



# Stock Selection Guide <sup>®</sup>

The most widely used aid to good investment judgment

Company COMMERCE BANCORP INC/NJ Date 05/24/07

Prepared by Ty H. Data taken from NAIC Data

Where traded NYSE Major product/service Regional Ba

CAPITALIZATION --- Outstanding Amounts		Reference	
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	190.9	0.0	0.0
Debt (\$M)	122.7	% to Tot.Cap.	4.1
		% Potential Dil.	None

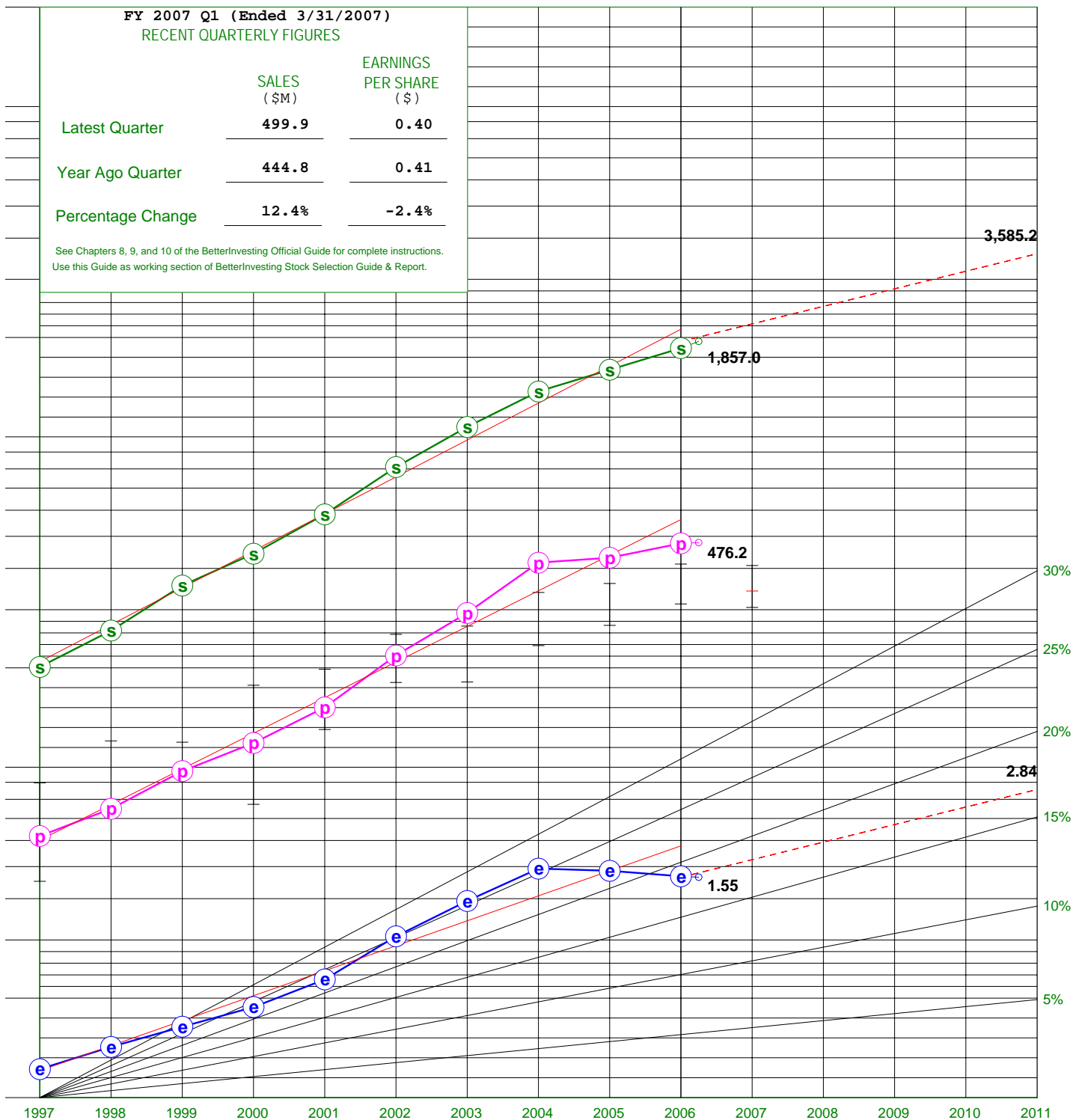
## 1 VISUAL ANALYSIS of Sales, Earnings and Price

CBH

FY 2007 Q1 (Ended 3/31/2007)  
RECENT QUARTERLY FIGURES

	SALES (\$M)	EARNINGS PER SHARE (\$)
Latest Quarter	499.9	0.40
Year Ago Quarter	444.8	0.41
Percentage Change	12.4%	-2.4%

See Chapters 8, 9, and 10 of the BetterInvesting Official Guide for complete instructions. Use this Guide as working section of BetterInvesting Stock Selection Guide & Report.

