

Community Bancorp
Form S-4/A
August 01, 2005
Table of Contents

As filed with the Securities and Exchange Commission on August 1, 2005

Registration No: 333-126618

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Pre-Effective Amendment No. 1

to

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

COMMUNITY BANCORP

(exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

6712
(Primary Standard
Industrial Classification Code)

01-0668846
(I.R.S. Employer
Identification No.)

400 South 4th Street, Suite 215

Las Vegas, Nevada 89101

(702) 878-0700

(Address, including zip code and telephone number, including area code, of registrant's principal and executive offices)

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Edward M. Jamison

Community Bancorp

President and Chief Executive Officer

400 South 4th Street, Suite 215

Las Vegas, Nevada 89101

(702) 878-0700

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

Table of Contents

To the Shareholders of Bank of Commerce:

The Boards of Directors of Bank of Commerce (Commerce) and Community Bancorp (Community) have approved the merger of Commerce into a subsidiary of Community.

In the transaction, shareholders of Commerce will have the election to receive shares of common stock of Community, cash or a combination in exchange for their shares of Commerce stock, subject to certain proration provisions. Shareholders of Commerce will receive either \$33.00 in cash or \$33.00 worth of Community common stock for each share of Commerce common stock they own, subject to adjustment if certain merger related expenses of Commerce exceed \$200,000. The actual number of shares of Community common stock you receive for each share of Commerce common stock will be determined by dividing \$33.00 by the average closing price of Community common stock over the twenty trading days three trading days prior to the close of the merger. Our agreement provides that 50% of the total consideration paid in the transaction must be in Community common stock and 50% in cash.

We expect the transaction to be tax-free to Commerce's shareholders who elect to receive Community common stock. Cash paid in lieu of fractional shares and cash paid to those shareholders electing cash will be taxable. Upon completion of the merger, we expect that the shareholders of Commerce will own approximately 9% of the outstanding shares of Community.

We will hold an annual shareholders' meeting at which our shareholders will be asked to elect directors and to approve the proposed merger, including the merger agreement. Approval by Community shareholders of the merger is not required. Information about our meeting is contained in this proxy statement prospectus. **In particular, see Risk Factors beginning on page 18.** We urge you to read this document carefully and in its entirety.

Whether or not you plan to attend the meeting, please vote as soon as possible to make sure that your shares are represented at the meeting. If you do not vote, it will have the same effect as voting against the merger.

Richard M. Robinson

President and Chief Executive Officer

Bank of Commerce

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION OR BANK REGULATORY AGENCY HAS APPROVED OR DISAPPROVED OF THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE MERGER OR DETERMINED IF THIS PROXY STATEMENT PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE MERGER ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF ANY BANK SUBSIDIARY OF COMMUNITY, AND THEY ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.

This proxy statement prospectus is dated August 2, 2005 and is first being mailed to shareholders on or about August 3, 2005.

Table of Contents

4343 E. Sunset Road
Henderson, Nevada 89014

Notice of Annual Meeting of Bank of Commerce

Date: August 16, 2005

Time: 5:30 P.M.

Place: Bank of Commerce s Sahara Branch, 7580 W. Sahara, Las Vegas, Nevada 89117

To Bank of Commerce Shareholders:

We are pleased to notify you of, and invite you to, an annual meeting of shareholders.

At the meeting you will be asked to vote on the following matters:

To vote on the election of nine (9) persons to the Board of Directors to serve until the 2006 annual meeting of shareholders and until their successors are elected and have been qualified, or until the merger is consummated. The persons nominated to serve as directors are:

Richard M. Robinson
Charles W. Deaner
Nancy C. Houssels

Jack M. Woodcock
Frances M. Sponer
Keith V. Thomas

C.H. Wong
Donald G. Newnan
Steven Nielsen

Proposal to approve the merger and the merger agreement pursuant to which Bank of Commerce will be merged into Community Bank of Nevada, a wholly-owned subsidiary of Community Bancorp, as described in the attached proxy statement prospectus.

Only shareholders of record at the close of business on August 1, 2005 may vote at the meeting.

Under Nevada law, holders of Commerce stock who dissent from the merger and comply with certain provisions will be entitled to receive a cash payment for their shares. A summary of the applicable requirement of such law is contained in the attached proxy statement prospectus under the caption THE MERGER Dissenters Rights of Commerce Shareholders. In addition, the text of the applicable provision is attached as Appendix C to the attached proxy statement prospectus.

