Challenge Accepted.™

COMMERCE BANCSHARES, INC.

Investor Update
February 2018

Charles G. Kim
Chief Financial Officer

Jeffery Aberdeen
Controller

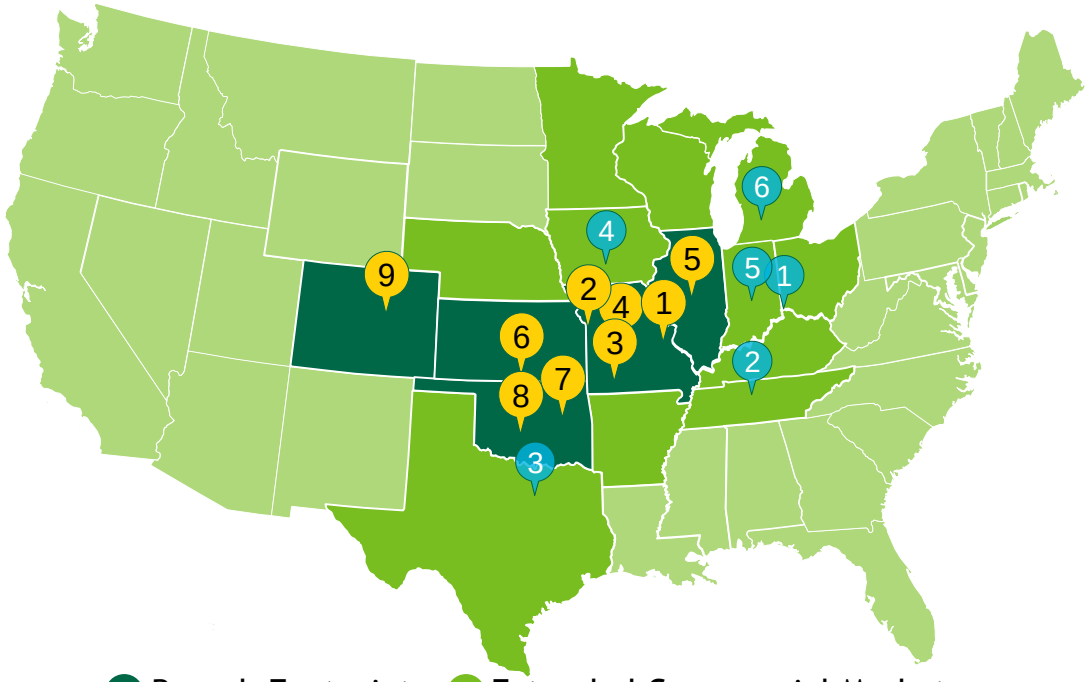
Commerce Bancshares, Inc.

CAUTIONARY STATEMENT

This presentation may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements of the Corporation's plans, goals, objectives, expectations, projections, estimates and intentions. These forward-looking statements involve significant risks and uncertainties and are subject to change based on various factors (some of which are beyond the Corporation's control). Factors that could cause the Corporation's actual results to differ materially from such forward-looking statements made herein or by management of the Corporation are set forth in the Corporation's 2017 3rd Quarter Report on Form 10-Q and the Corporation's Current Reports on Form 8-K.

ABOUT COMMERCE BANCSHARES

FOUNDED IN 1865 AND OVER 150 YEARS OF...
BUILDING COMMERCE
STRENGTH · COMMUNITY · INNOVATION
150 YEARS



Branch Footprint Extended Commercial Markets

Commercial Payment Services

Nine key markets

❶ St. Louis
❷ Kansas City
❸ Springfield
❹ Central Missouri
❺ Central Illinois
❻ Wichita
❼ Tulsa
❽ Oklahoma City
❾ Denver

Commercial offices

❶ Cincinnati
❷ Nashville
❸ Dallas
❹ Des Moines
❺ Indianapolis
❻ Grand Rapids

Super-Community Bank founded in 1865

42nd largest U.S. bank based on asset size[1]

$24.8 billion in assets

$20.4 billion in total deposits

$48.7 billion in Trust assets

176 branches and **376** ATMs

247 thousand mobile customers

441 thousand active online banking customers

Source: [1]SNL Financial as of 9/30/2017
Company reports and filings as of 12/31/2017

Commerce Bancshares, Inc.

SUPER-COMMUNITY BANK PLATFORM

A CONSISTENT STRATEGY WITH A LONG TERM VIEW

Community Bank

- Responsive to customer needs and changing preferences
- Core values embraced by employees
- Award winning customer service
- Focus on the full client relationship

Customer relationship-based

We ask, listen and solve.

High performing teams and engaged workforce

Investment in distinctive, high-return businesses

Long history of top credit quality metrics

Disciplined approach to acquisitions

Focus on operational efficiencies

Super-Regional Bank

- Sophisticated payment system capabilities
- Broad consumer product offerings
- Private Banking; Trust; Capital Markets
- Shareholder driven and strong financial performance
- Competitive on unit costs

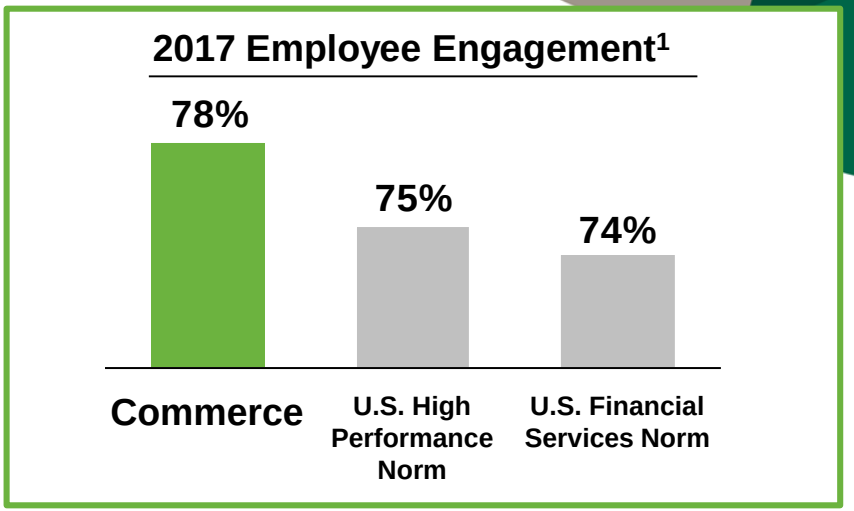
A STRONG EMPHASIS ON CULTURE

Giving VOICE to our VALUES

- We have a long term **V**iew
- We collaborate as **O**ne team
- We act with **I**ntegrity
- We are **C**ustomer focused
- We strive for **E**xcellence

THE Commerce EDGE

- Engaged, long-term leadership team
- Focus on people and talent development
- Knowledge of customers and markets
- Collaboration drives sales across business lines
- Focus on EPS growth
- Investing in the communities in which we operate



- Contributed $32 million to Commerce Bancshares Foundation to enable expanded community support
- Rated "outstanding" from the Federal Reserve for community reinvestment
- Employees heavily engaged in the communities we serve

ENABLES EXECUTION OF CORPORATE STRATEGIES

[1]The Korn Ferry Hay Group – 2017 survey results

RECENT RECOGNITION

Asset management and employer awards



The 2017 Private Asset Management Awards recognize and reward top investment professionals, wealth advisors, legal firms, consultants and other key service providers operating within the private asset management industry.



Ranked 62 out of 300 midsize employers (companies with 1,000 to 5,000 employees). Commerce ranks #2 among other banks on the list.



The award publicly recognizes Korn Ferry clients that have achieved best-in-class levels of engagement. Commerce is one of only three companies in the United States to receive this global award.

