to its branch distribution. Customers and non-customers alike can access their accounts through CBHNA ATMs. CBHNA also offers alternative delivery systems of on-line banking, bank-by-phone and bank-by-mail. These services allow customers to obtain deposit and loan account information, make payments on CBHNA loans, transfer funds and pay other household bills. We did not place significant weight on these alternative delivery systems because no data was available to determine the impact of these retail-banking services on low and moderate-income geographies and individuals.

## **Community Development Services**

CBHNA's performance in providing community development services is adequate in both the Harrisburg and York AAs.

CBHNA employees provide an adequate level of support to various community development service organizations within both the Harrisburg and York AAs. Members of the CBHNA staff and senior management fill various Board of Director or advisory level positions of organizations providing community development services focused on providing affordable housing opportunities for low and moderate-income individuals or supporting economic development by financing small businesses in areas targeted for development by state, local or tribal governments.

Examples of CBHNA's community development service activities in the Harrisburg AA include participation on the Loan Committee of the Capital Region Economic Development Corporation (CREDC). CREDC is a non-profit organization established to encourage the

growth and stability of the small business sector. Among the loan programs offered are those specifically for businesses located within the two Enterprise Zones in the AA.

CBHNA management also serves on the Board of the Cumberland County Affordable Housing Trust Fund (CCAHTF). CCAHTF is a non-profit community and housing development organization dedicated to promoting housing and homeownership opportunities for low and moderate-income residents of Cumberland County.

Examples of CBHNA's community development service activities in the York AA include participation on Board of the Family-Child Resources (FCR). FCR is a non-profit, organization established to provide services to disadvantaged families and children. CBHNA management also serves on the Advisory Board of MidPenn Legal Services. MidPenn provides necessary legal services to low and moderate-income individuals.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Lancaster AA was not inconsistent with the bank's overall "Low Satisfactory" performance under the Service Test. The performance in the Lebanon and Reading AAs the bank's performance was stronger than the bank's overall performance under the Service Test. The stronger performance in the Lebanon and Reading AAs is due to service delivery systems that are accessible to geographies and individuals of different income levels. These performance differences noted did not have an impact on the service test conclusions or rating. Refer to Table 15 of Appendix C for the facts and data that support these conclusions.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (01/01/04 to 12/31/06) Investment and Service Tests and CD Loans: (01/03/05 to 01/03/08)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Commerce Bank-Harrisburg, N.A. (CBHNA) Lemoyne, PA	Home Mortgage, Small Business, and CD loans; CD Investments; CD Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Affiliate(s)</b>
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Harrisburg-Carlisle MSA # 25420 York-Hanover MSA #49620 Lancaster MSA #29540 Lebanon MSA #30140 Reading MSA #39740	Full Scope Full Scope Limited Scope Limited Scope Limited Scope	

## Appendix B: Market Profiles for Full-Scope Areas

### MSA 25420 Harrisburg-Carlisle

Demographic Information for Full-Scope Area: MSA 25420 Harrisburg-Carlisle										
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #				
Geographies (Census Tracts/BNAs)	111	4.50	23.42	54.95	17.12	0.00				
Population by Geography	509,074	3.49	17.46	58.70	20.35	0.00				
Owner-Occupied Housing by Geography	141,039	1.55	13.09	62.34	23.01	0.00				
Businesses by Geography	32,452	2.40	15.13	64.39	18.09	0.00				
Farms by Geography	1,198	0.17	6.68	81.39	11.77	0.00				
Family Distribution by Income Level	135,197	17.85	19.30	24.27	38.57	0.00				
Distribution of Low- and Moderate-Income Families throughout AA Geographies	50,229	6.30	22.54	59.59	11.57	0.00				
Median Family Income	52,829	Median Housing Value				104,014				
HUD Adjusted Median Family Income for 2005	64,300					Unemployment Rate				1.99%
Households Below the Poverty Level	8%									

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

The Harrisburg-Carlisle MSA includes the Counties of Cumberland, Dauphin and Perry. All census tracts within the MSA are included in the bank's AA. The AA complies with the CRA guidelines and does not arbitrarily exclude low and moderate-income geographies.

Based on the June 30, 2007 FDIC Deposit Market Share Report, Commerce ranks 3<sup>rd</sup> in deposit market share in the AA with a 11.40 percent market share. Competition for both loans and deposits is strong in this AA, particularly from larger regional and multistate financial institutions.

There are a total of 16 branches located in the Harrisburg AA, accounting for 48 percent of the total number of branches. All of the branches have extended hours of operation. All of the branches have both Saturday and Sunday hours. A full line of traditional banking products and services are offered at all branches.