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Your vote is important. Please complete, sign, date and return your proxy card in the enclosed envelope, whether or not you plan to attend the meeting.

If you would like to attend the Commerce annual meeting and your shares are held by a broker, bank or other nominee, you must bring to the meeting a recent brokerage statement or a letter from the nominee confirming your beneficial ownership of the shares. You must also bring a form of personal identification. In order to vote your shares at the Commerce annual meeting, you must obtain from the nominee a proxy issued in your name.

By order of the Board of Directors

Robin Panek, Secretary

August 2, 2005

Table of Contents

THE MERGER

Table of Contents

	Page
<u>QUESTIONS AND ANSWERS ABOUT VOTING</u>	i
<u>SUMMARY</u>	1
<u>SELECTED HISTORICAL AND UNAUDITED PRO-FORMA FINANCIAL DATA</u>	7
<u>Commerce Historical Selected Financial Data</u>	7
<u>Community Historical Selected Financial Data</u>	9
<u>Selected Unaudited Pro Forma Combined Financial Information</u>	10
<u>Unaudited Comparative Per Share Data</u>	11
<u>RECENT DEVELOPMENTS</u>	13
<u>FORWARD LOOKING STATEMENTS</u>	17
<u>RISK FACTORS</u>	18
<u>THE ANNUAL MEETING</u>	27
<u>Proxy Statement Prospectus</u>	27
<u>Date, Time and Place of the Annual meeting</u>	27
<u>Record Date; Solicitation of Proxies</u>	27
<u>Revocability of Proxies</u>	27
<u>Matters to be Considered at the Meeting</u>	27
PROPOSAL 1	
<u>ELECTION OF DIRECTORS</u>	28
<u>Nominees</u>	28
<u>Executive Officers of Commerce</u>	29
<u>Compensation of Directors and Executive Officers</u>	29
<u>Certain Transactions</u>	30
<u>Voting Securities and Principal Holders Thereof</u>	31
PROPOSAL 2	
<u>THE MERGER</u>	32
<u>General</u>	32
<u>Background of the Merger</u>	32
<u>Recommendation of, and Factors Considered by, Commerce's Board of Directors</u>	33
<u>Fairness Opinion</u>	34
<u>Consideration to be paid to Commerce Shareholders</u>	38
<u>Election Procedure</u>	38
<u>Surrender of Commerce Stock Certificates After the Merger</u>	39
<u>Holder of Options for Commerce Common Stock</u>	40
<u>Regulatory Approvals Required</u>	40
<u>Management and Operations after the Merger</u>	41
<u>Nasdaq Listing</u>	41
<u>Resales of Community Common Stock</u>	41
<u>Material Federal Income Tax Consequences</u>	41
<u>Accounting Treatment</u>	43
<u>Dissenters' Rights of Commerce Shareholders</u>	43
<u>Interests of Certain Persons in the Merger</u>	45
<u>The Merger Agreement</u>	46
<u>Structure of the Merger</u>	46
<u>Effective Time</u>	46
<u>Additional Agreements</u>	46
<u>Treatment of Stock Options</u>	46

Table of Contents

	<u>Page</u>
<u>Conditions to the Merger</u>	47
<u>Nonsolicitation</u>	47
<u>Expenses</u>	48
<u>Termination</u>	48
<u>Representation and Warranties</u>	49
<u>Covenants; Conduct of Business Prior to Effective Time</u>	49
<u>Amendment and Waiver</u>	51
<u>UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS</u>	52
<u>COMMUNITY BANCORP STOCK</u>	59
<u>COMPARISON OF COMMUNITY COMMON STOCK AND COMMERCE COMMON STOCK</u>	61
<u>INFORMATION ABOUT COMMUNITY AND COMMUNITY BANK OF NEVADA</u>	65
<u>Community Bancorp</u>	65
<u>Employees</u>	74
<u>Properties</u>	74
<u>Legal Proceedings</u>	75
<u>Market for Community s Common Equity and Related Stockholder Matters</u>	75
<u>Management s Discussion and Analysis of Financial Condition and Results of Operations</u>	76
<u>Directors and Officers of Community</u>	109
<u>Audit Committee</u>	110
<u>Executive Compensation</u>	110
<u>Voting Securities and Principal Holders Thereof</u>	114
<u>INFORMATION ABOUT COMMERCE</u>	116
<u>Business</u>	116
<u>Properties</u>	116
<u>Legal Proceedings</u>	116
<u>Market for Commerce s Common Equity</u>	117
<u>Bank of Commerce s Management s Discussion and Analysis of Financial Condition and Results of Operations</u>	117
<u>INFORMATION ABOUT MARKET AREA, COMPETITION AND SUPERVISION AND REGULATION</u>	136
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	144
<u>LEGAL MATTERS</u>	146
<u>EXPERTS</u>	146
<u>OTHER BUSINESS</u>	146
<u>FINANCIAL STATEMENTS OF COMMERCE</u>	F-2
<u>FINANCIAL STATEMENTS OF COMMUNITY</u>	F-29
<u>APPENDICES</u>	
<u>Agreement to Merge and Plan of Reorganization</u>	Appendix A
<u>Fairness Opinion of Hofer & Arnett</u>	Appendix B
<u>Section 92A.300 et seq. of the Nevada Revised Statutes</u>	Appendix C