STRONG FINANCIAL PERFORMANCE CONTINUES IN 2017

Growth in Earnings per Share
↑16%

ROA
1.28%

ROE
12.5%

Revenue growth
↑6%

Net interest margin growth – 16 bps
3.20%

Growth in loans
↑4%

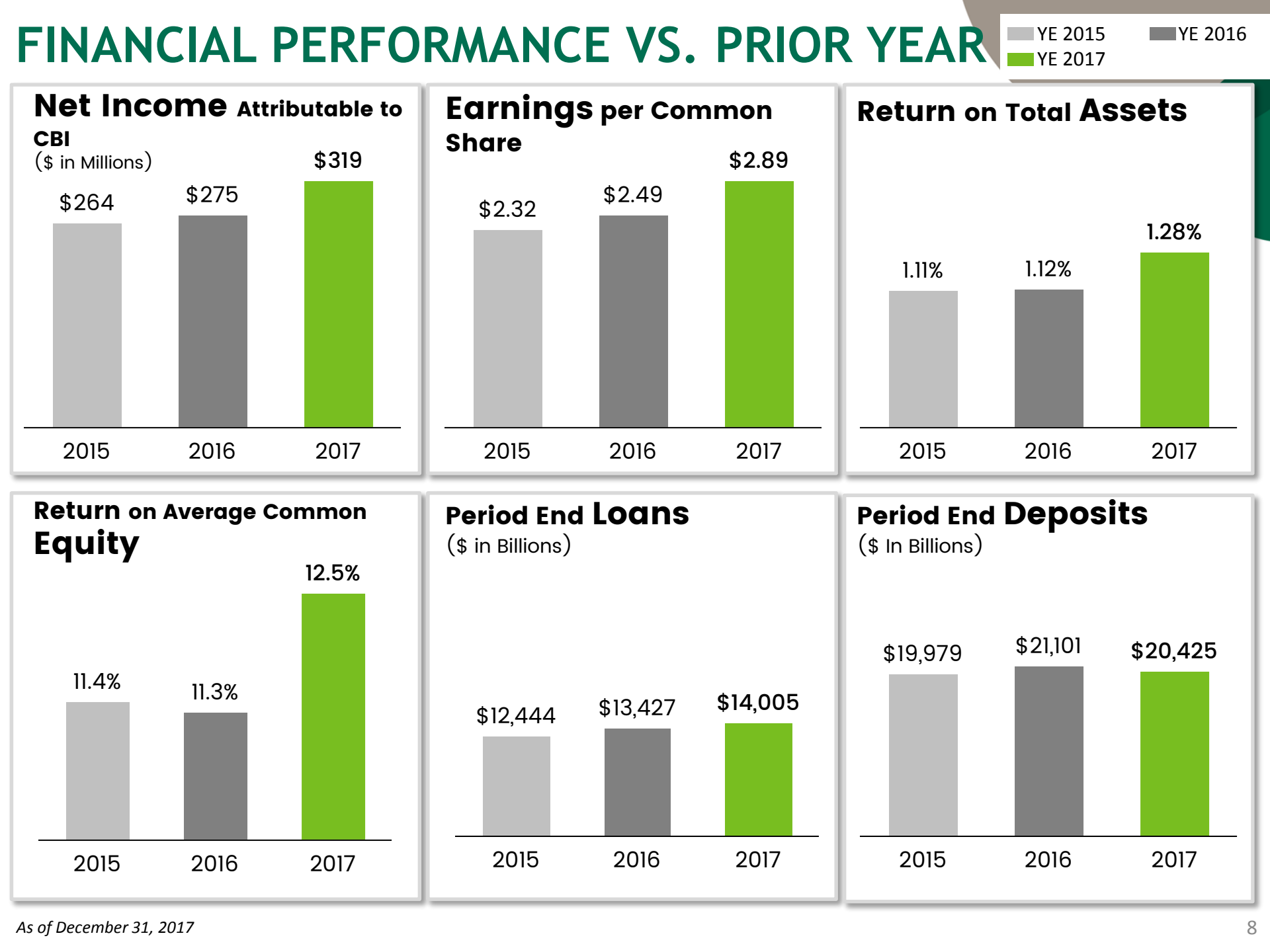
Net loan charge-offs to loans
.31%

Long term performance remains strong

10 year TOTAL SHAREHOLDER RETURN @ 10.1%

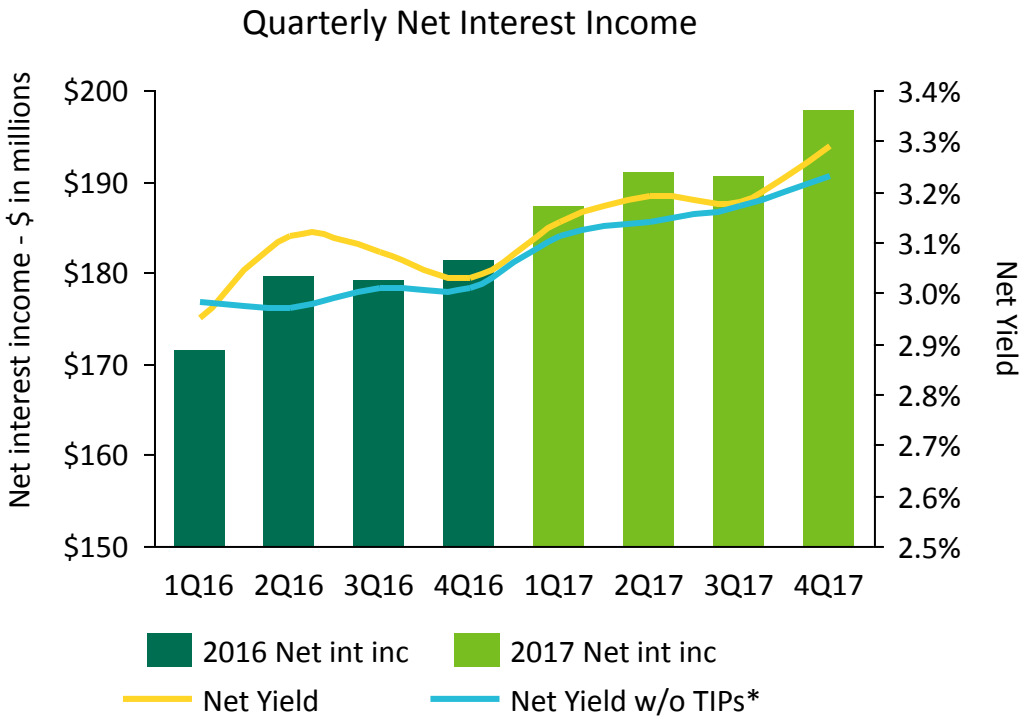
Vs KBW Bank Index of 4.1%

FINANCIAL PERFORMANCE VS. PRIOR YEAR



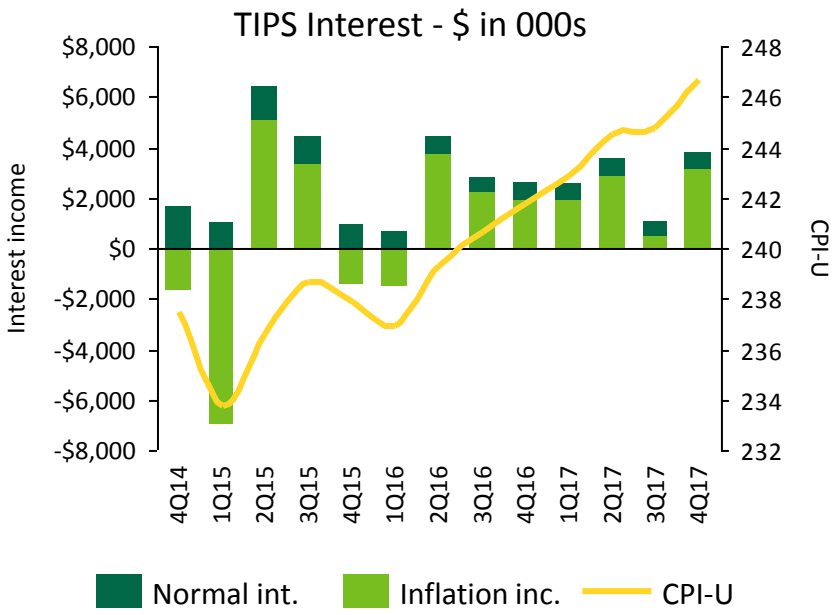
As of December 31, 2017

NET INTEREST INCOME: YTD – December 31, 2017



- Net interest income grew $54 million vs prior year due higher rates on earning assets, growth in average loans and stable funding costs.
- Inflation income on TIPs was up $2.0 million in 2017.
- Deposit beta since Dec. 2015 is 6%.

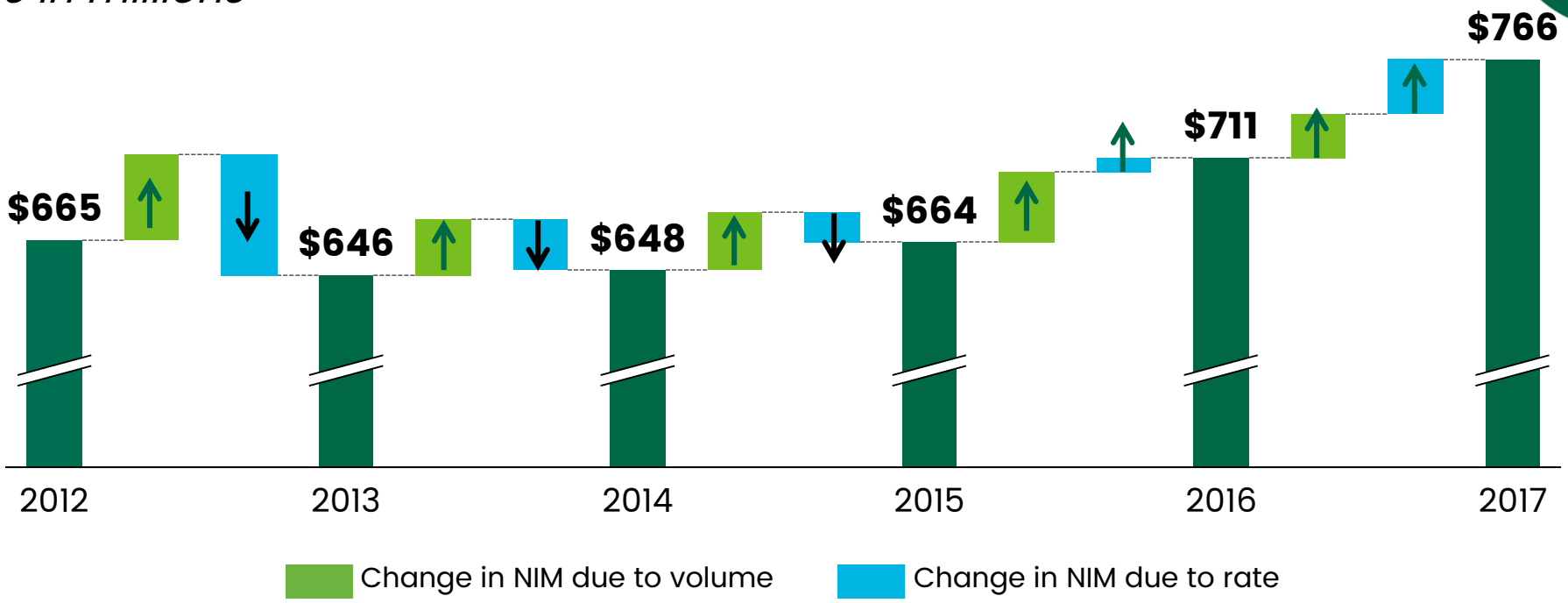
Tax Equivalent – QTD	4Q'16	4Q'17	Change
Total Loans	3.85%	4.18%	0.33%
Fed funds	0.72%	1.35%	0.65%
LT repos	1.86%	2.36%	0.50%
Investment securities	2.39%	2.59%	0.20%
Balances at FRB	0.56%	1.18%	0.62%
Total earning assets	**3.17%**	**3.48%**	**0.31%**
Deposits	0.19%	0.24%	0.05%
Borrowings	0.54%	0.90%	0.36%
Int. bear. Liabilities	**0.22%**	**0.31%**	**0.09%**
Net interest income	**3.03%**	**3.29%**	**0.26%**