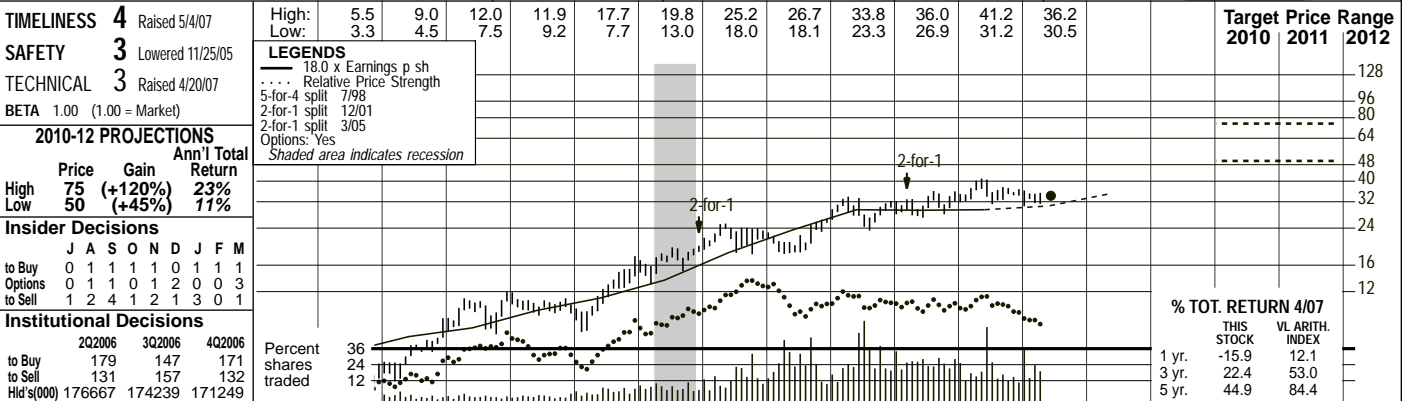


- (1) Historical Sales Growth 29.4 %
- (2) Estimated Future Sales Growth 13.0 %
- (3) Historical Earnings Per Share Growth 19.0 %
- (4) Estimated Future Earnings Per Share Growth 13.0 %



# COMMERCE BANCORP NYSE-CBH

RECENT PRICE **34.16** P/E RATIO **20.8** (Trailing: 21.1, Median: 19.0) RELATIVE P/E RATIO **1.07** DIV'D YLD **1.5%** **VALUE LINE**



Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	© VALUE LINE PUB., INC.	10-12
Price	.14	.21	.27	.36	.33	.34	.41	.45	.54	.62	.76	1.02	1.31	1.63	1.62	1.63	1.70	1.95	Earnings per sh <sup>A</sup>	3.50
Dividend	.06	.06	.07	.09	.10	.11	.14	.21	.21	.24	.28	.30	.33	.38	.44	.48	.52	.56	Div'ds Decl'd per sh <sup>B</sup>	.72
P/E Ratio	1.65	1.71	1.95	1.86	2.25	2.24	2.60	2.83	2.94	3.87	4.85	6.77	8.31	10.37	12.86	15.15	16.60	18.05	Book Value per sh	25.25
Market Cap	30.27	43.01	46.73	56.22	68.82	77.75	93.71	106.08	121.34	127.05	131.26	135.67	153.74	160.64	179.50	184.90	190.00	190.00	Common Shs Outst'g <sup>C</sup>	190.00
Yield	7.6	8.1	8.4	7.8	9.4	11.6	15.3	21.5	19.0	18.9	22.7	21.8	16.6	17.9	19.1	21.6	21.7	21.7	Avg Ann'l P/E Ratio	18.0
Div Yield	4.9	4.9	5.0	5.1	6.3	7.3	8.8	11.2	10.8	1.23	1.16	1.19	.95	.95	1.02	1.02	1.17	1.17	Relative P/E Ratio	1.20
ROE	5.4%	3.5%	3.1%	3.3%	3.2%	2.7%	2.2%	2.2%	2.0%	2.1%	1.6%	1.3%	1.5%	1.3%	1.4%	1.4%	1.4%	1.4%	Avg Ann'l Div'd Yield	1.1%

Category	2004	2005	12/31/06	Total Assets (\$mill)	94000
<b>CAPITAL STRUCTURE as of 12/31/06</b>					
Total Debt \$777.4 mill. Due in 5 Yrs \$777.4 mill.	3939.0	4894.1	6635.8	8296.5	11364
	1390.0	1905.0	2922.7	3638.6	4516.4
	147.1	173.7	244.4	296.9	401.3
	4.7	5.9	9.2	13.9	26.4
	57.4	89.0	114.6	150.8	196.8
	137.9	182.0	252.5	315.4	420.0
	40.3	49.3	66.0	80.0	103.0
	34.9%	34.1%	32.2%	32.4%	32.1%
	1.02%	1.01%	.99%	.96%	.91%
	23.0	23.0	23.0	23.0	200.0
	250.8	300.7	356.8	492.2	636.6
	6.4%	6.1%	5.4%	5.9%	5.6%
	35.3%	38.9%	44.0%	43.9%	39.7%
	16.1%	16.4%	18.5%	16.3%	16.2%
	10.8%	8.8%	11.9%	10.2%	10.6%
	35%	47%	36%	37%	34%