Table of Contents

QUESTIONS AND ANSWERS ABOUT VOTING

Q: Why have you sent me this document?

A: This document is being delivered to you because it is serving as both a proxy statement for Bank of Commerce (Commerce or we) and a prospectus of Community Bancorp (Community). It is a proxy statement because it is being used by the Commerce Board of Directors to solicit the proxies of its shareholders. It is a prospectus because Community is offering shares of its common stock in exchange for shares of Commerce in the merger described below.

This proxy statement prospectus contains important information regarding the election of directors and the proposed merger, as well as information about Community and Commerce. It also contains important information about what our Board of Directors and management considered when evaluating this proposed merger. We urge you to read this proxy statement prospectus carefully, including its appendices.

Q: What is happening in this merger?

A: Commerce is being merged with and into Community Bank of Nevada, the wholly-owned subsidiary of Community. As a result of such merger, Commerce will cease to exist. The merger is governed by the Agreement to Merge and Plan of Reorganization dated May 19, 2005 (the merger agreement). A copy of the merger agreement is attached as Appendix A. For convenience, we refer to the entire transaction in this proxy statement prospectus as simply the merger.

Q: Why is the merger proposed?

A: Commerce is proposing the merger because its Board of Directors concluded that the merger is in its best interest and its shareholders best interest. Commerce believes that the merger affords a fair price and an opportunity for the combined companies to offer customers a broader array of services and products.

Q: What are the Commerce shareholders being asked to approve?

A: On the first proposal, Commerce shareholders are being asked to elect a slate of nine (9) directors to serve until their successors are elected and duly qualified, or until completion of the merger. On the second proposal, Commerce shareholders are being asked to approve the merger and the merger agreement, which approval must be obtained before the merger can be closed.

Q: What should I do now?

A: Simply indicate on your proxy card how you want to vote and then sign and mail your proxy card in the enclosed return envelope in time to be represented at the shareholder s meeting.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker has discretionary authority to vote your shares for you with respect to the election of directors. However, with respect to the merger your broker will vote your shares for you only if you provide instructions on how to vote. You should instruct your broker how to vote your shares, following the directions your broker provides. If you fail to instruct your broker how to vote your shares, your broker

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may vote your shares for the election of directors, but as to the merger the effect will be the same as a vote against the merger.

Q: What happens if I don't vote?

A: If you fail to respond, your shares will not be counted to help establish a quorum at the annual meeting. Not voting also has the same effect as voting against the merger.

Table of Contents

Q: Can I change my vote after I have mailed my signed proxy card?

A: Yes. You may change your vote at any time before your proxy is voted at the annual meeting. If your shares are held in your name you may do this in one of three ways:

Send a written notice to the Secretary of Commerce stating that you are revoking your proxy.

Complete and submit a new proxy card bearing a later date.

Attend the annual meeting and vote in person (but only if you tell the Secretary before the voting begins that you want to cancel your proxy and vote in person). Simply attending the meeting, however, will not revoke your proxy.

If you choose either of the first two methods, you must submit your notice of revocation or your new proxy card to Commerce at the address at the top of Commerce's notice of annual meeting.

If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote or to vote at the annual meeting.

Q: How many votes are needed to approve the merger proposal?

A: Approval of the merger proposal requires the affirmative vote of the holders of not less than a majority of the shares of Commerce common stock issued and outstanding on the record date.

Q: Who can help answer my questions?

A: If you have more questions about the merger or the annual meeting, you should contact:

Mr. Richard M. Robinson

President and Chief Executive Officer

Bank of Commerce

4343 E. Sunset Road

Henderson, Nevada 89014

(702) 307-9800

Table of Contents

SUMMARY

This brief summary, together with the Questions and Answers on the preceding pages, highlight selected information from the proxy statement prospectus. It does not contain all of the information that is important to you. We urge you to read carefully the entire proxy statement prospectus and the other documents to which we refer to understand fully the merger. Each item in this summary refers to the page where that subject is discussed in more detail.

