

BankDirector. 2012
PERFORMANCE SCORECARD
TOP 10

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We ask, listen and solve.



Commerce Bank
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THE FOUR KEYS TO SUCCESS:

Q&A with Commerce Bank CEO David Kemper

Once a year, Bank Director magazine ranks publicly traded U.S. banks based on profitability, capitalization and asset quality in the Bank Performance Scorecard, and there is one bank that often seems to appear high on the list. Commerce Bancshares, Inc., a \$20.7-billion asset holding company for Commerce Bank headquartered in Kansas City, Missouri, was the fourth best performing bank in the \$5-billion to \$50-billion asset size category this year.

Led by David Kemper, a seasoned banker with more than two decades as CEO of the company, Commerce Bancshares, Inc. weathered the financial crisis without TARP assistance, boasts an extremely high customer satisfaction rating, and consistently outperforms the market regardless of the financial climate. The bank had a 12.39 percent return on average equity last year. Bank Director interviewed David Kemper to get his insight on the keys to consistently high performance.

BD: What are some of the attributes contributing to Commerce Bancshares, Inc.'s continued success?

We've had a very strong credit culture. We are a relationship bank, so most of our borrowing customers are also customers who buy other things from the bank. That tends to mean we try to know more about the customer, and they are also primarily in our geographical footprint or in industries where we do a lot of business and have developed an expertise. So, know your customer and know the markets and industries you deal in. That's been our philosophy for many, many years and that tends to lead to better credit performance.

On the capital side, we have always felt that a strong capital base allows you more flexibility. It allows you the ability to take opportunities, such as expanding your balance sheet or acquiring another bank. So we have always had the philosophy of running with strong capital, and we are very supportive of stronger capital in the banking industry. It also will tend to improve pricing as people will have to price off of a higher capital ratio.

BD: Commerce Bancshares, Inc. has ranked near the top of the list for customer service in J.D. Power and Associates' ranking. What are your strategies for achieving this?

We have always said that we are in the service business, and we have four major measurements that all of our associates know. One is top line revenue growth; we feel that is very important that a strong organization be growing their

top line. Second is profitability. Third is customer satisfaction and fourth is employee satisfaction. So we pay attention to all four of those, and as you have said, customer and employee satisfaction is a top priority. It goes with the community and relationship aspect of our bank. We just think that gives you an edge.

Obviously, retention of customers is just a good way to do business; it makes it better for both the provider and the customer, and it's also more profitable. The last thing you want is turnover in customers. We really pay attention. It's been an advantage in this environment where you have had a lot of the large national banks kind of pull back from the market we are in. Frankly, we've got better personnel in those markets, and that leads to better customer satisfaction.

We are a large community bank with expertise in certain areas such as payments and money management, but we very much want to be part of the community. We understand it better, and that's just been a winning formula.

BD: Looking ahead, what are the key challenges for your institution?

It's pretty obvious that some of the short-term economic situations of a deleveraging economy means very slow loan growth. These low interest rates are very difficult for both savers and banks because we have a very difficult time getting any kind of interest spread on money.

Everybody complains about regulation, but it is adding a lot of cost, and I think it is going to drive a lot of consolidation in the industry. It is going to put a lot of community banks out of business. Those are challenges the industry faces: tough top line growth, tough loan demand, tough interest rate environment, and too much cost.

If you look at why we have done pretty well, it is because we have had great credit quality and we have really worked on expense control. We are determined to be a low unit cost producer and be very efficient.

[The banking industry] is going to get smaller and more focused. The tough-minded people who picked the right niches and got the right cost controls will do pretty well. That's the way we view the world and I think we have executed pretty well with that kind of view.

*The number one, two and three banks in the \$5-billion to \$50-billion asset size category were Santa Barbara, California-based Pacific Capital Bancorp; Miami Lakes, Florida-based BankUnited Inc.; and San Francisco-based First Republic Bank.

