

Annual Disclosure Statement

DECEMBER 2017

for FFIEC 041 Bank **COMMERCE BANK TEXAS**



COMMERCE BANK
TEXAS

This statement has not been reviewed or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation.
Federal Deposit Insurance Corporation Format (FFIEC 041)

Balance Sheet

(Dollar Amounts in Thousands)

ASSETS

	2017	December 31, 2016
Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coin	1,099	490
Interest-bearing balances	2,850	181
Securities:		
Held-to-maturity securities	5,309	5,839
Available-for-sale securities	2,374	3,930
Federal funds sold and securities purchased under agreements to resell:		
Federal funds sold	0	0
Securities purchased under agreements to resell	0	0
Loans and lease financing receivables:		
Loans and leases held for sale	0	0
Loans and leases held for investment	36,397	37,989
LESS: Allowance for loan and lease losses	343	318
Loans and leases held for investment, net of allowance	36,054	37,671
Trading assets	0	0
Premises and fixed assets (including capitalized leases)	1,336	1,386
Other real estate owned	0	0
Investments in unconsolidated subsidiaries and associated companies	0	0
Direct and indirect investments in real estate ventures	0	0
Intangible assets:		
Goodwill	2,575	2,575
Other intangible assets	0	0
Other assets	522	445
Total assets	52,119	52,517

continued.....

Balance Sheet

(Dollar Amounts in Thousands)

LIABILITIES

December 31,
2017 2016

Deposits:		
In domestic offices	42,662	39,809
Noninterest-bearing	12,438	10,090
Interest-bearing	30,223	29,719
Federal funds purchased and securities sold under agreements to repurchase:		
Federal funds purchased	0	0
Securities sold under agreements to repurchase	0	0
Trading liabilities	0	0
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	0	3,600
Subordinated notes and debentures	0	0
Other liabilities	239	231
Total liabilities	42,901	43,640

EQUITY CAPITAL

Perpetual preferred stock and related surplus	0	0
Common stock	500	500
Surplus (exclude all surplus related to preferred stock)	7,336	7,336
Retained earnings	1,441	1,093
Accumulated other comprehensive income	-59	-52
Other equity capital components	0	0
Total Bank equity capital	9,218	8,877
Noncontrolling (minority) interests in consolidated subsidiaries	0	0
Total equity capital	9,218	8,877
Total liabilities and equity capital	52,119	52,517

continued.....

Income Statement

(Dollar Amounts in Thousands)

December 31,

	2017	2016
Interest Income:		
Interest and fee income on loans:		
Loans secured by real estate:		
Loans secured by 1-4 family residential properties	985	800
All other loans secured by real estate	702	749
Commercial and industrial loans	453	456
Loans to individuals for household, family, and other personal expenditures:		
Credit cards	0	0
Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	20	31
Loans to foreign governments and official institutions		0
All other loans	13	17
Total interest and fee income on loans	2,173	2,053
Income from lease financing receivables	0	0
Interest income on balances due from depository institutions	12	6
Interest and dividend income on securities:		
U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)	126	119
Mortgage-backed securities	22	28
All other securities (includes securities issued by states and political subdivisions in the U.S.)	52	61
Interest income from trading assets		0
Interest income on federal funds sold and securities purchased under agreements to resell	0	0
Other interest income	0	0
Total interest income	2,385	2,267
Interest expense:		
Interest on deposits:		
Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	6	5
Nontransaction accounts:		
Savings deposits (includes MMDAs)	42	28
Time deposits of \$100,000 or more		27
Time deposits of less than \$100,000		22
Time deposits of \$250,000 or less	43	
Time deposits of more than \$250,000	14	
Expense of federal funds purchased and securities sold under agreements to repurchase	0	0
Interest on trading liabilities and other borrowed money	43	3
Interest on subordinated notes and debentures	0	0
Total interest expense	148	85
Net interest income	2,237	2,182
Provision for loan and lease losses	25	17

continued.....