Commerce to Hold Annual Meeting (Pages)

Commerce's annual meeting of shareholders will be held at 5:30 p.m. on August 16, 2005, at Bank of Commerce's Sahara Branch, 7580 W. Sahara, Las Vegas, Nevada 89117. At the meeting, you will be asked to elect directors and approve the merger.

Record Date; Shareholder Votes Required (Pages)

You are entitled to vote at the annual meeting if you owned Commerce common stock as of the record date, August 1, 2005. As of that date, there were 1,069,398 shares of Commerce outstanding, held by 82 shareholders of record. Each holder of Commerce common stock is entitled to one vote per share on all matters that may properly come before the meeting. The nine directors receiving the greatest number of votes will be elected to office. In connection with the election of directors, shares may be voted cumulatively if a shareholder present at the meeting gives notice at the meeting, prior to voting for election of directors, of his or her intention to vote cumulatively. Approval of the merger requires the affirmative vote of not less than a majority of the outstanding shares of Commerce common stock.

Election of Directors

For information on the election of Commerce directors see PROPOSAL 1 ELECTION OF DIRECTORS beginning on page .

Information Regarding the Parties to the Merger (Pages and)

Community Bancorp

400 South 4th Street, Suite 215

Las Vegas, Nevada 89101

<http://www.communitybanknv.com>

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Community Bancorp is a Las Vegas, Nevada-based bank holding company for Community Bank of Nevada. Community Bank of Nevada provides traditional commercial banking services to small and medium-sized businesses and individuals primarily in Clark County, Nevada, and the greater Las Vegas community.

At March 31, 2005, Community had total assets of \$634.4 million, total deposits of \$535.1 million and stockholders' equity of \$79.3 million. Community Bank of Nevada has five full service branches serving the greater Las Vegas community and recently opened loan production offices in San Diego, California, and Phoenix, Arizona. According to June 30, 2004 Federal Deposit Insurance Corporation (FDIC) data, Community Bank of Nevada's five branches have a 1.86% combined deposit market share within the area it serves, which would rank it third among community banks and tenth among all banks and thrifts.

Community Bank of Nevada commenced operations in July 1995 as a Nevada state bank. As a Nevada state bank, Community Bank of Nevada is subject to primary supervision, examination and regulation by the Nevada

Table of Contents

Division of Financial Institutions. The Bank's deposits are insured by the FDIC up to the applicable limits thereof, and Community Bank of Nevada is a member of the Federal Reserve System.

Community's common stock trades on the NASDAQ National Market under the symbol CBON.

Additional information about Community is included in the section titled INFORMATION ABOUT COMMUNITY BANCORP AND COMMUNITY BANK OF NEVADA below and its Form 10-K for the year ended December 31, 2004 and in its Form 10-Q for the quarter ended March 31, 2005. If you want to obtain copies of those documents or other information concerning Community, please see WHERE YOU CAN FIND MORE INFORMATION on page .

Bank of Commerce

4343 E. Sunset Road

Henderson, Nevada 89014

<http://www.bocnv.com>

Commerce is a commercial bank providing traditional commercial banking services to businesses and communities in Clark County, Nevada. As of March 31, 2005, we had total assets, deposits and stockholders' equity of approximately \$167 million, \$138 million and \$15 million, respectively.

We currently operate three branch offices in Clark County, two located in Las Vegas and our headquarters, located in Henderson.

The Merger (Page and Appendix A)

As used in this document, the term the merger means the merger of Commerce with and into Community Bank of Nevada. The merger is governed by the Agreement to Merge and Plan of Reorganization dated May 19, 2005 (the merger agreement).

We have attached a copy of the merger agreement as Appendix A at the back of this proxy statement prospectus. We encourage you to read this agreement, as it is the legal document that governs the merger.

Risk Factors (Page)

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An investment in Community's common stock includes substantial risks. See the section entitled "RISK FACTORS" beginning on page 15 for a discussion of risks associated with the merger and an investment in Community's common stock.

Commerce Shareholders Have the Election to Receive Common Stock of Community, Cash or a Combination (Page 15)

Subject to the allocation provisions of the merger agreement, shareholders of Commerce will have the election to receive shares of common stock of Community, cash or a combination in exchange for their shares of Commerce.