2012 BANK PERFORMANCE SCORECARD

\$5 BILLION UP TO \$50 BILLION

Rank	Company Name	Ticker	State	Total Assets (\$000)	Industry Type	Profitability				Capital Adequacy		Asset Quality				Final Score
						Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity/Tang Assets (%)	TCE Rank	NPA's/Loans & OREO (%)	NPA Rank	NCO's/Avg Loans (%)	NCO's Rank	
1	Pacific Capital Bancorp	PCBC	CA	5,850	Bank	1.39	4	11.58	8	11.71	8	1.88	24	0.01	2	33
2	BankUnited, Inc.	BKU	FL	11,322	Bank	1.23	9	9.24	21	13.03	4	0.20	2	0.36	18	44
3	First Republic Bank	FRC	CA	27,792	Bank	1.46	3	15.76	3	8.54	40	0.16	1	0.02	3	48
4	Commerce Bancshares, Inc.	CBSH	MO	20,649	Bank	1.34	5	12.39	5	9.91	15	1.71	19	0.70	36	52.5
5	Signature Bank	SBNY	NY	14,666	Bank	1.08	19	12.33	7	9.60	18	1.29	11	0.52	27	63
6	CVB Financial Corp.	CVBF	CA	6,483	Bank	1.30	6	12.37	6	10.19	14	3.55	47	0.57	31	65
7	BOK Financial Corp.	BOKF	OK	25,494	Bank	1.20	10	11.07	12	9.56	20	2.83	34	0.35	17	67.5
8	Cullen/Frost Bankers, Inc.	CFR	TX	20,317	Bank	1.16	11	9.95	15	8.82	33	1.51	15	0.54	28	80.5
9	Westamerica Bancorp.	WABC	CA	5,042	Bank	1.89	1	17.19	1	8.35	43	3.41	42	0.67	35	83.5
10	Bank of Hawaii Corp.	BOH	HI	13,846	Bank	1.23	8	15.86	2	7.03	59	1.34	12	0.40	20	85
11	Prosperity Bancshares, Inc.	PB	TX	9,823	Bank	1.53	2	9.72	19	7.00	61	0.46	3	0.14	8	87.5
12	National Penn Bancshares, Inc.	NPBC	PA	8,486	Bank	1.07	20	7.99	32	11.04	10	1.44	13	0.74	39	88
13	Community Bank System, Inc.	CBU	NY	6,488	Bank	1.28	7	11.21	9	6.76	65	0.83	6	0.15	9	88.5
14	Trustmark Corp.	TRMK	MS	9,727	Bank	1.08	17	8.71	24	9.66	17	3.10	40	0.56	29	92.5
15	Texas Capital Bancshares, Inc.	TCBI	TX	8,138	Bank	1.12	15	13.45	4	7.34	56	1.50	14	0.46	23	93.5
16	BBCN Bancorp, Inc.	BBCN	CA	5,167	Bank	1.06	21	8.13	31	11.47	9	1.52	16	1.20	53	95.5
17	First Financial Bancorp.	FFBC	OH	6,672	Bank	1.08	18	9.54	20	9.25	24	2.92	36	0.84	44	102
18	United Bankshares, Inc.	UBSI	WV	8,451	Bank	1.15	13	10.10	14	7.24	57	1.83	23	0.28	13	102
19	NBT Bancorp Inc.	NBTB	NY	5,598	Bank	1.11	16	11.18	10	7.14	58	1.06	8	0.56	30	103
20	Hudson City Bancorp, Inc.	HCBK	NJ	45,356	Thrift	0.82	39	8.72	23	9.75	16	3.47	43	0.27	11	105
21	International Bancshares Corp.	IBOC	TX	11,740	Bank	1.02	24	8.22	30	9.57	19	3.99	52	0.33	15	106.5
22	New York Community Bancorp, Inc.	NYB	NY	42,024	Thrift	1.16	12	8.70	25	7.78	50	1.78	21	0.40	19	107
23	East West Bancorp, Inc.	EWBC	CA	21,969	Bank	1.14	14	11.01	13	8.46	41	2.60	31	1.16	50	108.5
24	BancFirst Corp.	BANF	OK	5,609	Bank	0.87	33	9.87	16	7.66	53	1.28	10	0.09	6	110
25	First Niagara Financial Group, Inc.	FNFG	NY	32,811	Bank	0.99	25	7.50	38	8.57	39	0.85	7	0.20	10	110.5
26	Old National Bancorp	ONB	IN	8,610	Bank	1.03	23	8.62	26	8.97	29	2.98	39	0.52	26	110.5
27	People's United Financial, Inc.	PBCT	CT	27,568	Thrift	0.91	28	4.51	55	12.01	7	2.85	35	0.28	12	113.5
28	Capitol Federal Financial, Inc.	CFFN	KS	9,421	Thrift	0.69	45	3.70	58	20.52	1	1.57	18	0.07	5	115.5
29	PacWest Bancorp	PACW	CA	5,528	Bank	1.03	22	11.07	11	8.95	30	7.58	66	0.82	42	117
30	UMB Financial Corp.	UMBF	MO	13,541	Bank	0.90	32	9.79	18	6.76	64	0.70	5	0.51	24	128.5
31	Hancock Holding Co.	HBHC	MS	19,774	Bank	0.98	26	7.99	33	7.96	47	2.00	26	0.44	21	129.5
32	IBERIABANK Corp.	IBKC	LA	11,758	Bank	0.63	50	4.81	52	9.52	21	1.22	9	0.14	7	131
33	Investors Bancorp, Inc. (MHC)	ISBC	NJ	10,702	Thrift	0.79	43	8.56	27	8.80	35	1.74	20	0.57	32	131
34	Northwest Bancshares, Inc.	NWBI	PA	7,958	Thrift	0.82	40	5.37	48	12.60	5	3.55	45	0.72	37	134
35	Valley National Bancorp	VLV	NJ	14,245	Bank	0.91	30	9.86	17	6.74	67	2.80	33	0.31	14	137.5
36	Fulton Financial Corp.	FULT	PA	16,371	Bank	0.90	31	7.44	39	9.15	25	2.93	37	1.27	54	140.5
37	City National Corp.	CYN	CA	23,666	Bank	0.75	44	8.22	29	7.01	60	1.54	17	0.05	4	143.5
38	Provident Financial Services, Inc.	PFS	NJ	7,097	Thrift	0.86	34	6.31	41	8.80	34	3.73	49	0.52	25	146