* Excludes inflation income on TIPs

GROWTH IN VOLUME AND RISING RATES DRIVING $54 million INCREASE IN NIM

Tax Equivalent Net Interest Income: 2012 – 2017
$s in millions

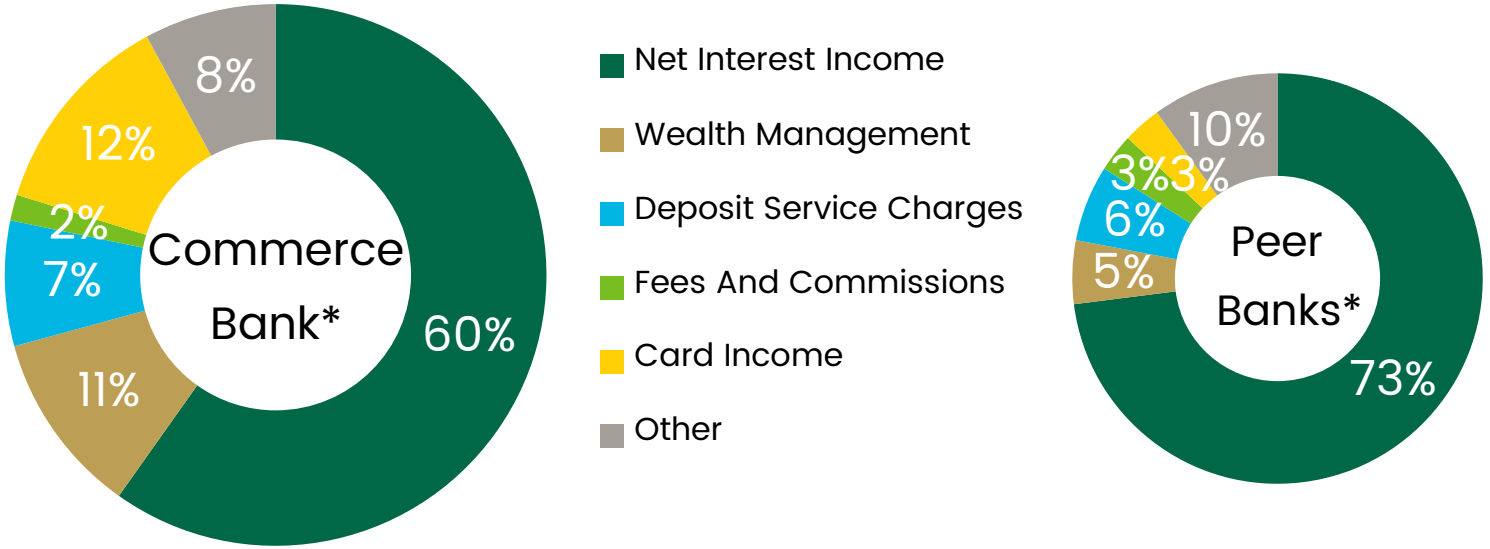


- Lower rates had been pushing the net interest margin lower since 2008 but a larger balance sheet mitigated lower rate pressures
- Growth in loans and higher rates on all earning assets now work together to provide strong growth in net interest income.

Commerce Bancshares, Inc.

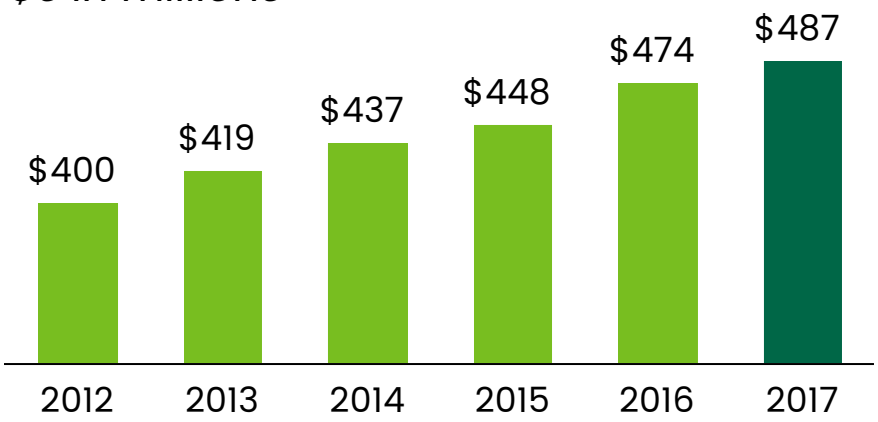
FEE INCOME AT 40% OF TOTAL REVENUE

Balanced mix of interest and non-interest income



Non-Interest Income

$s in millions



Continued focus on growing fee income through new and existing product and services offerings

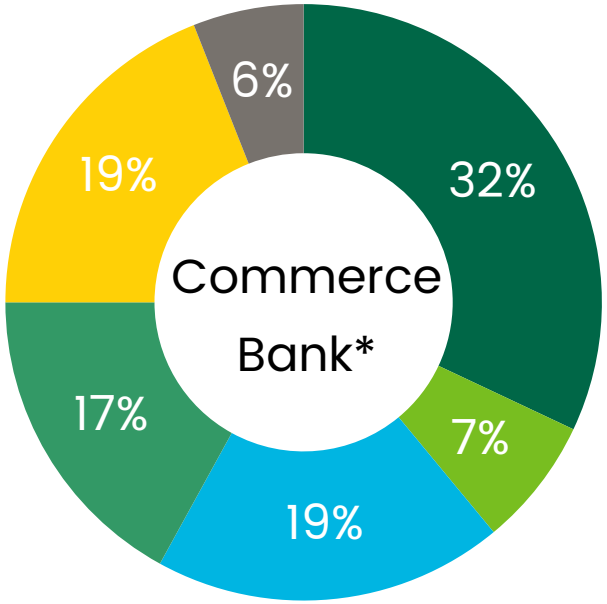
Examples:

- Toggle™
- Remitconnect™
- Supply chain finance
- Insurance claims payment processing
- Accounts Payable automation
- Swaps

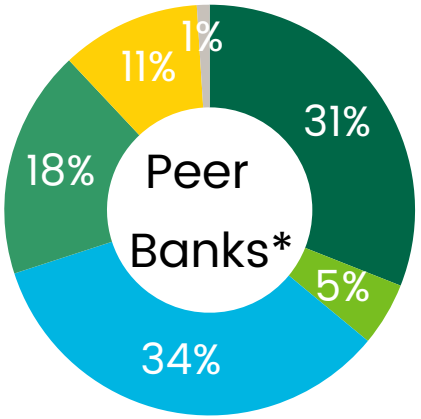
Peer Banks include: ASB, BKU, BOKF, CFR, FHN, FNB, FULT, HBHC, IBKC, ISBC, MBFI, PB, SNV, TCF, UMBF, UMPQ, VLY, WBS, WTFC

**Source: SNL & FIS as of 9/30/2017*

WELL-DIVERSIFIED LOAN PORTFOLIO

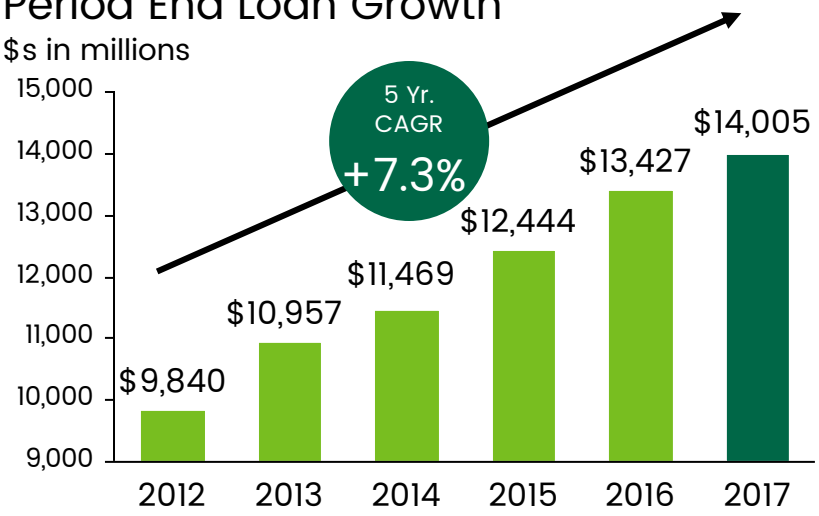


- Business Loans
- Construction
- Business RE
- Residential RE
- Consumer/HELOCs
- Credit Card
- Loans Held for Sale



Period End Loan Growth

$s in millions



Loan growth in 2017

Auto & Consumer	**$145 million**	↑ **9%**
Construction	**$141 million**	↑ **17%**
C&I	**$109 million**	↑ **2%**
Business RE	**$92 million**	↑ **4%**
Personal RE	**$91 million**	↑ **5%**

Peer Banks include: ASB, BKU, BOKF, CFR, FHN, FNB, FULT, HBHC, IBKC, ISBC, MBFI, PB, SNV, TCF, UMBF, UMPQ, VLY, WBS, WTFC

**Source: SNL & FIS as of 9/30/2017*

Commerce Bancshares, Inc.

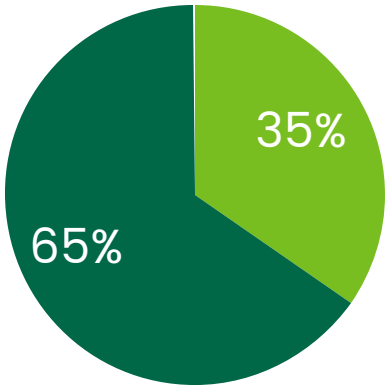
SUMMARY OF FIXED & FLOATING LOANS

56% of total loans are variable; 52% of floating rate commercial loans are tied to LIBOR

