



Stock Selection Guide [®]

The most widely used aid to good investment judgment

Company COMMERCE BANCORP INC/NJ Date 08/22/03

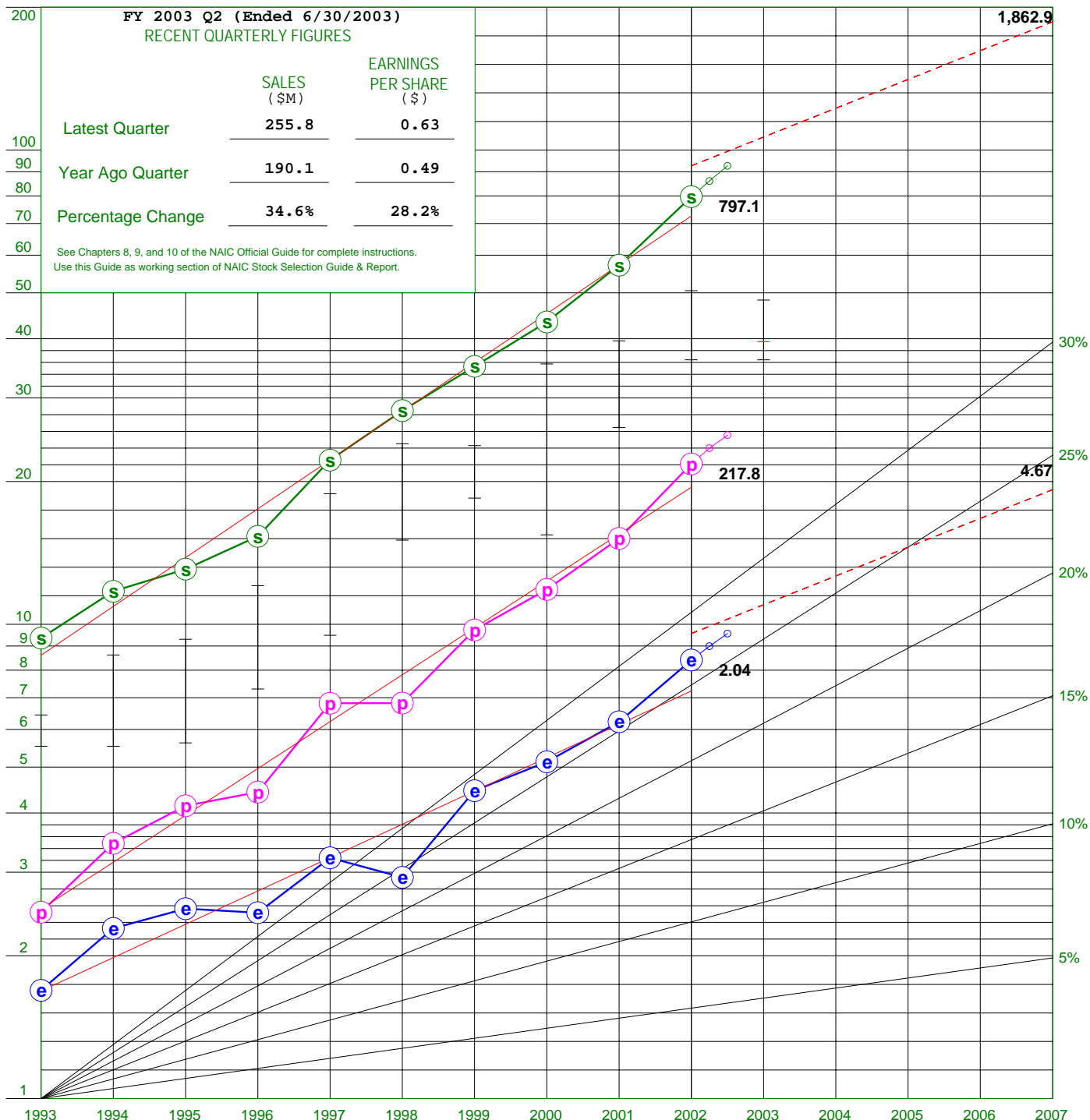
Prepared by jah Data taken from M

Where traded NYSE Major product/service Regional Ba

CAPITALIZATION --- Outstanding Amounts		Reference	
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	69.2	0.0	0.0
Debt (\$M)	391.6	% to Tot.Cap.	29.2
		% Potential Dil.	None