2012 BANK PERFORMANCE SCORECARD

						Profitability				Capital Adequacy			Asset Quality				
Rank	Company Name	Ticker	State	Total Assets (\$000)	Industry Type	Core ROAA (%)	ROA Rank	Core ROAE (%)	ROE Rank	Tang Common Equity/Tang Assets (%)	TCE Rank	NPA's/ Loans & OREO (%)	NPA Rank	NCOs/ Avg Loans (%)	NCOs Rank	Final Score	
39	Washington Federal, Inc.	WAFD	WA	13,650	Thrift	0.79	42	5.74	45	12.52	6	8.36	68	1.20	52	153	
40	Chemical Financial Corp.	CHFC	MI	5,339	Bank	0.83	37	7.77	35	8.63	37	3.90	51	0.73	38	153.5	
41	Cathay General Bancorp	CATY	CA	10,645	Bank	0.85	36	6.11	42	9.01	28	5.80	59	0.95	45	158	
42	FirstMerit Corp.	FMER	OH	14,442	Bank	0.81	41	7.55	37	7.86	49	1.82	22	0.82	43	159.5	
43	F.N.B. Corp.	FNB	PA	9,786	Bank	0.94	27	7.85	34	6.66	69	2.38	28	0.58	33	160.5	
44	Park National Corp.	PRK	OH	6,972	Bank	0.91	29	8.83	22	8.25	45	6.10	61	2.65	69	161	
45	First Citizens BancShares, Inc.	FCNCA	NC	20,881	Bank	0.47	56	5.54	46	8.43	42	1.94	25	0.46	22	167.5	
46	Umpqua Holdings Corp.	UMPQ	OR	11,563	Bank	0.63	49	4.38	56	9.14	26	3.24	41	0.95	46	174.5	
47	Boston Private Financial Holdings	BPFH	MA	6,048	Bank	0.67	46	7.61	36	6.14	71	2.16	27	0.35	16	174.5	
48	Webster Financial Corp.	WBS	CT	18,714	Bank	0.86	35	8.47	28	7.00	62	4.96	56	1.00	47	176.5	
49	Glacier Bancorp, Inc.	GBCI	MT	7,188	Bank	0.65	48	5.24	51	10.40	12	8.56	69	1.77	64	177.5	
50	Associated Banc-Corp	ASBC	WI	21,924	Bank	0.66	47	4.79	53	8.84	31	3.57	48	1.13	49	179.5	
51	SVB Financial Group	SIVB	CA	19,969	Bank	0.24	67	3.13	66	7.86	48	0.53	4	-0.02	1	183.5	
52	TFS Financial Corp. (MHC)	TFSL	OH	11,058	Thrift	0.08	69	0.49	69	16.21	3	3.78	50	0.76	40	186	
53	First Horizon National Corp.	FHN	TN	24,789	Bank	0.53	54	5.39	47	9.05	27	4.66	54	1.97	67	188.5	
54	WesBanco, Inc.	WSBC	WV	5,536	Bank	0.82	38	7.16	40	6.68	68	2.75	32	1.30	55	189.5	
55	TCF Financial Corp.	TCB	MN	18,979	Bank	0.55	52	6.01	43	8.72	36	6.65	65	1.45	59	193	
56	Susquehanna Bancshares, Inc.	SUSQ	PA	14,975	Bank	0.54	53	3.75	57	8.20	46	2.58	30	1.16	51	196.5	
57	First Commonwealth Financial Corp.	FCF	PA	5,841	Bank	0.25	66	1.85	67	10.48	11	3.48	44	1.62	62	197	
58	Sterling Financial Corp.	STSA	WA	9,193	Bank	0.40	59	4.56	54	9.44	22	6.28	62	1.64	63	197.5	