You Will Receive \$33.00 of Value for Your Commerce Common Stock (Page 15)

In the transaction, shareholders of Commerce will have the election to receive shares of common stock of Community, cash or a combination in exchange for their shares of Commerce stock, subject to certain proration provisions. Shareholders of Commerce will receive either \$33.00 in cash or \$33.00 worth of Community common stock for each share of Commerce common stock they own, subject to downward adjustment if certain

Table of Contents

merger related expenses of Commerce exceed \$200,000. The actual number of shares of Community common stock you receive for each share of Commerce common stock will be determined by dividing \$33.00 by the average closing price of Community common stock over the twenty trading days three trading days prior to the close of the merger. In addition, the amount of Community shares and/or cash is subject to certain allocation procedures designed to ensure that 50% of the total consideration paid to holders of Commerce stock is paid in Community common stock and 50% is paid in cash.

The following table sets forth historical per share market value for Community common stock based on the last sale price and Commerce common stock based on the last known trade prices and the equivalent market values for Commerce common stock on:

May 18, 2005, the last trading day before public announcement of the merger, and

July 29, 2005, the most recent date before the mailing of this proxy statement prospectus.

	<u>Historical Market Price</u>		<u>Commerce</u>
	<u>Community</u>	<u>Commerce</u>	<u>Equivalent Pro Forma Market Value (1)</u>
May 18, 2005	\$ 27.06	\$ 13.50(2)	\$ 33.00(1)
July 29, 2005	\$ 33.01	\$ 13.50(2)	\$ 33.00(3)

- (1) Using an exchange ratio of 1.2195 shares of Community common stock for each share of Commerce common stock.
- (2) There is and has been very little trading in Commerce common stock. The last trade known to management was for 2,500 shares at \$13.50 on March 30, 2004.
- (3) Using an exchange ratio of .9997 shares of Community common stock for each share of Commerce common stock.

Community cannot assure you that actual stock prices for its common stock will be equal to or greater than the prices shown in the table at the time of the merger or at any time after the completion of the merger. After the merger, there will be no further trading or a public market for Commerce common stock.

We urge you to obtain current market quotations for Community. For additional information on the historical market prices of Community and Commerce common stock please see INFORMATION ABOUT COMMUNITY AND COMMUNITY BANK OF NEVADA Market for Community s Common Equity and Related Stockholder Matters on page , and INFORMATION ABOUT COMMERCE Market for Commerce s Common Equity on page .

Dividends After the Merger

Commerce has no history of paying dividends.

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Community has not paid a cash dividend since 2002 as it has used its current and retained earnings to support its rapid and continued growth. Community does not foresee any circumstances in the immediate future in which it would consider paying cash dividends on its common stock. Additionally, Community recently discontinued paying stock dividends.

Tax Effects of the Transaction (Page)

The merger will be tax-free for U.S. federal income tax purposes to Commerce shareholders who receive only Community shares in the merger. A Commerce shareholder who receives only cash in the merger will recognize gain or loss for U.S. federal income tax purposes equal to the difference between the amount of cash

Table of Contents

received and the tax basis of the Commerce shares exchanged therefor, and such gain or loss will be capital gain or loss assuming that the Commerce shares are held by the shareholder as a capital asset. A Commerce shareholder electing to receive Community shares and cash in the merger will recognize gain (but not loss) for U.S. federal income tax purposes in an amount equal to the lesser of (1) the amount of cash received in the merger and (2) an amount equal to the excess, if any, of (a) the sum of the amount of cash plus the fair market value of the Community shares received in the merger, over (b) the tax basis of the Commerce shares exchanged therefor. The gain recognized will be capital gain (assuming the Commerce shares are held by the shareholder as a capital asset) unless the receipt of cash by the Commerce shareholder has the effect of a dividend distribution, in which event the gain will be treated as ordinary dividend income (to the extent of the shareholder's ratable share of Commerce's accumulated earnings and profits at the time of the merger as calculated for U.S. federal income tax purposes).

We encourage you to consult your tax advisor about the tax consequences to you of the merger.

Our Board of Directors Recommendation (Page)

Commerce Shareholders. The Commerce Board of Directors has determined that the merger is fair to and in the best interest of Commerce and Commerce shareholders. It has unanimously approved the merger agreement and recommends that Commerce shareholders vote **FOR** the merger and the merger agreement.

Factors considered by our Board. You should also refer to the factors and reasons that our Board of Directors considered in reaching their decision to approve the merger, as explained starting on page .