According to the 2000 U.S. Census Data, there are 111 census tracts in this AA. There are five low-income tracts, 26 moderate-income tracts, 61 middle-income tracts, 19 upper-income tracts, and no tracts that have not been assigned an income classification. The 2000 U.S. Census Data reported the total population of the assessment area at 509,074. This population was comprised of 202,456 households and 135,197 families. There are 217,025 housing units, of which, 87 percent were one to four family units and 13 percent were multifamily units. Owner-occupied housing is 65 percent, rental-occupied housing is 28 percent, and vacant

housing is 7 percent. The median housing value is \$104,014. The median family income was \$52,829 and the HUD updated MSA median family income is \$64,300. Approximately 8 percent of the households are below poverty. Approximately 18 percent of the families in the AA are low-income, 19 percent are moderate-income, 24 percent are middle-income, and 39 percent are upper-income.

According to the 2006 Business Geodemographics, there are a total of 32,452 businesses and 1,198 farms. Approximately three percent of the businesses are located in low-income tracts, 15 percent are located in moderate-income tracts, 64 percent are located in middle-income tracts, and 18 percent are located in upper-income tracts. Approximately 65 percent of the businesses reporting have revenues less than \$1 million and approximately 69 percent of the businesses and farms reporting had less than 10 employees.

The city of Harrisburg is the industrial and commercial center of the AA. Some of the larger employers in the AA are the State of Pennsylvania, as Harrisburg is the Capital of the State, the United States government, Hershey Food Corporation, Highmark Blue Shield, and Tyco Electronics Corp. Per the U.S. Department of Labor Bureau of Labor Statistics, the unemployment rate, as of December 2007, was 3.5 percent, compared to the national unemployment rate of 5.0 percent.

Based on OCC community contacts made and reviewed, there are opportunities for banks to provide community development lending, investments, and services. We concluded the primary needs of the area are funding for small and start-up businesses along with support for affordable housing development.

## MSA 20764 York

Demographic Information for Full-Scope Area: MSA 20764 York						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	82	7.32	13.41	70.73	8.54	0.00
Population by Geography	381,751	3.68	8.14	80.70	7.48	0.00
Owner-Occupied Housing by Geography	112,816	1.50	5.60	84.99	7.91	0.00
Businesses by Geography	20,574	6.45	9.05	77.52	6.99	0.00
Farms by Geography	982	0.81	1.83	91.14	6.21	0.00
Family Distribution by Income Level	105,861	15.97	19.58	27.05	37.40	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	37,634	6.55	11.52	77.57	4.36	0.00
Median Family Income						
HUD Adjusted Median Family Income for 2005	52,279					
Households Below the Poverty Level	63,700 7%					
			Median Housing Value			105,407
			Unemployment Rate			1.91%

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

The York MSA consists of all of York County. According to the 2000 U.S. Census Data, there are a total of 82 census tracts in this AA. There are six low-income tracts, 11 moderate-income tracts, 58 middle-income tracts, seven upper-income tracts, and none that have not been assigned an income classification.

The 2000 U.S. Census Data reported the total population of the assessment area at 381,751. This population was comprised of 156,789 households and 105,861 families. There are 156,720 housing units, of which, 93 percent were one to four family units and seven percent were multifamily units. Owner-occupied housing is 72 percent, rental-occupied housing is 23 percent, and vacant housing is five percent.

The median housing cost is \$105,407. The median family income was \$52,279 and the HUD updated MSA median family income is \$63,700. Approximately 7 percent of households are below poverty. Approximately 16 percent of the families in the AA are low-income, 20 percent are moderate-income, 27 percent are middle-income, and 37 percent are upper-income.

According to the 2006 Business Geodemographics, there are a total of 20,574 businesses and 982 farms. Approximately seven percent of businesses are located in low-income tracts, nine percent in moderate-income tracts, 77 percent in middle-income tracts, and seven percent in upper-income tracts. Approximately 93 percent of the businesses reporting have revenues less than \$1 million and approximately 70 percent of the businesses and farms reporting had less than 10 employees.

The primary employers in the AA are include the United State government, York Hospital, Harley-Davidson Motor Co., Wal-Mart, and York County. Per the U.S. Department of Labor

Bureau of Labor Statistics, the unemployment rate, as of December 2007, was 3.6 percent, compared to the national unemployment rate of 5.0 percent.

There are a total of six branches located in the York AA, accounting for 19 percent of the total number of branches. All of the branches have extended hours of operation including both Saturday and Sunday hours. A full line of traditional banking products and services are offered at all branches.