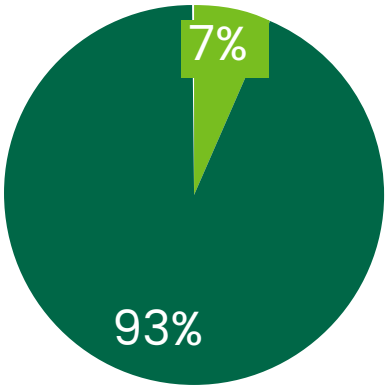


Commercial

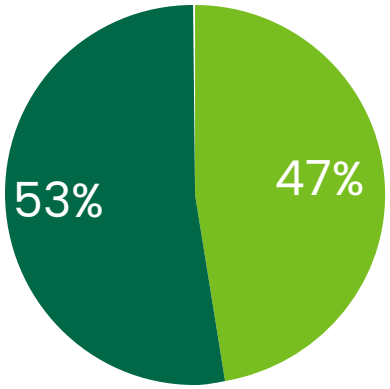
Business
Total Loans: $5.0B



Construction
Total Loans: $1.0B

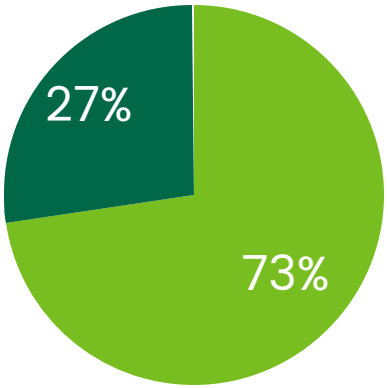


Business RE
Total Loans: $2.7B

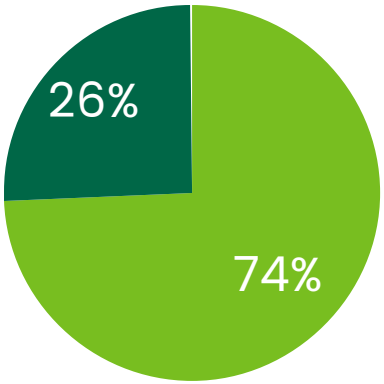


Consumer

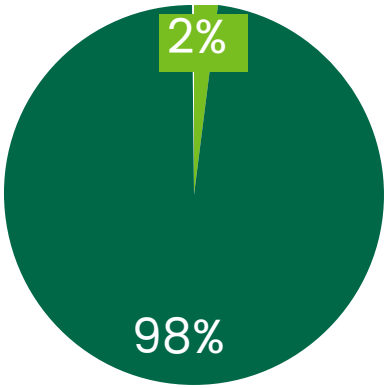
Personal RE
Total Loans: $2.1B



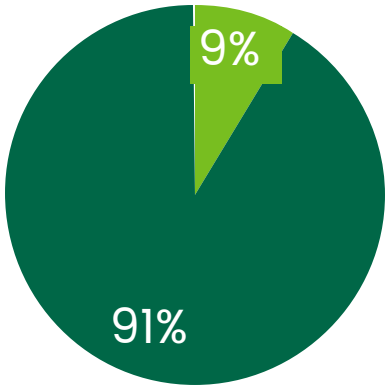
Consumer
Total Loans: $2.1B



HELOC
Total Loans: $0.4B

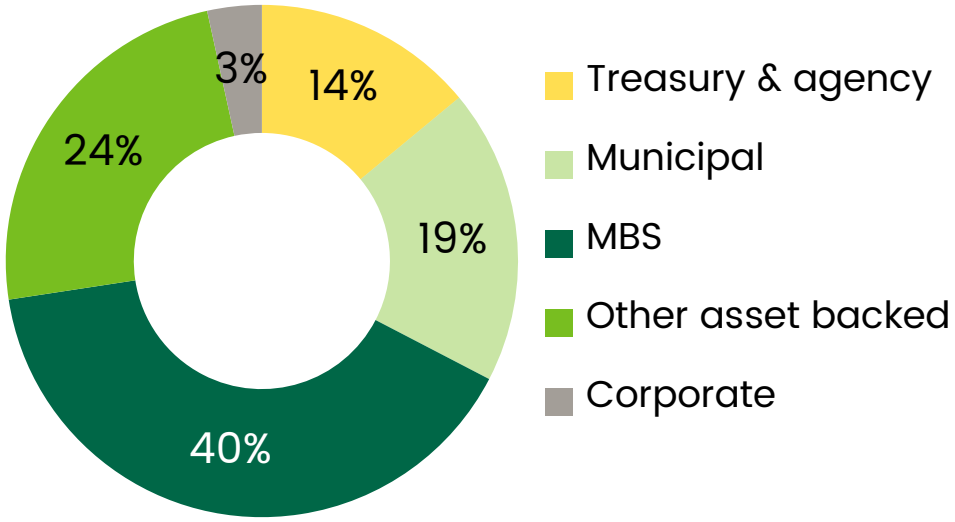


Consumer Card
Total Loans: $0.8B



INVESTMENT PORTFOLIO:
HIGH QUALITY, DIVERSE, SHORT DURATION

Composition of AFS Portfolio



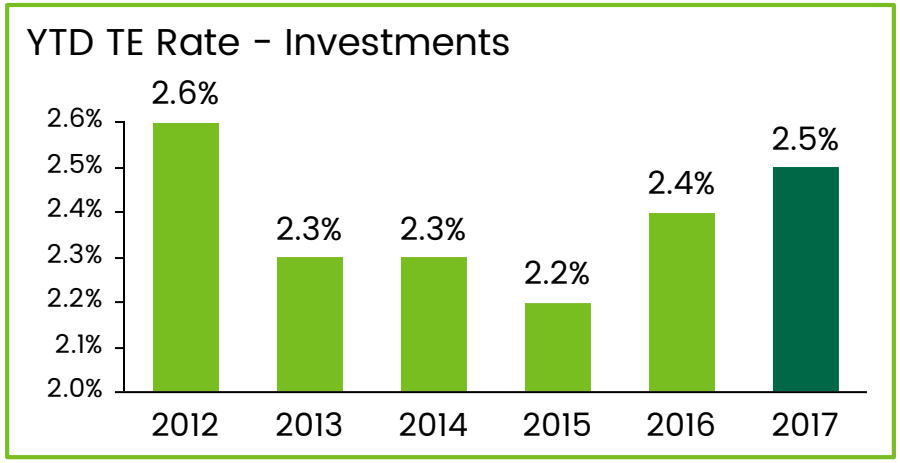
AFS Portfolio as of 12/31/17

Total investments	$8.8 billion
Unrealized gain	$54 million
12 month maturities / pay-downs	$1.4 billion

Duration

December 2014	2.4 years
December 2015	2.9 years
December 2016	2.9 years
December 2017	3.0 years

December 31, 2017	Weighted Avg rate	Weighted Life (years)
Treasury & agency*	1.4%	3.6
Municipal - TE	3.4%	4.6
MBS	2.7%	4.0
Other asset-backed	1.8%	2.0
Corporate	2.6%	4.7

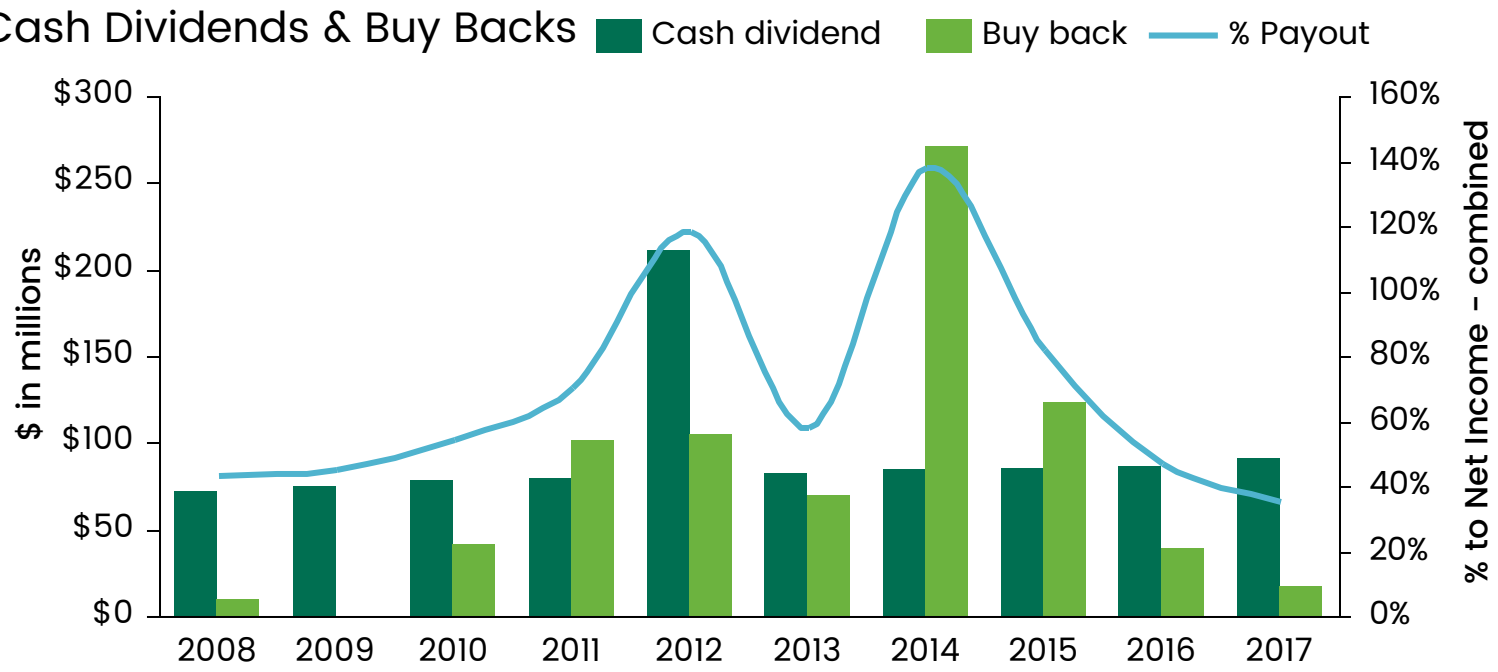


*Excludes inflation effect on TIPs
Sources: InTrader, AFS portfolio

Commerce Bancshares, Inc.

STRONG CAPITAL POSITION

FLEXIBILITY IN CAPITAL PLANNING



Year-end capital ratios	
Tier 1 common risk-based capital	12.7%
Tier 1 risk-based capital	13.4%
Total risk-based capital	14.4%
Leverage ratio	10.4%

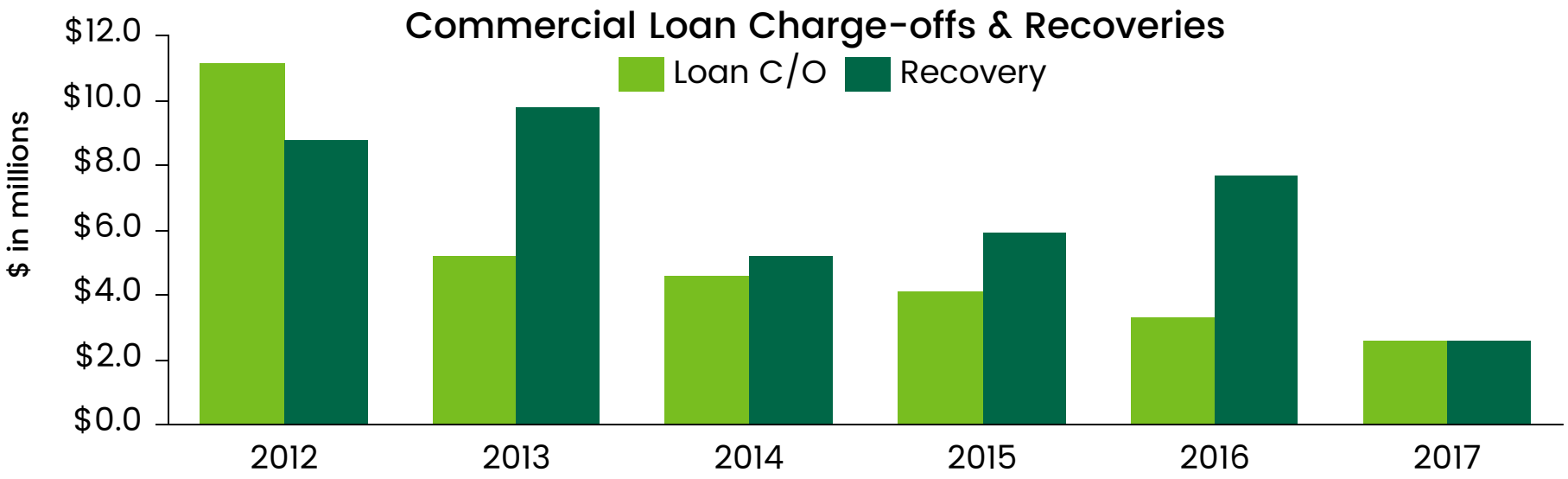
- ASR transactions totaled $200 million in 2014 and $100 million in 2015; also special dividend of $212 million in 2012
- 49 consecutive years of common dividend increases
- Announced 10% cash dividend increase on common shares for 2018.