1 VISUAL ANALYSIS of Sales, Earnings and Price

CBH



(1) Historical Sales Growth 26.7 % (3) Historical Earnings Per Share Growth 17.6 %
 (2) Estimated Future Sales Growth 15.0 % (4) Estimated Future Earnings Per Share Growth 15.0 %

2 EVALUATING MANAGEMENT

Company COMMERCE BANCORP INC/NJ (CBH)

08/22/03

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	26.4	29.4	31.7	28.9	30.7	24.2	27.8	27.3	26.5	27.3	26.6	UP	
B % Earned on Equity (E/S ÷ Book Value)	12.6	16.4	13.7	12.8	17.2	12.4	17.7	15.6	15.4	14.9	15.2		EVEN

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

Year	PRESENT PRICE		39.450	HIGH THIS YEAR	48.260	LOW THIS YEAR	36.100			
	A	B	C	D		E	F	G	H	
	HIGH	LOW	Earnings Per Share	Price Earnings Ratio		Dividend Per Share	% Payout	% High Yield		
1	1998	24.0	15.1	0.71	33.8	21.2	0.440	61.9	2.9	
2	1999	23.8	18.5	1.08	22.0	17.1	0.420	38.8	2.3	
3	2000	35.4	15.4	1.25	28.4	12.4	0.490	39.3	3.2	
4	2001	39.6	26.0	1.51	26.2	17.2	0.550	36.4	2.1	
5	2002	50.5	36.1	2.04	24.7	17.7	0.600	29.4	1.7	
6	TOTAL		111.1		135.1	85.6		205.8		
7	AVERAGE		22.2		27.0	17.1		41.2		
8	AVERAGE PRICE EARNINGS RATIO			22.1	9 CURRENT PRICE EARNINGS RATIO			17.0		

4 Proj. P/E [14.79] Based on Next 4 qtr. EPS [2.67] Current P/E Based on Last 4 qtr. EPS [2.32] EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E 27.0 ^(3D7 as adj.) X Estimate High Earnings/Share 4.67 = Forecast High Price \$ 95.3 ^(4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E 17.1 ^(3E7 as adj.) X Estimated Low Earnings/Share 2.04 = \$ 27.7

(b) Avg. Low Price of Last 5 Years = 22.2 ^(3B7)

(c) Recent Severe Market Low Price = 26.0

(d) Price Dividend Will Support Present Divd. 0.660 = 20.7

Selected Estimate Low Price High Yield (H) 0.032 = \$ 22.2 ^(4B1)

C ZONING

95.3 ^(4A1) High Forecast Price Minus 22.2 ^(4B1) Low Forecast Price Equals 73.1 ^(C) Range. 1/3 of Range = 24.4 ^(4CD)

(4C2) Lower 1/3 = 22.2 ^(4B1) to 46.6 (Buy)

(4C3) Middle 1/3 = 46.6 to 70.9 (Maybe)

(4C4) Upper 1/3 = 70.9 to 95.3 ^(4A1) (Sell)

Present Market Price of 39.450 is in the Buy ^(4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price ^(4A1) 95.3 Minus Present Price 39.450 = 55.9 = 3.2 To 1
Present Price 39.450 Minus Low Price ^(4B1) 22.2 = 17.3 ^(4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price ^(4A1) 95.3 = (2.416) X 100 = (241.6) - 100 = 141.6 ^(4E) % Appreciation
Present Market Price 39.450