59	Oriental Financial Group Inc.	OFG	PR	6,694	Bank	0.37	61	3.63	60	9.32	23	15.51	73	0.81	41	201	
60	First Midwest Bancorp, Inc.	FMBI	IL	7,974	Bank	0.45	57	3.29	63	8.83	32	4.67	55	1.84	66	212.5	
61	First Interstate BancSystem, Inc.	FIBK	MT	7,326	Bank	0.61	51	5.91	44	7.43	55	6.50	64	1.54	61	212.5	
62	CapitalSource Inc.	CSE	MD	8,300	Bank	-1.01	73	-4.57	72	17.25	2	8.08	67	4.68	74	217.5	
63	Wintrust Financial Corp.	WTFC	IL	15,894	Bank	0.36	62	3.63	59	7.49	54	2.94	38	1.02	48	218	
64	Astoria Financial Corp.	AF	NY	17,022	Thrift	0.39	60	5.32	50	6.33	70	3.55	46	0.59	34	220	
65	Western Alliance Bancorp.	WAL	AZ	6,845	Bank	0.52	55	5.36	49	6.76	66	6.00	60	1.32	56	228	
66	MB Financial, Inc.	MBFI	IL	9,833	Bank	0.43	58	3.17	65	8.28	44	4.58	53	3.31	72	229.5	
67	First BanCorp.	FBP	PR	13,127	Bank	-0.79	72	-10.09	73	10.25	13	16.61	74	2.68	70	230	
68	Popular, Inc.	BPOP	PR	37,348	Bank	0.33	64	3.36	61	8.62	38	12.30	72	2.54	68	233	
69	PrivateBancorp, Inc.	PVTB	IL	12,417	Bank	0.34	63	3.30	62	7.69	51	5.31	57	1.81	65	237	
70	BancorpSouth, Inc.	BXS	MS	12,996	Bank	0.30	65	3.24	64	7.67	52	5.40	58	1.43	58	239	
71	Citizens Republic Bancorp, Inc.	CRBC	MI	9,463	Bank	0.10	68	0.96	68	4.47	75	2.41	29	4.54	73	262	
72	Synovus Financial Corp.	SNV	GA	27,163	Bank	-0.29	70	-2.82	70	6.81	63	8.72	70	2.81	71	273.5	
73	Doral Financial Corp.	DRL	PR	7,975	Bank	-0.33	71	-3.16	71	6.06	72	23.40	75	1.48	60	281.5	
74	Flagstar Bancorp, Inc.	FBC	MI	13,637	Thrift	-1.35	74	-15.18	74	5.81	73	10.31	71	1.34	57	285	
75	United Community Banks, Inc.	UCBI	GA	6,983	Bank	-3.13	75	-40.44	75	5.35	74	6.39	63	7.33	75	293	
Median						0.82		7.50				8.62		2.94		0.73	
Mean						0.68		5.94				8.90		4.10		1.08	

Source: Sandler O'Neill, SNL Financial, company reports and regulatory filings *Data includes only companies which had reported 2011 earnings as of April 4, 2012. Capital adequacy and asset quality figurers are as of 12/31/2011. Profitability figures are for the year ending 12/31/2011 and are based on core income as defined by SNL Financial. Asset Quality figures are as of 12/31/2011. NPA levels and average loans in the NCO calculation are net of guaranteed loans. NPA calculation includes accruing TDRs if disclosure is available through company filings.