Based on the June 30, 2007 FDIC Deposit Market Share Report, Commerce ranks 8<sup>th</sup> with a 5.58 percent market share. Competition for loans and deposits is relatively strong with a presence of large regional banks and credit unions.

Based on OCC community contacts made and reviewed, there are opportunities for banks to provide community development lending and services. Direct investment opportunities are more limited. However, opportunities exist for financial institutions to assist in meeting the needs of the community, in particular, there is a need for affordable housing, first time home-buyer education, first time home buyer loan programs, home repair loans, and access to capital for businesses trying to expand.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the

bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the

table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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

**Table 1. Lending Volume**

LENDING VOLUME		Geography: COMMERCE HARRISBURG						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006				
MA/Assessment Area (2006):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Harrisburg Carlisle 25420 PA MSA	54.32	2,541	253,686	681	124,605	1	75	3	8,500	3,226	386,866	63.00
York Hanover 49620 PA MSA	29.17	1,460	128,768	219	36,634	0	0	1	550	1,680	165,952	21.00
<b>Limited Review:</b>												
Lancaster 29540 PA MSA	2.61	94	12,235	56	17,464	0	0	0	0	150	29,699	2.00
Lebanon 30140 PA MSA	6.95	357	36,117	43	6,352	0	0	0	0	400	42,469	5.00
Reading 39740 PA MSA	6.95	321	30,665	78	12,985	1	50	0	0	400	43,700	9.00

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

\*\* The evaluation period for Community Development Loans is from January 03, 2005 to January 03, 2008.

\*\*\* Deposit Data as of January 17, 2008. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE		Geography: COMMERCE HARRISBURG						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Harrisburg Carlisle 25420 PA MSA	912	55.89	1.55	1.64	13.09	14.69	62.34	49.12	23.01	34.54	2.03	3.46	1.64	1.67	2.94
York Hanover 49620 PA MSA	487	30.69	1.50	1.44	5.60	5.54	84.99	86.04	7.91	6.98	1.04	1.83	0.65	1.08	0.79
<b>Limited Review:</b>															
Lancaster 29540 PA MSA	40	2.52	1.17	2.50	6.39	7.50	81.91	67.50	10.53	22.50	0.11	0.00	0.08	0.12	0.16
Lebanon 30140 PA MSA	114	7.18	0.00	0.00	11.94	4.39	69.36	52.63	18.70	42.98	1.59	0.00	0.67	1.69	1.81
Reading 39740 PA MSA	59	3.72	3.01	6.78	10.08	20.34	70.43	57.63	16.49	15.25	0.19	0.24	0.31	0.15	0.25

<sup>\*</sup> Based on 2006 Peer Mortgage Data (Eastern)

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

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

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

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

Geographic Distribution: HOME IMPROVEMENT		Geography: COMMERCE HARRISBURG					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006					Market Share (%) by Geography <sup>*</sup>				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
Harrisburg Carlisle 25420 PA MSA	471	47.38	1.55	0.85	13.09	12.53	62.34	57.11	23.01	29.51	4.43	2.13	4.73	4.30	4.80	
York Hanover 49620 PA MSA	326	34.10	1.50	2.76	5.60	5.83	84.99	80.37	7.91	11.04	3.75	0.00	2.01	3.86	3.91	
<b>Limited Review:</b>																
Lancaster 29540 PA MSA	14	1.46	1.17	0.00	6.39	0.00	81.91	78.57	10.53	21.43	0.23	0.00	0.00	0.21	0.65	
Lebanon 30140 PA MSA	76	7.95	0.00	0.00	11.94	11.84	69.36	63.16	18.70	25.00	4.08	0.00	5.05	4.16	3.11	
Reading 39740 PA MSA	87	9.10	3.01	0.00	10.08	3.45	70.43	72.41	16.49	24.14	1.30	0.00	0.36	1.44	1.54	

<sup>\*</sup> Based on 2006 Peer Mortgage Data (Eastern)

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

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

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE Geography: COMMERCE HARRISBURG												Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ <sup>***</sup> Units	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Harrisburg Carlisle 25420 PA MSA	1,128	51.62	1.55	1.68	13.09	9.40	62.34	57.18	23.01	31.74	2.67	6.79	2.06	2.48	3.22	
York Hanover 49620 PA MSA	642	30.54	1.50	1.09	5.60	3.12	84.99	83.64	7.91	12.15	1.54	2.26	1.34	1.51	1.78	
<b>Limited Review:</b>																
Lancaster 29540 PA MSA	40	1.90	1.17	0.00	6.39	7.50	81.91	67.50	10.53	25.00	0.16	0.00	0.15	0.12	0.51	
Lebanon 30140 PA MSA	164	7.80	0.00	0.00	11.94	10.37	69.36	56.71	18.70	32.93	2.39	0.00	1.54	2.44	2.72	
Reading 39740 PA MSA	171	8.14	3.01	2.92	10.08	8.77	70.43	61.99	16.49	26.32	0.63	0.69	0.13	0.54	1.15	