NET LOAN CHARGE-OFFS: YTD – December 31, 2017

$ in 000s	YTD 2016	YTD 2017	Actual $ Chge	'17 Loss Rate
Business	$ 616	$ 1,378	$ 762	0.03 %
Overdraft	1,339	1,548	209	33.71 %
Construction	(3,712)	(1,191)	2,521	(0.14)%
Business R/E	(1,281)	(203)	1,078	(0.01)%
Personal R/E	(6)	(305)	(299)	(0.02)%
Consumer	9,047	9,979	932	0.49 %
HELOC	485	185	(300)	0.05 %
Credit card	25,430	30,253	4,823	4.07 %
Total	**$ 31,918**	**$ 41,644**	**$ 9,726**	**0.31 %**

Growth in net loan charge-offs due mainly to increased credit card losses and lower recoveries on commercial loans.

$ in 000s	2016	2017
Non-accrual loans	$14,283	$11,983
Foreclosed assets	366	681
	$14,649	$12,664



MAINTAINING THE BALANCE

Strong performance; ongoing refinement of the "Core Bank"

- Super-Community Bank platform
- Relationship-based banking
- High-touch customer service
- Full suite of product and service offerings
- Disciplined attention to risk return
- Divest in businesses & activities that no longer provide acceptable returns
- A highly engaged workforce
- Focus on profitability and shareholder return



Disciplined focus on priority blue chip investments

- Funding Future Growth
- Expansion Market Growth
- Transform the Retail Model
- Enhance Private Client Model
- Health Services Financing
- Claims Payments
- Commerce Bank Mortgage
- Enterprise CRM
- Succession Planning

THE Commerce EDGE …emphasis on culture, collaboration & core values

CONSUMER BANKING

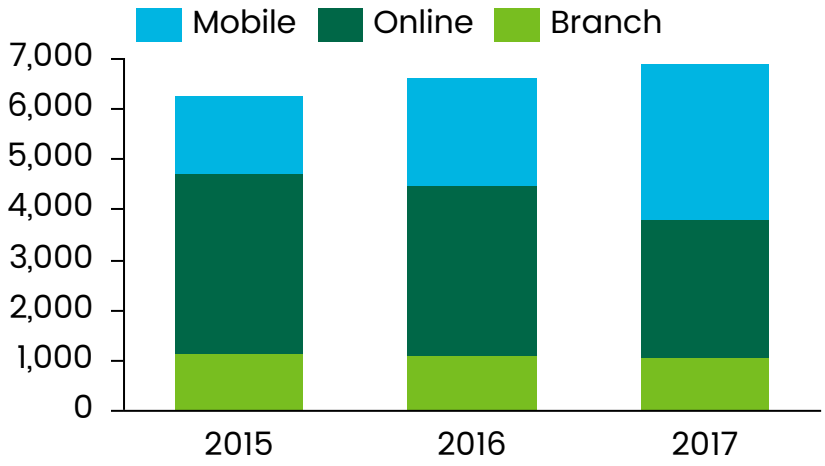
$10.3 BILLION
Consumer Deposits
2016 $10.2 BILLION

$2.5 BILLION
Consumer Loans
2016 $2.5 BILLION

$1.0 BILLION
Consumer Auto Loans
Average FICO 750

Banking Channel Preferences

Monthly Banking Sessions
(in thousands)



2009 $113.5 MILLION

$15 MILLION
Branch Expense Reduction
since 2009

Expense reduction efforts continue

In 2017, branch expenses were $98.7 million

Information as of December 31, 2017

Commerce Bancshares, Inc.

CORE RETAIL INITIATIVES

Grow Revenue Optimize Cost to Serve

Maintain/Leverage High Customer Satisfaction

Maintain/Leverage Employee Engagement

Core Transformation

Talent Management

Cost Effectively Retain the Deposit Portfolio

Attract NTB Priority Households



Expand Digital Capabilities

Efficiently Deliver New Products and Programs

Deliver the Customer Experience

Elevate the Branch Experience Model

Commerce Bancshares, Inc.

EXPAND DIGITAL CAPABILITIES

Mobile Penetration		Mobile Deposit Use		App Store Rating (4.5 stars as of 1/17/18)		Loan Sales (000s)	
2016:	2017:	2016:	2017:	2016:	2017:	2016:	2017:
49.4%	54.7%	3.3%	7.6%	★★	★★	$19,157	$25,500

Deliver Strategic Differentiators

- Refresh and align strategy across all consumer SPUs
- Deliver on Consumer Roadmap priorities for Core Retail, Wealth, Card and Mortgage
- Onboard digital strategy leader to direct strategy, planning, execution
- Support priority segment focus with additional feature/UI development
- Deliver Small Business and HSF enhancements

Deliver Solutions to Enhance the Experience

- Increase cadence of App enhancements to every 6 weeks or better
- Add relevant browser features to Apps
- Redesign to streamline and mobile-optimize new account apps and Desktop screens, add e-services
- Deliver real-time P2P solutions and cardless ATM withdrawals
- Tailor mobile deposit eligibility and limits to customer risk profile

Drive Digital Engagement

- Monitor and continue to improve engagement metrics
- Increase awareness of digital capabilities, and eliminate barriers to drive adoption and usage
- Develop digital onboarding program to help customers establish services
- Maintain App Store rating at four stars

Commerce Trust Company

Wealth | Investments | Planning

For high net worth individuals who are looking to simplify their complex financial life, The Commerce Trust Company provides a full-service approach to wealth management.

$48.7 BILLION
Total Client Assets[1]

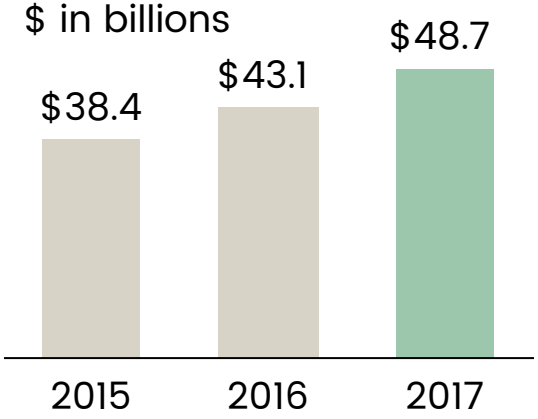
21ST
Largest Among Bank-Owned Trust Company[2]

$30.0 BILLION
Assets Under Management

↑13%
Record Asset Management Sales

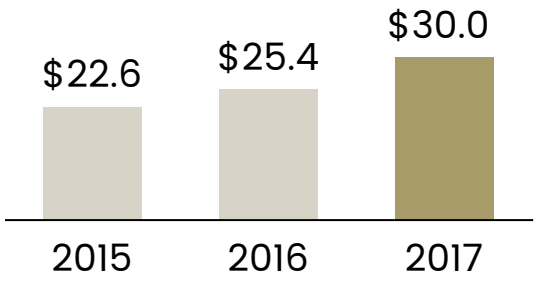
Total Client Assets

$ in billions

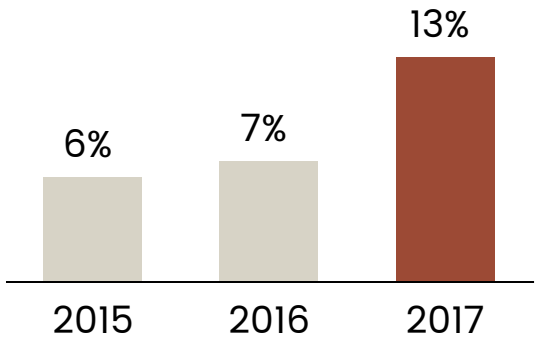


Assets Under Management

$ in billions



Asset Management Sales Growth



[1]Assets under Administration
[2]SNL Ranking as of 9/30/2017

Key Priorities:

- Enhanced Private Client Model
- Asset Management Sales Growth
- Institutional Trust Asset Management Sales Growth
- Implement Marketing Strategies
- Enhanced Sales Partnerships from Commercial and Retail Channels



Commerce Trust Company
Wealth | Investments | Planning

A Full Spectrum of Planning Solutions

Core Private Client

New Private Client Delivery Model

- Scenario Plans
- Modular Solutions
- Topical tools and information

Client Relationship Manager

Financial Advisory Services

- Comprehensive & Continuous Financial Planning

Financial Advising Services Planner

Family Office

Family Wealth Stewardship

- Family Mission Statement
- Wealth Education
- Philanthropic Planning

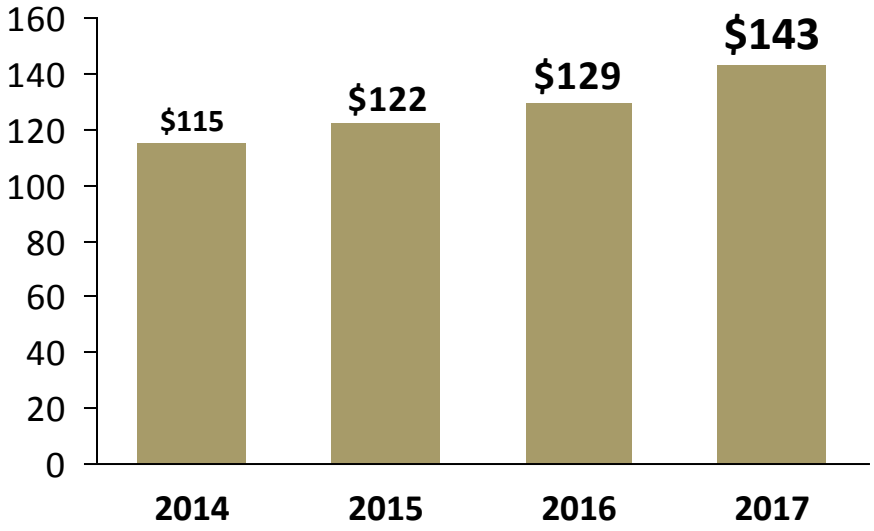
CFO Team

Commerce Bancshares, Inc.