Income Statement

(Dollar Amounts in Thousands)

December 31,

	2017	2016
Noninterest income:		
Income from fiduciary activities	0	0
Service charges on deposit accounts	79	96
Trading revenue	0	0
Fees and commissions from securities brokerage	0	0
Investment banking, advisory, and underwriting fees and commissions	0	0
Fees and commissions from annuity sales	0	0
Underwriting income from insurance and reinsurance activities	0	0
Income from other insurance activities	0	0
Venture capital revenue	0	0
Net servicing fees	0	0
Net securitization income	0	0
Net gains (losses) on sales of loans and leases	0	0
Net gains (losses) on sales of other real estate owned	0	0
Net gains (losses) on sales of other assets	0	0
Other noninterest income	25	22
Total noninterest income	104	118
Realized gains (losses) on held-to-maturity securities	0	0
Realized gains (losses) on available-for-sale securities	0	0
Noninterest expense:		
Salaries and employee benefits	745	741
Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	357	358
Goodwill impairment losses	0	0
Amortization expense and impairment losses for other intangible assets	0	0
Other noninterest expense	536	549
Total noninterest expense	1,638	1,648
Income (loss) before applicable income taxes and discontinued operations	678	635
Applicable income taxes	219	206
Income (loss) before discontinued operations	459	429
Discontinued operations, net of applicable income taxes	0	0
Net income (loss) attributable to bank and noncontrolling (minority) interests	459	429
LESS: Net income (loss) attributable to noncontrolling (minority) interests	0	0
Net income (loss) attributable to bank	459	429

continued.....

Income Statement

(Dollar Amounts in Thousands)

MEMORANDA:

December 31,
2017 2016

Interest expense incurred to carry tax-exempt securities, loans, and leases acquired after August 7, 1986, that is not deductible for federal income tax purposes _____	0	1
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The following item to be completed by banks with \$1 billion or more in total assets:

Income from the sale and servicing of mutual funds and annuities _____	N/A	0
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Income on tax-exempt loans and leases to states and political subdivisions in the U.S. _____	0	0
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Income on tax-exempt securities issued by states and political subdivisions in the U.S. _____	39	39
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Number of full-time equivalent employees at end of current period _____	9	9
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The following item is to be completed by:

- banks with \$300 million or more in total assets, and
- banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers exceeding 5 percent of total loans.

Interest and fee income on loans to finance agricultural production and other loans to farmers _____	N/A	0
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Trading revenue (from cash instruments and derivative instruments)

(To be completed by banks that reported average trading assets

of \$10 million or more for any quarter of the preceding calendar year.):

Interest rate exposures _____	N/A	0
Foreign exchange exposures _____	N/A	0
Equity security and index exposures _____	N/A	0
Commodity and other exposures _____	N/A	0
Credit exposures _____	N/A	0

Memoranda Items 8.f through 8.h are to be completed by banks \$100 billion or more in total assets that are required to complete Schedule RI, Memorandum items 8.a through 8.e, above.(1)

Impact on trading revenue of changes in the creditworthiness of the bank's derivatives counterparties on the bank's derivative assets _____		N/A
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Impact on trading revenue of changes in the creditworthiness of the bank's derivatives counterparties on the bank's derivative assets (year-to-date changes):		
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Gross credit valuation adjustment (CVA) _____	N/A	
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CVA hedge _____	N/A	
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Impact on trading revenue of changes in the creditworthiness of the bank on the bank's derivative liabilities _____		N/A
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Impact on trading revenue of changes in the creditworthiness of the bank on the bank's derivative liabilities (year-to-date changes):		
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Gross debit valuation adjustment (DVA) _____	N/A	
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DVA hedge _____	N/A	
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Gross trading revenue, before including positive or negative net CVA and net DVA _____	N/A	
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The following items are to be completed by banks with \$10 billion or more in total assets.

Net gains (losses) recognized in earnings on credit derivatives that economically hedge credit exposures held outside the trading account:

Net gains (losses) on credit derivatives held for trading _____	N/A	0
Net gains (losses) on credit derivatives held for purposes other than trading _____	N/A	0

The following item is to be completed by banks with \$300 million or more in total assets: Credit losses on derivatives _____	N/A	0
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Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year? _____	YES / NO NO	YES / NO NO
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The following item is to be completed by banks that are required to complete Schedule RC-C, part I, Memorandum items 8.b and 8.c.

Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties (included in Schedule RI, item 1.a.(1)(a)) _____	N/A	0
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continued.....

Income Statement

(Dollar Amounts in Thousands)

December 31,

2017 2016

MEMORANDA:

The following items are to be completed by banks that have elected to account for assets and liabilities under a fair value option.