\* Based on 2006 Peer Mortgage Data (Eastern)

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

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

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES Geography: COMMERCE HARRISBURG Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006															
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Harrisburg Carlisle 25420 PA MSA	681	62.85	2.40	3.23	15.13	14.54	64.39	59.32	18.09	22.91	1.18	2.18	1.59	1.17	1.02
York Hanover 49620 PA MSA	219	20.54	6.45	9.59	9.05	11.87	77.52	68.95	6.99	9.59	0.55	2.45	0.71	0.47	0.38
<b>Limited Review:</b>															
Lancaster 29540 PA MSA	56	5.25	3.90	0.00	7.77	17.86	77.90	78.57	10.43	3.57	0.12	0.00	0.26	0.13	0.05
Lebanon 30140 PA MSA	43	4.03	0.00	0.00	16.92	18.60	67.53	65.12	15.56	16.28	0.33	0.00	0.20	0.42	0.15
Reading 39740 PA MSA	78	7.32	8.69	12.82	8.08	10.26	65.25	61.54	17.98	15.38	0.26	1.07	0.64	0.21	0.16

\* Based on 2006 Peer Small Business Data -- US and PR

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

\*\*\* Source Data - Dun and Bradstreet (2007).

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

Borrower Distribution: HOME PURCHASE		Geography: COMMERCE HARRISBURG								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>1</sup>	% BANK Loans <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Harrisburg Carlisle 25420 PA MSA	912	55.89	17.85	10.01	19.30	22.26	24.27	26.15	38.57	41.58	2.46	3.11	1.95	2.44	2.67
York Hanover 49620 PA MSA	487	30.69	15.97	10.94	19.58	25.32	27.05	28.76	37.40	34.98	1.25	1.82	1.05	1.22	1.29
<b>Limited Review:</b>															
Lancaster 29540 PA MSA	40	2.52	15.76	2.63	19.70	18.42	26.55	36.84	37.99	42.11	0.13	0.00	0.08	0.17	0.17
Lebanon 30140 PA MSA	114	7.18	16.79	5.45	19.96	11.82	25.27	24.55	37.97	58.18	1.83	1.22	0.41	1.45	3.27
Reading 39740 PA MSA	59	3.72	17.73	18.18	19.00	21.82	24.38	30.91	38.90	29.09	0.22	0.27	0.17	0.31	0.17

<sup>\*</sup> Based on 2006 Peer Mortgage Data (Eastern)

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 5.9% of loans originated and purchased by bank.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

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

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Borrower Distribution: HOME IMPROVEMENT      Geography: COMMERCE HARRISBURG      Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006															
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>				
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>2</sup>	% BANK Loans <sup>****</sup>	% Families <sup>*</sup>	% BANK Loans <sup>****</sup>	% Families <sup>*</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Harrisburg Carlisle 25420 PA MSA	471	47.38	17.85	13.20	19.30	18.40	24.27	24.03	38.57	44.37	4.85	6.27	3.56	4.69	5.30
York Hanover 49620 PA MSA	326	34.10	15.97	9.09	19.58	18.18	27.05	32.29	37.40	40.44	3.80	2.33	3.73	4.44	3.68
<b>Limited Review:</b>															
Lancaster 29540 PA MSA	14	1.46	15.76	7.14	19.70	28.57	26.55	14.29	37.99	50.00	0.25	0.29	0.29	0.19	0.25
Lebanon 30140 PA MSA	76	7.95	16.79	13.33	19.96	17.33	25.27	25.33	37.97	44.00	4.19	5.31	3.24	4.21	4.32
Reading 39740 PA MSA	87	9.10	17.73	13.10	19.00	15.48	24.38	35.71	38.90	35.71	1.25	0.52	1.25	1.83	1.04

<sup>\*</sup> Based on 2006 Peer Mortgage Data (Eastern)

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 2.0% of loans originated and purchased by bank.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