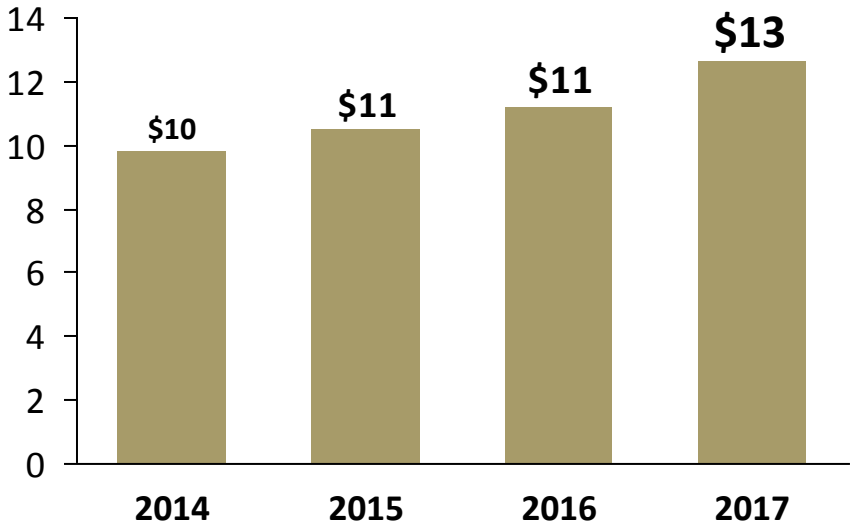
Commerce Trust Company
Wealth | Investments | Planning

Trends In Trust Revenue and Sales

Asset Management Revenues
(In Millions)



Asset Management Sales
(In Millions)



- Solid growth in fee continues; profit margins reach 43% in 2017 up from 38% in 2013
- Attrition rates remain below industry results
- Demand continues for asset management services
- Record sales of $12.6 million achieved in 2017

Commerce Bancshares, Inc.

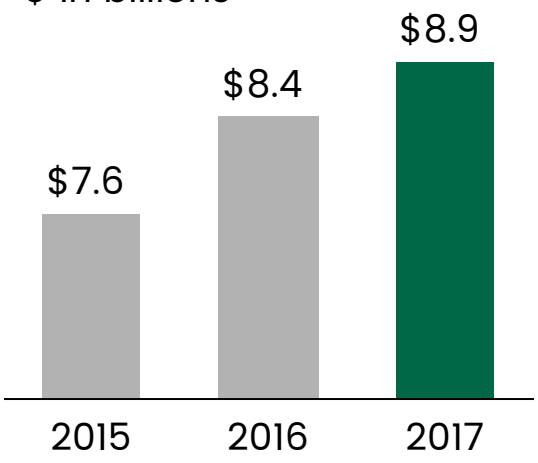
COMMERCIAL – REVENUE GROWTH OPPORTUNITIES

$8.9 BILLION
Commercial Loans
5 Yr. CAGR +8.7%

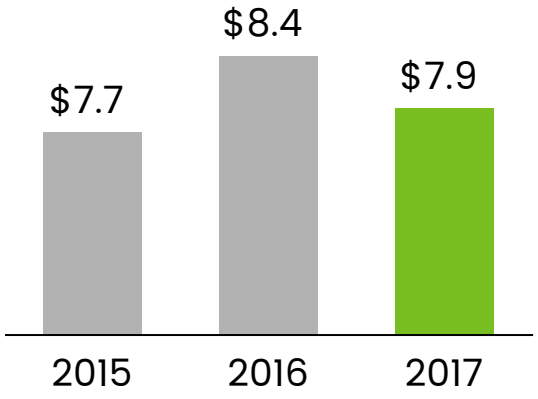
$7.9 BILLION
Commercial Deposits
5 Yr. CAGR +3.4%

$523 MILLION
Commercial Revenue
5 Yr. CAGR +2.1%

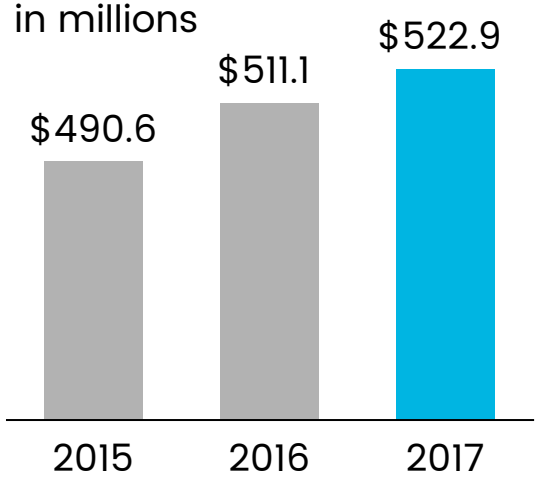
Commercial Loans
$ in billions



Commercial Deposits
$ in billions



Commercial Revenue
$ in millions



Commerce Bancshares, Inc.

Commercial Segment - Period End as of December 31, 2017

ADDING VALUE THROUGH SPECIALIZED PRODUCTS & SERVICES

Key Priorities:

- Build out capabilities in Expansion Markets
- Refine Healthcare Banking strategy
- Embrace innovation in the Payments Systems
- Execute deposit retention strategies

PRODUCT

Healthcare Suite
Tax-Exempt Finance
Equipment Finance
Treasury Services
Commercial Card
Merchant Services
International
Franchise Finance
Floor Plan Lending
ESOPs
SBA
Swaps

INDUSTRY

Healthcare
Senior Living
Energy
Construction
Agribusiness
Food Processing
Not-for-Profit
Aviation
Beverage Distribution
Municipalities
Manufacturing
Education



COMPETITION

Product Deficiency
RM Issues
Deterioration in Service
Other Issues

TERRITORY

Expansion Markets
Core Markets
Counties
Cities

COMMERCIAL PAYMENTS

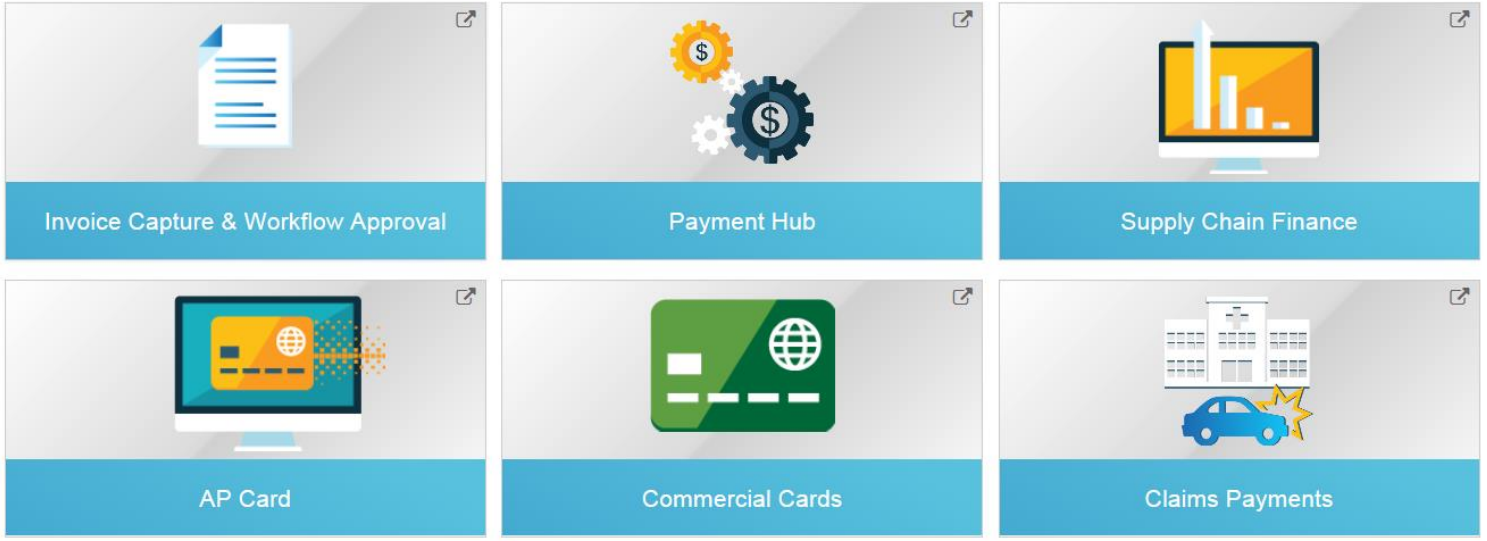
$194 MILLION
Payments Revenue

$7.9 BILLION
Commercial Card Volume

$145 MILLION
Health Services Financing Loans

EMBRACING INNOVATION IN THE PAYMENTS SYSTEMS

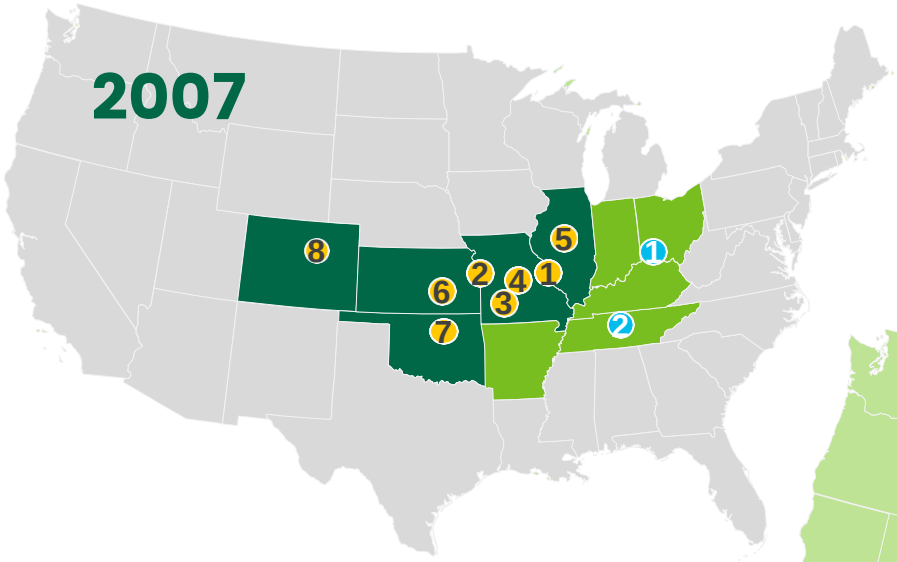
Our full suite of products and services brings real value to client relationships



Commerce Bancshares, Inc.