Net gains (losses) recognized in earnings on assets and liabilities that are reported at fair value under a fair value option:

Net gains (losses) on assets_____	N/A	0
Estimated net gains (losses) on loans attributable to changes in instrument-specific credit risk_____	N/A	0
Net gains (losses) on liabilities_____	N/A	0
Estimated net gains (losses) on liabilities attributable to changes in instrument-specific credit risk_____	N/A	0

Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities:

Total other-than-temporary impairment losses_____ 0

Portion of losses recognized in other comprehensive income (before income taxes)_____ 0

Net impairment losses recognized in earnings_____ **0**

Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings_____ 0

The following items is to be completed by institutions with \$1 billion or more in total assets that answered "Yes" to Schedule RC-E, Memorandum item 5

Components of service charges on deposit accounts in domestic offices:

Consumer overdraft-related service charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use_____ N/A 0

Consumer account periodic maintenance charges levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal, household, or family use_____ N/A 0

Consumer customer automated teller machine (ATM) fees levied on those transaction account and nontransaction savings account deposit products intended primarily for individuals for personal,household, or family use_____ N/A 0

All other service charges on deposit accounts_____ N/A 0

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Changes in Equity Capital

(Dollar Amounts in Thousands)

December 31,

2017

2016

Total bank equity capital most recently reported at the end of the prior year		
Reports of Condition and Income	8,877	8,485
Cumulative effect of changes in accounting principles and corrections		
of material accounting errors	0	0
Balance end of previous calendar year as restated	8,877	8,485
Net income (loss) attributable to bank	459	429
Sale, conversion, acquisition, or retirement of capital stock, net		
(excluding treasury stock transactions)	0	0
Treasury stock transactions, net	0	0
Changes incident to business combinations, net	0	0
LESS: Cash dividends declared on preferred stock	0	0
LESS: Cash dividends declared on common stock	112	0
Other comprehensive income	-6	-37
Other transactions with stockholders (including a parent holding company)	0	0
Total bank equity capital end of current period	9,218	8,877

Changes in Allowance for Loan and Lease Losses

Balance most recently reported at the end of the prior year		
Reports of Condition and Income	318	301
Recoveries	0	0
LESS: Charge-offs	0	0
LESS: Write-downs arising from transfers of loans to a held-for-sale account	0	0
Provision for loan and lease losses	25	17
Adjustments	0	0
Balance end of current period	343	318

continued.....

Past Due and Nonaccrual Loans, Leases, and Other Assets

(Dollar Amounts in Thousands)

Past Due 90 days or more and still accruing:

December 31,
2017 2016

Loans secured by real estate:

Construction, land development, and other land loans:

1-4 family residential construction loans 0 0

Other construction loans and all land development and other land loans 0 0

Secured by farmland 0 0

Secured by 1-4 family residential properties:

Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit 0 0

Closed-end loans secured by 1-4 family residential properties:

Secured by first liens 0 0

Secured by junior liens 0 0

Secured by multifamily (5 or more) residential properties 0 0

Secured by nonfarm nonresidential properties:

Loans secured by owner-occupied nonfarm nonresidential properties 0 0

Loans secured by other nonfarm nonresidential properties 0 0

Loans to depository institutions and acceptances of other banks 0 0

Commercial and industrial loans 0 0

Loans to individuals for household, family, and other personal expenditures:

Credit cards 0 0

Automobile loans 0 0

Other (includes revolving credit plans other than credit cards and other consumer loans) 0 0

Loans to foreign governments and official institutions 0 0

All other loans 0 0

Lease financing receivables 0 0

Total loans and leases 0 0

Debt securities and other assets (exclude other real estate

owned and other repossessed assets) 0 0

Loans and leases reported above which are wholly or partially

guaranteed by the U.S. Government, excluding loans and leases covered

by loss-sharing agreements with the FDIC 0 0

Guaranteed portion of loans and leases included above,excluding rebooked "GNMA loans" 0 0

Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included above 0 0

continued.....

COMMERCE BANK TEXAS

(Dollar Amounts in Thousands)

Past Due 90 days or more and still accruing:

December 31,

2017

2016

Loans and leases reported in items above that are covered by loss-sharing agreements with the FDIC:

Loans secured by real estate:

Construction, land development, and other land loans:

1-4 family residential construction loans	0	0
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Other construction loans and all land development and other land loans	0	0
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Secured by farmland	0	0
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Secured by 1-4 family residential properties:

Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	0	0
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Closed-end loans secured by 1-4 family residential properties:		
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Secured by first liens	0	0
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Secured by junior liens	0	0
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Secured by multifamily (5 or more) residential properties	0	0
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Secured by nonfarm nonresidential properties:

Loans secured by owner-occupied nonfarm nonresidential properties	0	0
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Loans secured by other nonfarm nonresidential properties	0	0
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Commercial and industrial loans		0
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Loans to individuals for household, family, and other personal expenditures:

Credit cards		0
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Automobile loans		0
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Other (includes revolving credit plans other than credit cards and other consumer loans)		0
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All other loans and all leases	0	0
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Portion of covered loans and leases included in items above

that is protected by FDIC loss-sharing agreements	0	0
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continued.....