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

<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: COMMERCE HARRISBURG					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006					Market Share <sup>*</sup>				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>3</sup>	% BANK Loans <sup>****</sup>	% Families <sup>*</sup> **	% BANK Loans <sup>****</sup>	% Families <sup>*</sup> **	% BANK Loans <sup>**</sup> **						
<b>Full Review:</b>																
Harrisburg Carlisle 25420 PA MSA	1,128	51.62	17.85	7.56	19.30	17.34	24.27	25.55	38.57	49.54	3.19	2.83	2.00	2.56	4.51	
York Hanover 49620 PA MSA	642	30.54	15.97	6.60	19.58	21.74	27.05	28.66	37.40	43.00	1.78	1.45	2.00	1.47	1.97	
<b>Limited Review:</b>																
Lancaster 29540 PA MSA	40	1.90	15.76	5.41	19.70	13.51	26.55	18.92	37.99	62.16	0.17	0.13	0.09	0.13	0.29	
Lebanon 30140 PA MSA	164	7.80	16.79	8.28	19.96	13.38	25.27	32.48	37.97	45.86	2.65	2.46	1.25	2.49	3.66	
Reading 39740 PA MSA	171	8.14	17.73	7.27	19.00	20.61	24.38	32.73	38.90	39.39	0.71	0.36	0.69	0.72	0.80	

<sup>\*</sup> Based on 2006 Peer Mortgage Data (Eastern)

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 3.9% of loans originated and purchased by bank.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

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

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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

Borrower Distribution: SMALL LOANS TO BUSINESSES      Geography: COMMERCE HARRISBURG      Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2006									
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Harrisburg Carlisle 25420 PA MSA	681	62.85	64.48	61.23	51.10	26.43	22.47	1.18	2.06
York Hanover 49620 PA MSA	219	20.54	66.63	66.67	57.08	25.11	17.81	0.55	0.79
<b>Limited Review:</b>									
Lancaster 29540 PA MSA	56	5.25	68.95	58.93	28.57	35.71	35.71	0.12	0.17
Lebanon 30140 PA MSA	43	4.03	67.91	60.47	62.79	23.26	13.95	0.33	0.57
Reading 39740 PA MSA	78	7.32	68.67	60.26	53.85	24.36	21.79	0.26	0.37

<sup>\*</sup> Based on 2006 Peer Small Business Data -- US and PR

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

<sup>\*\*\*</sup> Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2007).

<sup>\*\*\*\*</sup> Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 12.57% of small loans to businesses originated and purchased by the bank.

**Table 14(a). Qualified Investments**

QUALIFIED INVESTMENTS		Geography: COMMERCE HARRISBURG				Evaluation Period: JANUARY 3, 2005 TO JANUARY 3, 2008				
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)	
<b>Full Review:</b>										
Harrisburg Carlisle 25420 PA MSA	0	0	151	365	151	365	58.00	0	0	
York Hanover 49620 PA MSA	0	0	43	108	43	108	17.00	0	0	
<b>Limited Review:</b>										
Lancaster 29540 PA MSA	0	0	24	88	24	88	14.00	0	0	
Lebanon 30140 PA MSA	0	0	23	5	23	5	1.00	0	0	
Reading 39740 PA MSA	0	0	26	63	26	63	10.00	0	0	

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

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

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**Table 14(b). Qualified Investments**

QUALIFIED INVESTMENTS		Geography: COMMERCE HARRISBURG				Evaluation Period: JANUARY 3, 2005 TO JANUARY 3, 2008			
MA/Assessment Area:	Prior Period Investments *		Current Period Investments		Total Investments			Unfunded Commitments **	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Mid-Atlantic Region. A greater Regional Area that includes the institution's AAs	1	37	1	55	2	92	100.00	1	95

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

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

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: COMMERCE HARRISBURG				Evaluation					
Period: JANUARY 3, 2005 TO JANUARY 3, 2008																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Harrisburg Carlisle 25420 PA MSA	63.00	16	49.00	0.00	6.25	62.50	31.25	2	1	0	0	1	0	3.81	18.46	55.47	22.26
York Hanover 49620 PA MSA	21.00	6	18.00	0.00	0.00	100.0	0.00	1	0	0	0	1	0	3.68	8.14	80.70	7.48
<b>Limited Review:</b>																	
Lancaster 29540 PA MSA	2.00	3	9.00	0.00	0.00	67.00	33.00	3	0	0	0	2	1	3.13	8.69	79.02	9.15
Lebanon 30140 PA MSA	5.00	3	9.00	0.00	33.00	67.00	0.00	1	0	0	0	1	0	0.00	16.43	67.01	16.55
Reading 39740 PA MSA	9.00	5	15.00	0.00	20.00	60.00	20.00	3	0	0	0	2	1	7.37	12.67	64.96	15.00