Financial Advisor Gives Opinion That Merger Is Fair (Page and Appendix B)

Commerce's financial advisor, Hofer & Arnett, has provided opinions to Commerce's Board of Directors orally on May 17, 2005, and then confirmed in writing on June 21, 2005, that subject to and based on the considerations referred to in its opinion, the merger was fair to the Commerce shareholders from a financial point of view. The full text of Hofer & Arnett's opinion dated June 21, 2005 is attached as Appendix B to this proxy statement prospectus. Commerce urges its shareholders to read that opinion in its entirety.

Commerce Shareholders Should Make a Timely Election (Page)

Promptly after the close of the merger, Commerce shareholders will receive election forms by which they may indicate the form of consideration they wish to receive. Commerce shareholders will have 30 days to return their election forms and appropriate documentation. If you do not make a timely election, you may not receive the form of consideration that you want. The merger agreement requires that 50% of the total consideration paid in the merger must be in Community shares. If elections to receive Community shares are not made for exactly 50% of the total consideration paid in the merger, an allocation procedure will be applied until the necessary level has been achieved, except as to any Commerce shareholder who exercises dissenter's rights. The first election shares to which the allocation procedures will be applied will be those shares for which a timely and valid election have not been made. If, after allocating to the undesignated shares, an additional allocation is necessary, there will be a proration procedure applied.

PLEASE RETAIN THIS PROXY STATEMENT PROSPECTUS, SINCE IT WILL BE OF ASSISTANCE IN MAKING YOUR ELECTION.

Because the election will take place after the close of the merger, a minimum of forty-five days will pass between the close of the merger and your receipt of either cash, Community shares, or some combination for your shares of Commerce stock. If you are receiving Community shares, you will not be

Table of Contents

able to trade either Community or Commerce shares during this period since the election and allocation process will not have been completed. Further, the exchange ratio will be fixed prior to the closing of the merger, and changes in the share price of Community common stock that occur after the closing will not be reflected in that exchange ratio.

Certain Shareholders Have Agreed to Vote in Favor of the Merger (Page)

As of the record date for the meeting, the directors and certain significant shareholders of Commerce held voting power with respect to 64.7% of the outstanding shares of Commerce common stock. The directors and these significant shareholders of Commerce have signed contracts agreeing to vote their shares in favor of the merger agreement and the merger.

The directors and these significant shareholders entered into these agreements in order to induce Community to enter into the merger agreement. The director and voting agreements could discourage other companies from trying to acquire Commerce.

Dissenters' Rights (Page and Appendix C)

Shareholders of Commerce will have dissenters' rights in the merger. If you follow certain procedures, you may choose to receive the fair market value of your shares in cash when the merger is completed. The procedures which you must follow to exercise your dissenters' rights are in Section 92A.300 et seq. of the Nevada Revised Statutes. We have attached Section 92A.300 et seq. as Appendix C.

Accounting Treatment (Page)

Community will account for the merger as a purchase for financial reporting purposes.

Benefits to Certain Officers and Directors in the Merger (Page)

When considering the recommendation of the Commerce Board of Directors, you should be aware that some Commerce directors and officers have interests in the merger that differ from the interests of other Commerce shareholders. These interests include:

certain officers and directors have stock options which are exercisable in full prior to the merger;

Richard Robinson, the President of Commerce, has entered into an employment agreement with Community Bank of Nevada which will be effective upon the closing of the merger; and

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directors and officers have continuing liability insurance protection and indemnification protections.

The Commerce Board of Directors was aware of these interests and considered them before approving the merger agreement.

Things We Must Do for the Merger to Occur (Page)

Completion of the merger is subject to various conditions, including:

approval of the merger agreement and the merger by the Commerce shareholders;

receipt of all governmental and other consents and approvals that are necessary to permit completion of the merger; and

other usual conditions.

Table of Contents

Certain of these customary conditions to the merger may be waived by Community or Commerce, as applicable.

Regulatory Approvals Needed (Page)

We cannot complete the merger unless it is approved by the Nevada Division of Financial Institutions and the Board of Governors of the Federal Reserve System. Applications with the Division of Financial Institution and the Federal Reserve have been filed. Community has received approval from the Federal Reserve. Community also filed a request with the Board of Governors of the Federal Reserve System for an exemption from the applicable application provisions of the Bank Holding Company Act. The Federal Reserve has recently confirmed that no application pursuant to the Bank Holding Company Act will be required in connection with the merger.