COMMERCE BANK TEXAS

(Dollar Amounts in Thousands)

Past Due 90 days or more and still accruing:

December 31,
2017 2016

MEMORANDA:

Loans restructured in troubled debt restructurings included in Schedule RC-N, items above:

Construction, land development, and other land loans:

1-4 family residential construction loans_____	0	0
Other construction loans and all land development and other land loans_____	0	0
Loans secured by 1-4 family residential properties_____	0	0
Secured by multifamily (5 or more) residential properties_____	0	0
Secured by nonfarm nonresidential properties:		
Loans secured by owner-occupied nonfarm nonresidential properties_____	0	0
Loans secured by other nonfarm nonresidential properties_____	0	0
Commercial and industrial loans_____	0	0

The following two items are to be completed by banks with \$300 million or more in total assets:

To U.S. addressees (domicile)_____	N/A	0
To non-U.S. addressees (domicile)_____	N/A	0

All other loans (include loans to individuals for household, family, and other personal expenditures)_____

Loans secured by farmland_____	0	0
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Loans to individuals for household, family, and other personal expenditures:

Credit cards_____	0	0
Automobile loans_____	0	0

Other (includes revolving credit plans other than credit cards and other consumer loans)_____

0	0
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The following item is to be completed by:

- Banks with \$300 million or more in total assets
- Banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers exceeding 5 percent of total loans

Loans to finance agricultural production and other loans to farmers included in Schedule RC-N, Memorandum item above_____

N/A	0
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Total loans restructured in troubled debt restructurings included above_____

0

continued.....

COMMERCE BANK TEXAS

(Dollar Amounts in Thousands)

Past Due 90 days or more and still accruing:

December 31,

2017

2016

Loans to finance commercial real estate, construction, and land development activities (not secured by real estate)	0	0
The following four items are to be completed by banks with \$300 million or more in total assets:		
Loans secured by real estate to non-U.S. addressees (domicile)	N/A	0
Loans to and acceptances of foreign banks	N/A	0
Commercial and industrial loans to non-U.S.addressees (domicile)	N/A	0
Leases to individuals for household, family, and other personal expenditures	N/A	0
The following item is to be completed by:		
• banks with \$300 million or more in total assets		
• banks with less than \$300 million or more in total assets that have loans to finance agricultural production and other loans to farmers exceeding 5 percent of total loans:		
Loans to finance agricultural production and other loans to farmers	N/A	0
Loans and leases held for sale and loans measured at fair value:		
Loans and leases held for sale	0	0
Loans measured at fair value:		
Fair value	0	0
Unpaid principal balance	0	0
The following item is to be completed by banks with \$300 million or more in total assets:		
Derivative contracts:		
Fair value of amounts carried as assets		N/A
Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3):		
Outstanding balance	0	0
Amount included in Schedule RC-N, items 1 through 7, above	0	0

continued.....

Past Due and Nonaccrual Loans, Leases, and Other Assets

(Dollar Amounts in Thousands)

Nonaccrual:

December 31,
2017 2016

Loans secured by real estate:

Construction, land development, and other land loans:		
1-4 family residential construction loans	0	0
Other construction loans and all land development and other land loans	0	0
Secured by farmland	0	0
Secured by 1-4 family residential properties:		
Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	0	0
Closed-end loans secured by 1-4 family residential properties:		
Secured by first liens	0	0
Secured by junior liens	0	0
Secured by multifamily (5 or more) residential properties	0	0
Secured by nonfarm nonresidential properties:		
Loans secured by owner-occupied nonfarm nonresidential properties	890	0
Loans secured by other nonfarm nonresidential properties	0	0
Loans to depository institutions and acceptances of other banks	0	0
Commercial and industrial loans	0	0
Loans to individuals for household, family, and other personal expenditures:		
Credit cards	0	0
Automobile loans	0	0
Other (includes revolving credit plans other than credit cards and other consumer loans)	0	0
Loans to foreign governments and official institutions	0	0
All other loans	0	0
Lease financing receivables	0	0
Total loans and leases	890	
Debt securities and other assets (exclude other real estate owned and other repossessed assets)	0	0
Loans and leases reported above which are wholly or partially guaranteed by the U.S. Government, excluding loans and leases covered by loss-sharing agreements with the FDIC	0	0
Guaranteed portion of loans and leases included above, excluding rebooked "GNMA loans"	0	0
Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included above	0	0

continued.....

