



Comptroller of the Currency
Administrator of National Banks

Northeastern District Office
340 Madison Avenue, 5th Floor
New York, New York 10017

Licensing Division
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Conditional Approval #716
December 2005

November 18, 2005

By facsimile: 856.751.1147
and regular mail.

Mr. David Wojcik
Senior Vice President/Risk Management
Commerce Bank, N.A.
1701 Route 70 East
Cherry Hill, New Jersey 08034

Re: Application to merge Palm Beach County Bank, West Palm Beach, Florida, with and into
Commerce Bank, National Association, Philadelphia, Pennsylvania, under the title and
charter number of the latter.
Control No.: 2005-NE-02-0027

Charter No.: 17094

Dear Mr. Wojcik:

On today's date, the Office of the Comptroller of the Currency ("OCC") has approved your proposal to merge Palm Beach County Bank, West Palm Beach, Florida, ("PBCB"), with and into Commerce Bank, National Association, Philadelphia, Pennsylvania, ("CBNA"), under the title and charter number of the latter. This approval was granted based on a thorough review of all information available, including the AML/BSA Plan (the Plan), the commitments and representations made in the application and those of your representatives, and the merger agreement; and the understanding that Commerce Bank will cease the operations of PBCB which owns 100% of Banker's Abstract & Land Insurance Agency, an insurance agency located in Florida, which conduct closings and issue title insurance for loans generated by Palm Beach Bank, and wholly owns PBCB, Inc, a Florida corporation, incorporated in 1999 and currently defunct.

This approval is subject to the following condition(s):

1. Prior to consummation, Commerce Bank will have in place a qualified AML/BSA Regional Officer for the Florida region.
2. Prior to consummation, all training initiatives under the Plan must be completed.
3. In the event that Commerce Bank intends to deviate from the Plan, Commerce Bank shall: (i) provide to the Chicago District Office, Assistant Deputy Comptroller for Mid-

Size Banks, and the Examiner-in-Charge of Commerce Bank a prior written notice of intent to deviate or change from the Plan, and (ii) shall obtain the OCC's written determination of no objection before Commerce Bank engages in any deviations or changes described in the written notice. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to Commerce Bank's written notice.

4. Concurrent with consummation, Commerce Bank shall provide the OCC documentation certifying the divestiture or cessation of operations of PCBC and its subsidiaries.
5. At least 10 days before consummation, Commerce Bank will provide a detailed written status report to the Mid-Size Banks' Assistant Deputy Comptroller and the Examiner-in-Charge for Commerce Bank, summarizing its efforts to adhere to the Plan for the Florida region.

The condition(s) of this approval are conditions "imposed in writing by the agency in connection with the granting of any application or other request within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

The OCC received comments from a Florida banking competitor opposing the application. Some of the allegations raised by the commenter have been addressed in court proceedings, and the remaining allegations are not relevant to the statutory and regulatory factors considered under the Bank Merger Act. Based on these reasons set forth above, the OCC has determined that approval of the application is consistent under the Bank Merger Act, 12 U.S.C. § 1828(c).

The district office must be advised in writing in advance of the desired effective date for the merger so that the OCC may issue the necessary certification. The effective date must follow the applicable Department of Justice's injunction period and any other regulatory approval.

The OCC will issue a letter certifying consummation of the transaction when we have received:

- 1) A Secretary's Certificate for each institution, certifying that a majority of the board of directors approved the transaction, if not previously provided.
- 2) An executed merger agreement with Articles of Association for the resulting bank attached, if not previously provided.
- 3) A Secretary's Certificate for each institution, certifying that the shareholder approvals have been obtained, if not previously provided.

If the merger is not consummated within one year from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

Please be advised that the OCC is also authorizing the resulting bank, should the combination occur between Call Report dates, to recalculate its legal lending limit. The new lending limit should be calculated by using data from the last Call Report of the individual banks filed prior to consummating the merger, as adjusted for the combination. The resulting bank will then file a new Call Report and begin calculating its legal lending limit according to 12 C.F.R. §32.4(a) at the end of the quarter following consummation of the combination.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States (U.S.), any agency or entity of the United States, or any officer or employee of the U. S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U. S.

All correspondence regarding this application should reference the control number. If you have any questions, please contact the undersigned at 212.790.4055.

Sincerely,

signed

Gabriel Butler
Licensing Analyst



Comptroller of the Currency
Administrator of National Banks

New York, New York 10017

**DECISION OF THE COMPTROLLER OF THE CURRENCY
ON THE APPLICATION TO MERGE PALM BEACH COUNTY BANK, WEST PALM
BEACH, FLORIDA, WITH AND INTO COMMERCE BANK, NATIONAL
ASSOCIATION, PHILADELPHIA, PENNSYLVANIA, UNDER THE CHARTER OF
COMMERCE BANK, NATIONAL ASSOCIATION AND TITLE OF COMMERCE
BANK, NATIONAL ASSOCIATION**

November 18, 2005

Introduction

On August 11, 2005 application was made to the Comptroller of the Currency for prior approval to merge Palm Beach County Bank, West Palm Beach, Florida, 33409, (PBCB), with and into Commerce Bank, National Association, Philadelphia, Pennsylvania, 19103, (CBNA), under the charter and title of the latter. This application was based on an agreement entered into between the parties on July 25, 2005.

Participating Financial Institutions

As of June 30, 2005, PBCB, a state-chartered community bank, had total deposits of \$261 million and operated seven offices. On the same date, CBNA had total deposits of \$21.5 billion and operated 69 offices. CBNA is 100% owned and controlled by Commerce Bancorp, a multi-bank holding company.

Competitive Analysis

The OCC considered the competitive effects of this proposal by using its standard procedures for determining whether a business combination clearly has minimal or no adverse competitive effects. The OCC finds that the proposal satisfies its criteria for a merger and that it clearly has no or minimal adverse competitive effects.

Banking Factors

The Bank Merger Act requires the OCC to consider the financial and managerial resources and future prospects of the existing and proposed institutions, the convenience and needs of the community to be served, and the effectiveness of the insured depository institutions involved in

the proposed transaction in combating money laundering activities. We find that the financial and managerial resources of PBCB and CBNA do not raise concerns that would cause the application to be disapproved. The future prospects of the proponents, individually and combined, are considered favorable and the resulting bank is expected to meet the convenience and needs of the community to be served.

Community Reinvestment Act

A review of the record of this application and other information available to the OCC as a result of its regulatory responsibilities has revealed no evidence that the applicant's record of helping to meet the credit needs of its communities, including low- and moderate-income neighborhoods, is inconsistent with approval of the application.

Public Comments

The OCC received comments from a banking competitor in Florida opposing the application. Some of the allegations raised by the commenter have been addressed in court proceedings, and the remaining allegations are not relevant to the statutory and regulatory factors considered under the Bank Merger Act. Based on these reasons, the OCC has determined that approval of the application is consistent with the Bank Merger Act.

Conclusion

I have analyzed this proposal pursuant to the Bank Merger Act (12 USC 1828(c)) and 12 CFR 5.33, and find that it will not significantly lessen competition in any relevant market. Other factors considered in evaluating this proposal are satisfactory. Accordingly, I approve this application subject to the conditions noted in a separate communication to CBNA.

Signed
Beverly Evans
Director for District Licensing

11/18/2005
Date

Application Control Number: 2005 NE 02 0027