Relative Value: 76.9% Proj. Relative Value: 66.9%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A Present Full Year's Dividend \$ 0.660
Present Price of Stock \$ 39.450 = 0.017 X 100 = 1.7 ^(5A) Present Yield or % Returned on Purchase Price

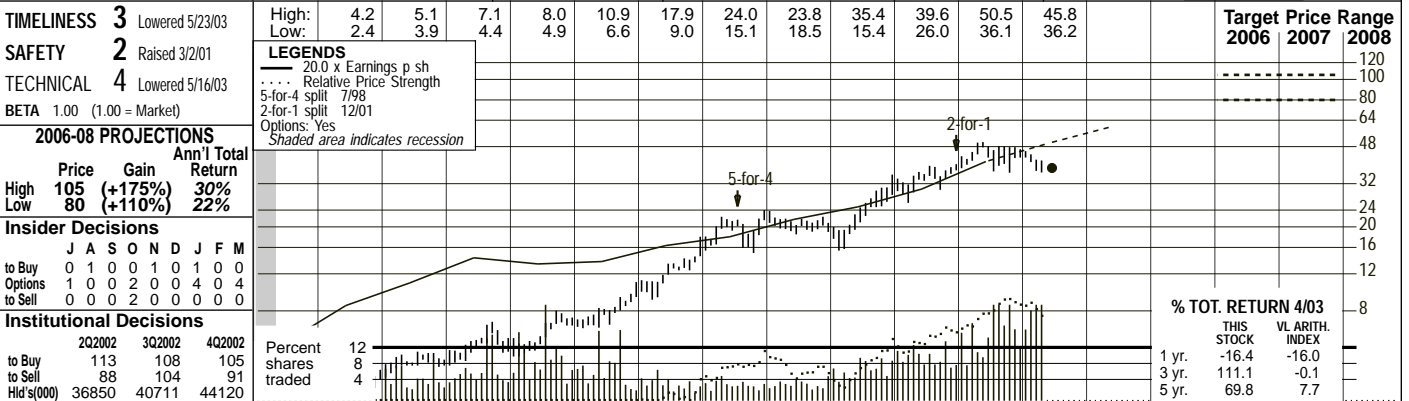
B AVERAGE YIELD OVER NEXT 5 YEARS
Avg. Earnings Per Share Next 5 Years 3.53 X Avg. % Payout ^(3G7) 41.2 = 145.4 = 3.7 %
Present Price \$ 39.450 ^(5B)

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

	5 Year Appreciation Potential ^(4E)	Average Yield ^(5B)	Average Total Annual Return Over the Next 5 Years ^(5C)	P.A.R. Average Yield	Tot. Ret.
	<u>141.6</u>	<u>28.3</u> %	<u>32.0</u> %	<u>2.4%</u>	<u>2.0%</u>
		<u>3.7</u> %		<u>15.0%</u>	<u>19.3%</u>
				<u>17.4%</u>	<u>21.3%</u>

COMMERCE BANCORP NYSE-CBH

RECENT PRICE **37.84** P/E RATIO **15.6** (Trailing: 17.3; Median: 16.0) RELATIVE P/E RATIO **0.95** DIV'D YLD **1.7%** **VALUE LINE**