Information as of December 31, 2017

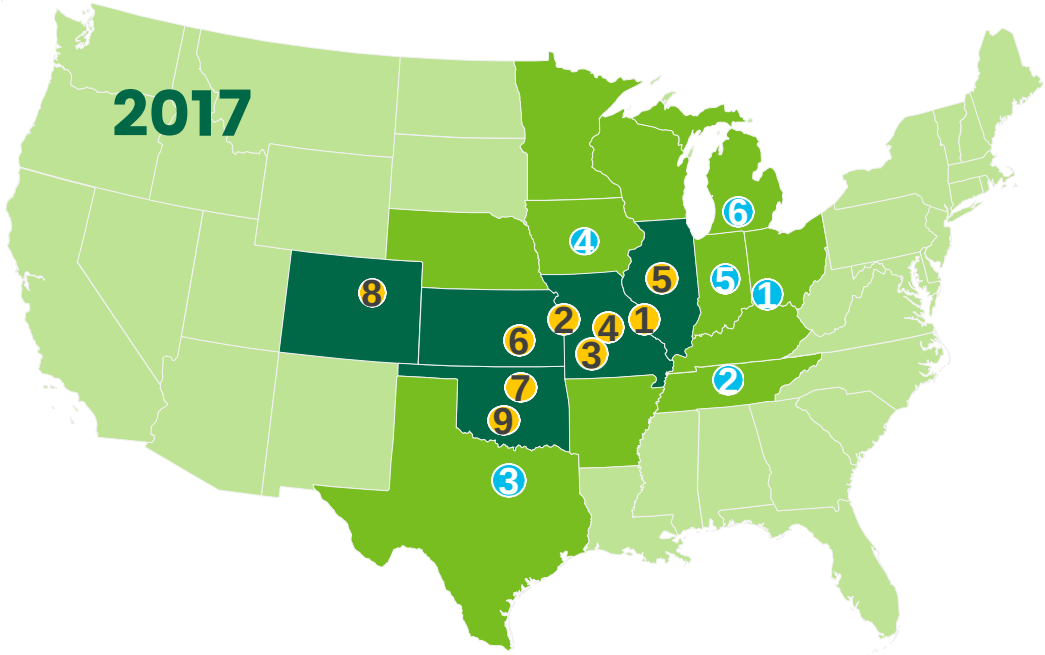
GROWTH IN THE COMMERCIAL FOOTPRINT



Branch Footprint

Extended Footprint

Commercial Payment Services



- Significant Markets
  1. St. Louis
  2. Kansas City
  3. Springfield
  4. Central Missouri
  5. Central Illinois
  6. Wichita
  7. Tulsa
  8. Denver
  9. Oklahoma City
- Commercial Offices
  1. Cincinnati
  2. Nashville
  3. Dallas
  4. Des Moines
  5. Indianapolis
  6. Grand Rapids

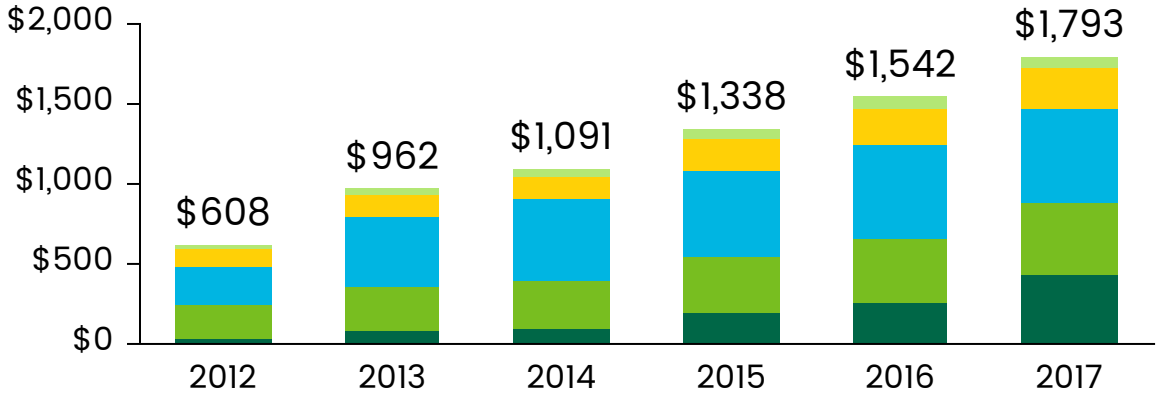
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COMMERCIAL BANKING – EXPANSION MARKETS

Nashville Cincinnati Oklahoma Denver Dallas

Expansion Market Loan Growth

$s in millions



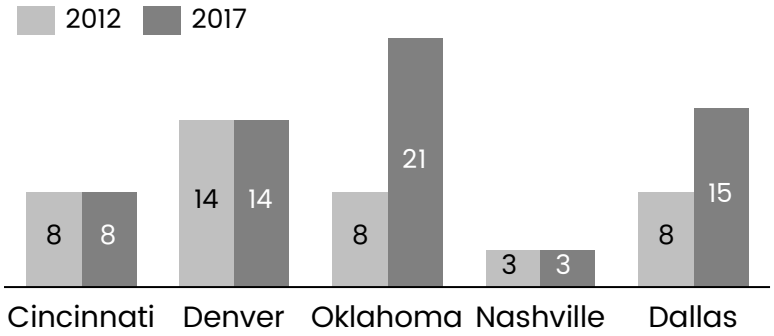
Expansion Market Growth

195%

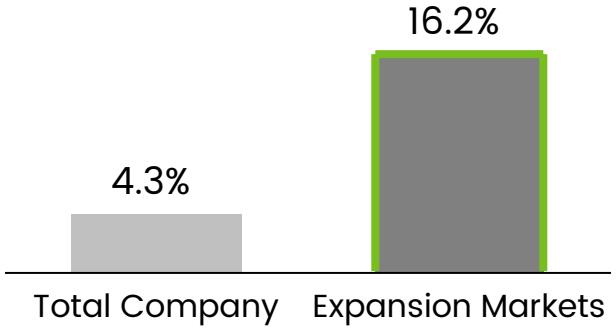
since 2012

Personnel Overview for Expansion Markets

#of commercial bankers per market*
(includes open positions)



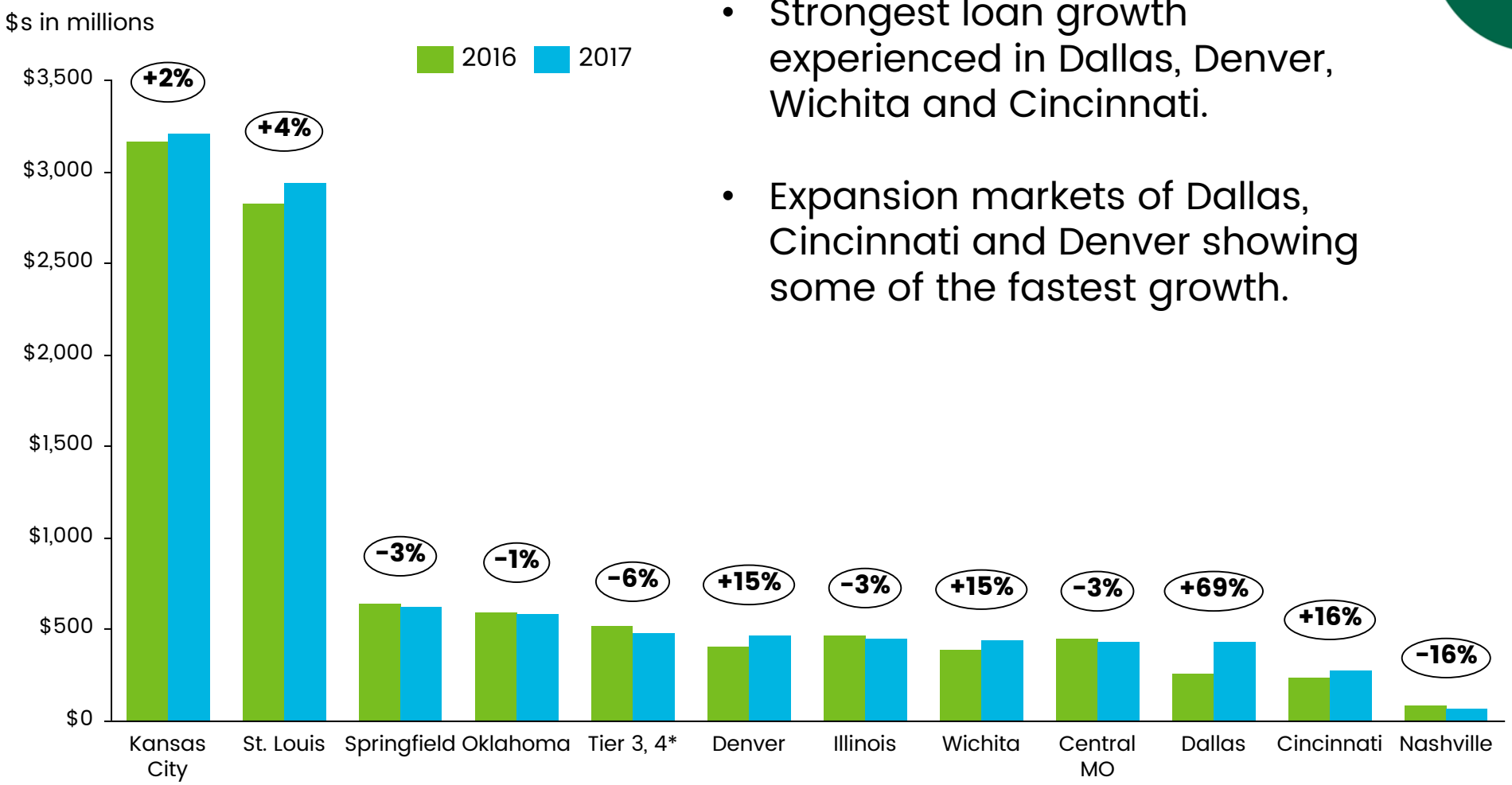
Loan Growth 2017 vs 2016



EXPANSION MARKETS OFFERING GROWTH OPPORTUNITIES

Period end balances
* As of August 2017

LOAN GROWTH REMAINS STRONG IN EXPANSION MARKETS



- Strongest loan growth experienced in Dallas, Denver, Wichita and Cincinnati.
- Expansion markets of Dallas, Cincinnati and Denver showing some of the fastest growth.