Although we do not know of any reason why we cannot obtain these regulatory approvals in a timely manner, we cannot be certain when or if we will obtain them.

When the Merger Will Occur (Page)

The merger will occur shortly after all of the conditions to its completion have been satisfied. We currently anticipate that it will close in August of 2005.

Termination of the Merger Agreement (Page)

The merger agreement may be terminated prior to the effective time of the merger for a variety of reasons, including either party may terminate the agreement if all significant conditions are not met by October 31, 2005 or if the other party breaches the agreement or by Community if its average stock price falls below \$24.00 per share. If Community chooses to terminate the agreement because its average stock price falls below \$24.00 per share, Commerce has the right to reinstate the agreement, however the exchange ratio used to determine both the amount of cash or Community common stock that a Commerce shareholder will receive for each share of Commerce common stock they own will be fixed at 1.3750.

Termination Fees Between Commerce and Community (Page)

Certain cash payments may be made under the merger agreement in the event a party terminates the merger agreement in certain situations, including a payment by Commerce to Community if the Commerce shareholders fail to approve the merger and its merger agreement.

Table of Contents

SELECTED HISTORICAL AND UNAUDITED PRO-FORMA FINANCIAL DATA

We are providing the following information to aid you in your analysis of the financial effects of the merger. The historical selected financial data in the following tables shows financial results actually achieved by Commerce and by Community for the periods presented. These are historical figures.

Commerce Historical Selected Financial Data

The following selected financial data with respect to Commerce for the years ended December 31, 2004 and 2003 have been derived from its audited financial statements. The selected financial data for the three months ended March 31, 2005 and 2004 comes from the unaudited financial statements of Commerce. Such interim financial statements include all adjustments that are, in the opinion of management, necessary to present fairly Commerce's financial information for the interim periods presented. The operating results for the three months ended March 31, 2005, are not necessarily indicative of the operating results that may be expected for the year ending December 31, 2005.

Table of Contents

	Three Months Ended March 31,		At or for the Year Ended December 31,	
	2005	2004	2004	2003
Income Data:				
Interest income	\$ 2,569	\$ 1,950	\$ 8,498	\$ 7,251
Interest expense	520	399	1,701	1,840
Net interest income	2,049	1,551	6,797	5,411
Provision for loan losses	306	130	1,130	611
Net interest income after provision for loan losses	1,743	1,421	5,667	4,800
Non-interest income	142	222	595	495
Non-interest expense	1,125	1,058	4,213	3,875
Income before income taxes	760	585	2,049	1,420
Provision for income taxes	258	199	689	481
Net Income	\$ 502	\$ 386	\$ 1,360	\$ 939
Share data:				
Earnings per share basic	\$ 0.47	\$ 0.36	\$ 1.27	\$ 0.90
Earnings per share diluted	0.41	0.34	1.19	0.88
Dividend payout ratio	0.00%	0.00%	0.00%	0.00%
Book Value per share	\$ 14.04	\$ 13.03	\$ 13.69	\$ 12.56
Shares outstanding at period end	1,069,398	1,069,398	1,069,398	1,069,398
Weighted average shares outstanding basic	1,069,398	1,069,398	1,069,398	1,040,134
Weighted average shares outstanding diluted	1,223,910	1,134,958	1,137,911	1,069,424
Balance Sheet Data:				
Cash and cash equivalents	20,977	24,975	11,213	14,479
Investments and other securities	22,628	22,859	22,806	12,598
Gross loans	121,636	100,541	119,266	103,247
Allowance for loan losses	1,576	836	1,334	1,175
Assets	167,493	151,730	155,764	133,251
Deposits	138,120	131,865	128,354	112,013
Stockholders equity	15,012	13,931	14,635	13,427
Selected Other Balance Sheet Data:				
Average assets	162,404	139,209	149,362	117,504
Average earning assets	155,470	130,414	141,411	110,512
Average stockholders equity	14,736	13,602	14,004	12,431
Selected Financial Ratios:				
Return on average assets (1)	1.24%	1.11%	0.91%	0.80%
Return on average stockholders equity (1)	13.82%	11.51%	9.71%	7.55%
Net interest margin (1)(2)	5.34%	4.82%	4.81%	4.90%
Efficiency Ratio (3)	51.30%	62.60%	57.50%	65.40%
Capital Ratios:				
Average stockholders equity to average assets	9.07%	9.77%	9.38%	10.58%
Leverage Ratio	9.34%	9.87%	9.41%	10.24%
Tier 1 Risk-Based Capital ratio	11.97%	12.27%	12.07%	12.29%
Total Risk-Based Capital ratio	13.20%	13.01%	13.17%	13.36%
Selected Asset Quality Ratios:				
Non-performing loans to total loans (4)	0.12%	0.48%	0.80%	0.23%
Non-performing assets to total loans and OREO	0.12%	0.95%	0.80%	0.74%
Non-performing assets to total assets (5)	0.09%	0.63%	0.61%	0.58%
Allowance for loan losses to total loans	1.30%	0.83%	1.12%	1.14%