COMMERCE BANK TEXAS

(Dollar Amounts in Thousands)

Nonaccrual:

December 31,
2017 2016

Loans and leases reported in items above that are covered by loss-sharing agreements with the FDIC:

Loans secured by real estate:

Construction, land development, and other land loans:

1-4 family residential construction loans	0	0
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Other construction loans and all land development and other land loans	0	0
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Secured by farmland	0	0
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Secured by 1-4 family residential properties

Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit	0	0
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Closed-end loans secured by 1-4 family residential properties:

Secured by first liens	0	0
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Secured by junior liens	0	0
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Secured by multifamily (5 or more) residential properties	0	0
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Secured by nonfarm nonresidential properties:

Loans secured by owner-occupied nonfarm nonresidential properties	0	0
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Loans secured by other nonfarm nonresidential properties	0	0
--	---	---

Commercial and industrial loans		0
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Loans to individuals for household, family, and other personal expenditures:

Credit cards		0
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Automobile loans		0
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Other (includes revolving credit plans other than credit cards and other consumer loans)		0
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All other loans and all leases	0	0
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Portion of covered loans and leases included in items above that is protected by FDIC loss-sharing agreements	0	0
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continued.....

COMMERCE BANK TEXAS

(Dollar Amounts in Thousands)

Nonaccrual:

December 31,
2017 2016

MEMORANDA:

Loans restructured in troubled debt restructurings included in Schedule RC-N, items above:

Construction, land development, and other land loans:

1-4 family residential construction loans	0	0
Other construction loans and all land development and other land loans	0	0
Loans secured by 1-4 family residential properties	0	0
Secured by multifamily (5 or more) residential properties	0	0
Secured by nonfarm nonresidential properties:		
Loans secured by owner-occupied nonfarm nonresidential properties	0	0
Loans secured by other nonfarm nonresidential properties	0	0
Commercial and industrial loans	0	0

The following two items are to be completed by banks with \$300 million or more in total assets:

To U.S. addressees (domicile)	N/A	0
To non-U.S. addressees (domicile)	N/A	0

All other loans (include loans to individuals for household, family, and other personal expenditures)

Loans secured by farmland	0	0
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Loans to individuals for household, family, and other personal expenditures:

Credit cards	0	0
Automobile loans	0	0

Other (includes revolving credit plans other than credit cards and other consumer loans)

0	0
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The following item is to be completed by:

- Banks with \$300 million or more in total assets
- Banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers exceeding 5 percent of total loans

Loans to finance agricultural production and other loans to farmers included in Schedule RC-N, Memorandum item above

N/A	0
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Total loans restructured in troubled debt restructurings included above

0

continued.....

COMMERCE BANK TEXAS

(Dollar Amounts in Thousands)

Nonaccrual:

December 31,
2017 2016

Loans to finance commercial real estate, construction, and land development activities (not secured by real estate)	0	0
The following four items are to be completed by banks with \$300 million or more in total assets:		
Loans secured by real estate to non-U.S. addressees (domicile)	N/A	0
Loans to and acceptances of foreign banks	N/A	0
Commercial and industrial loans to non-U.S. addressees (domicile)	N/A	0
Leases to individuals for household, family, and other personal expenditures	N/A	0
The following item is to be completed by:		
• banks with \$300 million or more in total assets		
• banks with less than \$300 million or more in total assets that have loans to finance agricultural production and other loans to farmers exceeding 5 percent of total loans:		
Loans to finance agricultural production and other loans to farmers	N/A	0
Loans and leases held for sale and loans measured at fair value:		
Loans and leases held for sale	0	0
Loans measured at fair value:		
Fair value	0	0
Unpaid principal balance	0	0
Additions to nonaccrual assets during the quarter	0	0
Nonaccrual assets sold during the quarter	0	0
Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3):		
Outstanding balance	0	0
Amount included in Schedule RC-N, items 1 through 7, above	0	0

I do hereby attest that this Disclosure Statement has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct in the best of my knowledge and belief.


Officer's Signature

Chief Executive Officer
Officer's Title

January 29, 2018
Date