1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	© VALUE LINE PUB., INC.	06-08
.34	.42	.43	.18	.28	.42	.54	.71	.67	.68	.82	.90	1.09	1.25	1.51	2.04	2.50	3.00	Earnings per sh ^A	4.65
.18	.16	.19	.22	.11	.12	.14	.18	.20	.22	.28	.42	.42	.48	.55	.60	.66	.74	Div'ds Decl'd per sh ^B	1.00
3.14	3.51	3.65	3.05	3.30	3.43	3.90	3.71	4.49	4.47	5.19	5.67	5.88	7.75	9.70	13.53	15.40	18.00	Book Value per sh	30.10
9.77	11.25	15.11	15.13	15.14	21.51	23.36	28.11	34.41	38.87	46.86	53.04	60.67	63.52	65.63	67.83	71.50	74.00	Common Shs Outst'g ^C	83.00
10.3	9.0	8.5	14.3	7.6	8.1	8.4	7.8	9.4	11.6	15.3	21.5	19.0	18.9	22.7	21.8	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	20.0
.69	.75	.64	1.06	.49	.49	.50	.51	.63	.73	.88	1.12	1.08	1.23	1.16	1.19	1.19	1.19	Relative P/E Ratio	1.35
5.3%	4.3%	5.3%	8.6%	5.4%	3.5%	3.1%	3.3%	3.2%	2.7%	2.2%	2.2%	2.0%	2.1%	1.6%	1.4%	1.4%	1.4%	Avg Ann'l Div'd Yield	1.1%

CAPITAL STRUCTURE as of 3/31/03				2003.6													2004		Total Assets (\$mill)		50000										
Total Debt \$309.6 mill. Due in 5 Yrs \$109.6 mill.				691.3													789.9		894.2		1081.8	1390.0	1905.0	2922.7	3638.6	4516.4	5731.9	7000	8350	Loans (\$mill)	14000
LT Debt \$200.0 mill. LT Interest \$12.0 mill.				69.7													90.5		95.3		108.5	147.1	173.7	244.4	296.9	401.3	572.8	735	910	Net Interest Inc (\$mill)	1725
Leases, Uncapitalized: Annual rentals \$21.8 mill. No Defined Benefit Pension Plan				6.0													4.2		2.2		3.0	4.7	5.9	9.2	13.9	26.4	33.2	32.0	42.0	Loan Loss Prov'n (\$mill)	75.0
Pfd Stock None Pfd Div'd None				17.4													17.5		21.5		30.0	57.4	89.0	114.6	150.8	196.8	257.5	320	395	Noninterest Inc (\$mill)	675
Common Stock 69,110,715 shs. as of 5/8/03				57.9													71.9		77.7		94.1	137.9	182.0	252.5	315.4	420.0	579.2	750	920	Noninterest Exp (\$mill)	1725
MARKET CAP: \$2.6 billion (Mid Cap)				14.6													20.4		23.5		26.6	40.3	49.3	66.0	80.0	103.0	144.8	180	230	Net Profit (\$mill)	400
ASSETS(\$Mill.)				37.0%													36.3%		36.3%		35.8%	34.9%	34.1%	32.2%	32.4%	32.1%	33.5%	33.5%	33.5%	Income Tax Rate	33.5%
Loans				.72%													.89%		.97%		.93%	1.02%	1.01%	.99%	.96%	.91%	.88%	.85%	.85%	Return on Total Assets	.80%
Funds Sold				23.0													23.0		23.0		23.0	23.0	23.0	23.0	23.0	200.0	200	200	Long-Term Debt (\$mill)	500	
Securities				99.2													111.9		162.0		181.4	250.8	300.7	356.8	492.2	636.6	918.0	1100	1330	Shr. Equity (\$mill)	2500
Other Earning				4.9%													4.9%		6.7%		6.3%	6.4%	6.1%	5.4%	5.9%	5.6%	5.6%	5.0%	5.0%	Shr. Eq. to Total Assets	5.0%
Other				34.0%													34.5%		37.0%		37.8%	35.3%	38.9%	44.0%	43.9%	39.7%	34.9%	32.5%	31.0%	Loans to Tot Assets	28.0%
LIABILITIES(\$Mill.)				14.7%													18.2%		14.5%		14.7%	16.1%	16.4%	18.5%	16.3%	16.2%	15.8%	16.5%	17.0%	Return on Shr. Equity	16.0%
Deposits				10.7%													14.0%		10.6%		10.5%	10.8%	8.8%	11.9%	10.2%	10.6%	11.4%	12.0%	13.0%	Retained to Com Eq	12.5%
Funds Borrowed				33%													28%		30%		32%	35%	47%	36%	37%	34%	28%	26%	24%	All Div'ds to Net Prof	21%
Long-Term Debt				2032.6													2291.3		2415.9		2862.0	3939.0	4894.1	6635.8	8296.5	11364	16404	21500	27000	Total Assets (\$mill)	50000
Net Worth				691.3													789.9		894.2		1081.8	1390.0	1905.0	2922.7	3638.6	4516.4	5731.9	7000	8350	Loans (\$mill)	14000
Other				69.7													90.5		95.3		108.5	147.1	173.7	244.4	296.9	401.3	572.8	735	910	Net Interest Inc (\$mill)	1725
Total				6.0													4.2		2.2		3.0	4.7	5.9	9.2	13.9	26.4	33.2	32.0	42.0	Loan Loss Prov'n (\$mill)	75.0
Loan Loss Reserv.				17.4													17.5		21.5		30.0	57.4	89.0	114.6	150.8	196.8	257.5	320	395	Noninterest Inc (\$mill)	675