**Leases, Uncapitalized:** Annual rentals \$73.1 mill. **No Defined Benefit Pension Plan**

**Pfd Stock None Pfd Div'd None**

**Common Stock** 189,411,677 shs.

**MARKET CAP: \$6.5 billion (Large Cap)**

**ASSETS(\$Mill.)** 2004 2005 12/31/06  
 Loans 9319.0 12525.0 15454.0  
 Funds Sold -- -- --  
 Securities 18676.9 22667.2 26089.1  
 Other Earning -- -- --  
 Other 2505.7 3273.8 3728.7

**LIABILITIES(\$Mill.)**  
 Deposits 27658.9 34726.7 41288.2  
 Funds Borrowed 661.2 1106.4 777.4  
 Long-Term Debt 200.0 -- --  
 Net Worth 1665.7 2321.9 2801.1  
 Other 315.8 311.0 405.1  
 Total 30501.6 38466.0 45271.8  
 Loan Loss Resrv. 135.6 133.7 152.1

**BUSINESS:** Commerce Bancorp, Inc. provides personal, commercial, and trust services through its banking subsidiaries, which include Commerce Bank; Commerce Bank/Pennsylvania; and Commerce Bank/Shore. Serves NJ, PA, NY, DE and FL through 428 banking facilities. Retail svcs. include checking, savings, money markets, and CDs. At 12/06: consumer loans: 36% of gross loans; real estate, 19%; commercial, 45%. Net charge-offs: .11% of avg. loans. At 12/06, loan loss reserve: 1.03% of total loans; nonperforming assets: .12%. Has about 11,800 empls. Off. & dir. own 8.6% of stock (4/07 proxy). Chrmn. & Pres.: Vernon W. Hill, II, Inc.: NJ. Addr.: 1701 Route 70 East, Commerce Atrium, Cherry Hill, NJ 08034. Tel.: 888-751-9000. Internet: www.commerceonline.com.

**ANNUAL RATES of change (per sh)** Past 10 Yrs. Past 5 Yrs. Est'd '03-'05 to '10-'12

Loans	15.5%	20.0%	20.0%
Earnings	17.0%	23.0%	14.0%
Dividends	16.0%	12.0%	10.0%
Book Value	18.0%	26.5%	14.5%
Total Assets	16.5%	27.0%	20.5%

Cal-endar	LOANS (\$Mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2004	7671	8206	8779	9319	
2005	9837	10547	11151	12525	
2006	13345	14132	14550	15455	
2007	15778	16500	17200	18000	
2008	18400	19200	20000	21200	

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2004	.38	.40	.42	.43	1.63
2005	.45	.46	.45	.26	1.62
2006	.41	.41	.41	.40	1.63
2007	.40	.42	.42	.46	1.70
2008	.46	.48	.49	.52	1.95

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.082	.082	.082	.082	.33
2004	.095	.095	.095	.095	.38
2005	.11	.11	.11	.11	.44
2006	.12	.12	.12	.12	.48
2007	.13	.13	.13	.13	.48

**Commerce's earnings potential continues to be limited by the difficult interest-rate environment.** The net interest margin in the March interim deteriorated 26 basis points from a year ago, to 3.27%, because of the inverted yield curve. However, net interest income still rose 8%, even with the margin compression, due to greater interest-earning assets. Indeed, the bank posted an 18% jump in deposits, while loans climbed at a comparable pace. That said, we think margin compression will continue over the next few quarters. Meanwhile, Commerce's credit quality should remain solid. Nonperforming assets as a percentage of total assets rose from a scant .08% last year, to .11%.

**We expect Commerce to continue its geographic expansion plans over the coming year.** The bank plans to open about 65 new locations in 2007, as it focuses on its long-range goal of increasing the number of branches between 15% and 20% per year. Although Commerce is still concentrating most of its business in the metropolitan New York and greater Philadelphia areas, it also has expanded in the southeast Florida market. These new branches should help to lift Commerce's deposit growth and boost interest income. **The bank prospects over the 3- to 5-year horizon are bright.** Commerce's strong deposit base and healthy loan growth will likely allow it to increase net interest income between 15% and 20% annually over this timeframe. As it opens new accounts, fees associated with these accounts will also rise. But growth in non-interest expense should remain high because of the new branches.

**Commerce Bancorp's stock has not performed well over the past year.** Furthermore, our projections indicate sub-par performance over the next year. We believe that this stems from the effects of the narrow interest rate spread, and will likely persist over the coming quarters. As a result, loan, deposit, and fee income growth will probably be the primary catalysts for the long-term earnings gains we envision. A wider geographic presence through additional branch openings should also help lift the top line. Meanwhile, we project wide upside potential over the 2010-2012 period for these shares.

*Randy Shrikishun* May 25, 2007

(A) Diluted earnings. Quarterly earnings may not sum to total due to rounding. Next earnings report due mid-July. (B) Dividends historically paid in mid-January, April, July, October. ■ Dividend reinvestment plan available. (C) In millions, adjusted for stock splits.

Company's Financial Strength	B++
Stock's Price Stability	70
Price Growth Persistence	100
Earnings Predictability	80

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