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Allowance for loan losses to non-performing loans	1,072.1%	173.8%	139.5%	495.8%
Allowance for loan losses to non-performing assets	1,072.1%	87.1%	139.5%	153.2%
Net charge-offs (recoveries) to average loans	0.07%	0.40%	0.92%	0.40%

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- (1) Annualized for the three-month periods ended March 31, 2005 and 2004.
 - (2) Net interest margin represents net income as a percentage of average interest earning assets.
 - (3) Efficiency ratio represents non-interest expenses, excluding loan loss provision, as a percentage of the aggregate of net interest income and non-interest income.
 - (4) Non-performing loans are defined as loans that are past due 90 days or more plus loans placed on non-accrued status.
 - (5) Non-performing assets are defined as assets that are past due 90 days or more plus assets placed in non-accrued status plus other real estate owned.

Table of Contents**Community Historical Selected Financial Data**

The following selected consolidated financial data with respect to Community for the years ended December 31, 2004, 2003, 2002, 2001 and 2000 have been derived from its audited financial statements. The selected consolidated financial data for the three months ended March 31, 2005 and 2004 comes from the unaudited financial statement of Community. Such interim financial statements include all adjustments that are, in the opinion of management, necessary to present fairly Community's financial information for the interim periods presented. The operating results for the three months ended March 31, 2005, are not necessarily indicative of the operating results that may be expected for the year ending December 31, 2005.

	Three Months Ended		At or for the Year Ended December 31,				
	March 31,						
	2005	2004	2004	2003	2002	2001 (1)	2000 (1)
(Dollars in thousands, except share, per share and percentage data)							
Consolidated Income Data:							
Interest income	\$ 8,706	\$ 7,059	\$ 30,038	\$ 27,143	\$ 25,449	\$ 24,119	\$ 21,680
Interest expense	2,176	1,622	6,862	7,453	8,709	10,737	8,699
Net interest income	6,530	5,437	23,176	19,690	16,740	13,382	12,981
Provision for loan losses	\$	\$ 222	\$ 922	\$ 1,723	\$ 1,958	\$ 1,909	\$ 1,655
Net interest income after provision for loan losses	6,530	5,215	22,254	17,967	14,782	11,473	11,326
Non-interest income	376	369	1,489	1,563	1,392	1,670	970
Non-interest expense	3,423	3,422	15,946	12,020	9,112	8,460	7,122
Income before income taxes	3,483	2,162	7,797	7,510	7,062	4,683	5,174
Provision for income taxes	1,101	713	2,376	2,295	2,337	1,526	1,745
Net Income	\$ 2,382	\$ 1,449	\$ 5,421	\$ 5,215	\$ 4,725	\$ 3,157	\$ 3,429
Share Data:							
Earnings per share basic	\$ 0.35	\$ 0.31	\$ 1.13	\$ 1.13	\$ 1.03	\$ 0.69	\$ 0.75
Earnings per share diluted	0.35	0.31	1.10	1.10	1.01	0.68	0.73
Dividend Payout Ratio (2)	%	%	5.31%	7.96%	5.83%	8.70%	8.00%
Book Value per share	\$ 11.75	\$ 7.21	\$ 11.49	\$ 6.96	\$ 5.91	\$ 4.87	\$ 4.23
Shares outstanding at period end	6,750,257	4,661,485	6,747,673	4,629,580	4,607,040	4,582,040	4,573,115
Weighted average shares outstanding basic	6,749,250	4,604,873	4,798,922	4,620,744	4,591,026	4,579,653	4,564,574
Weighted average shares outstanding diluted	6,871,261	4,720,743	4,940,977	4,729,021	4,682,486	4,675,917	4,666,044
Consolidated Balance Sheet Data:							
Cash and cash equivalents	114,246	46,948	67,254	36,005	33,537	8,974	39,935
Investments and other securities	94,719	76,050	86,260	70,093	63,596	39,271	36,135
Gross loans	409,832	351,273	403,270	350,082	293,535	247,182	