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, and DE through 224 banking facilities. Retail svcs. include checking, savings, money markets, and CDs. At 12/02: consumer loans: 34% of gross loans; real estate, 40%; commercial, 26%. Net charge-offs: .18% of average loans. At 12/02, loan loss reserve: 1.56% of total loans; non-performing assets: .11%. Has about 6,000 employees. Off. & dir. own 13.0% of stock (4/03 proxy). Chrmn. & Pres.: Vernon W. Hill, II. Inc.: NJ. Add.: 1701 Route 70 East, Commerce Atrium, Cherry Hill, NJ. Tel.: 888-751-9000. Web: www.commerceonline.com.

Commerce Bancorp's top-notch growth continues. Utilizing its "growth retailer" banking strategy, the company posted a stellar 43% year-over-year increase in deposits in March, to \$16.2 billion. Commerce has been able to translate its impressive balance sheet growth into solid bottom-line gains, as exemplified by the 33% share-net advance. Commerce's ambitious branch expansion also led to noninterest-expense growth of 37%. Nonetheless, credit quality has remained strong, as nonperforming assets were only .13% of total assets.

The company's aggressive branch-expansion plans are gaining steam. Management intends to open 43 branches in 2003, as it energetically moves into Brooklyn, Queens, Staten Island, and Westchester County, New York. Commerce plans to hire 9,000 new employees over the next five years, while expanding to over 515 branches, from 254 currently.

We have raised our 2003 share-net estimate by a nickel, to \$2.50. Commerce's massive deposit base and strong loan growth should allow it to grow net interest income over 25%. As it opens new accounts, fees associated with these accounts will also rise. And, although noninterest expense growth should remain high due to the ambitious branch openings, the figure will likely grow at a lower rate than in the previous two years.

These good-quality shares remain a timely choice for investment over the coming 12 months. Commerce's stellar earnings gains and modest dividend yield should continue to prop up its stock price. Moreover, these shares have wide appreciation potential out to 2006-2008, based upon our earnings projections.

However, these shares do have some headline risk associated with them. A few investors have challenged the campaign donations of the company's capital-markets unit, which does business with municipalities, and others have questioned whether some capital expenditures should be re-classified as ongoing expenses. The stock has backed off its high point, partly because of these issues, and also because of the high valuation afforded a typically lower-multiple bank stock. But things still look basically okay.

Joseph Espaillet
 May 30, 2003

(A) Diluted earnings. 2001 quarterly earnings do not sum to total due to rounding. Next earnings report due mid-July.	(B) Next dividend meeting mid-June. Next ex date early July. Approximate dividend payment dates: 19th of January, April, July, October. Dividend reinvestment plan available.	(C) In millions, adjusted for stock splits.	Company's Financial Strength	B++
			Stock's Price Stability	90
			Price Growth Persistence	100
			Earnings Predictability	95