*Includes MOKAN, Garden City, SEMO, Manhattan and Hays

Commerce Bancshares, Inc.

CARD PRODUCTS – A LEADER AMONGST TOP 50 U.S. BANKS

Consistently ranked among the top issuers in the Nilson Report

- **#12** Commercial Card Issuer
- **#7** Purchasing Card Issuer
- **#11** Bank Acquirer
- **#14** Consumer Card
- **#20** Debit Card
- **#16** Prepaid Card

A full suite of innovative card and payment product offerings

- *Supply Chain Finance*
- *Health Services Financing*
- *Claims Payments*
- *Multi Account Chip*
- *Co-Brand*
- *toggle®*
- *Prepaid Expense*



Source: Nilson Reports (Debit: April 2017; Consumer Card: February 2017; Prepaid: July 2017; Merchant: March 2017; Purchasing: June 2017; Commercial Card June 2017), based on the top 50 U.S. banks ranked by total assets as of 12/31/2016, SNL Financial

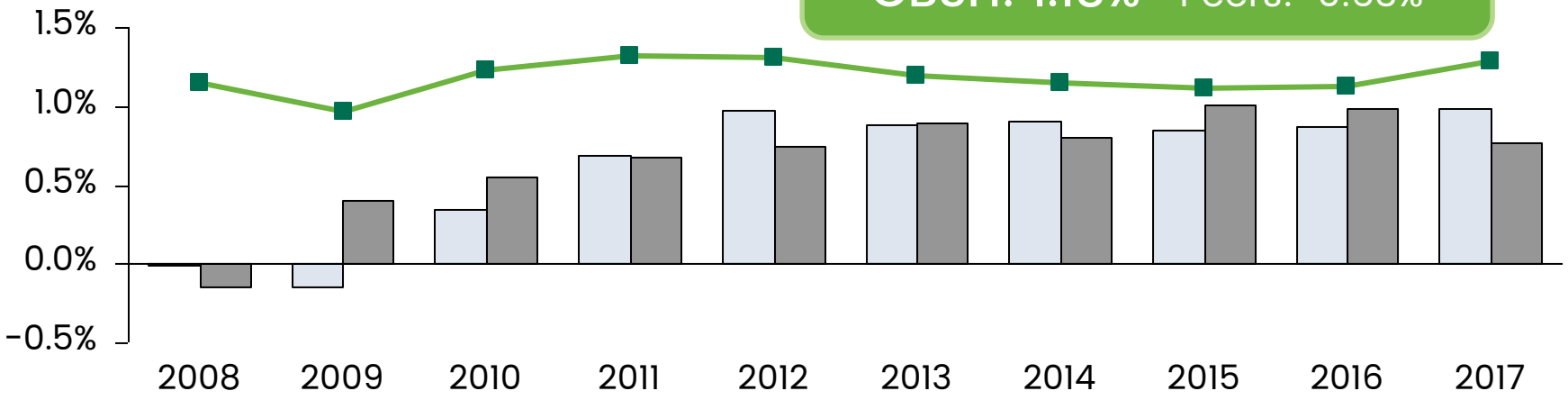
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COMMERCE BANK MAINTAINS SOLID PERFORMANCE OVER TIME

Commerce Bank Peer Banks Large Banks

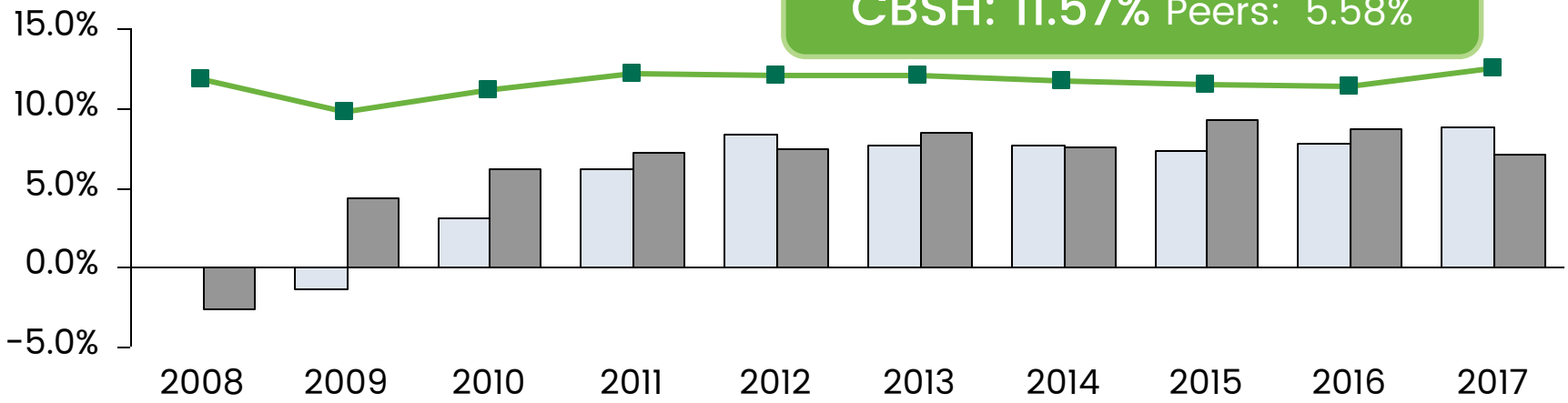
Return on Assets

ROA 10-yr average
CBSH: 1.18% Peers: 0.63%



Return on Equity

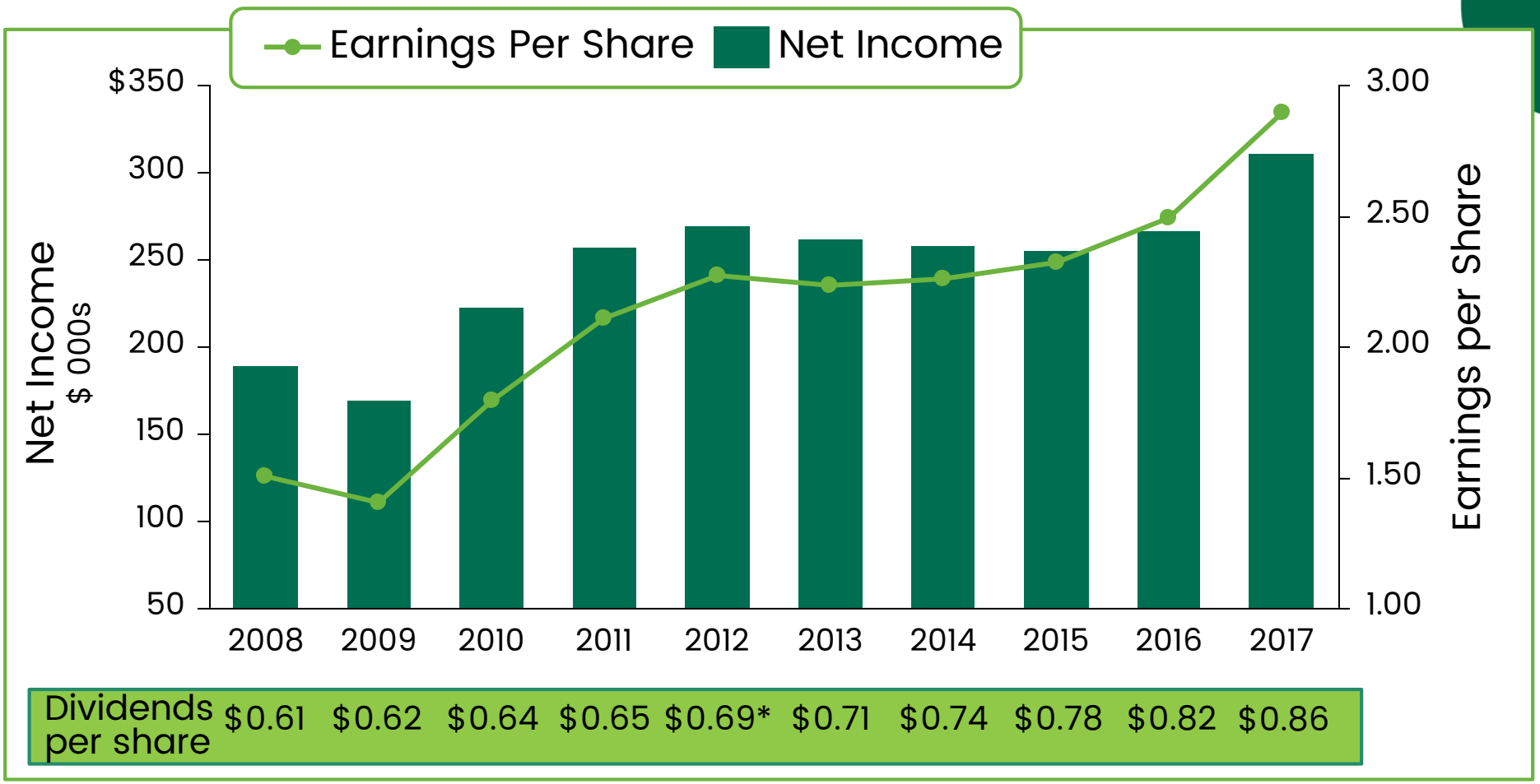
ROE 10-yr average
CBSH: 11.57% Peers: 5.58%



Peer Banks include: ASB, BKU, BOKF, CFR, FHN, FNB, FULT, HBHC, IBKC, ISBC, MBFI, PB, SNV, TCF, UMBF, UMPQ, VLY, WBS, WTFC; Large Banks include: JPM, BAC, C, WFC USB, PNC, FITH, RF

Source: SNL Financial; data as of 12/31/2017; CBI numbers via internal reporting

LONG TERM VIEW: NET INCOME AND EARNINGS PER SHARE



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Dividends per share	$0.61	$0.62	$0.64	$0.65	$0.69*	$0.71	$0.74	$0.78	$0.82	$0.86

2018 MARKS THE 50TH CONSECUTIVE YEAR OF DIVIDEND GROWTH

*Including 2012 special dividend = $1.806
All data has been restated for 5% stock dividend distributed in December 2017
Net Income in the chart represents Net Income Available to Common Shareholders
Source: Corporate Finance

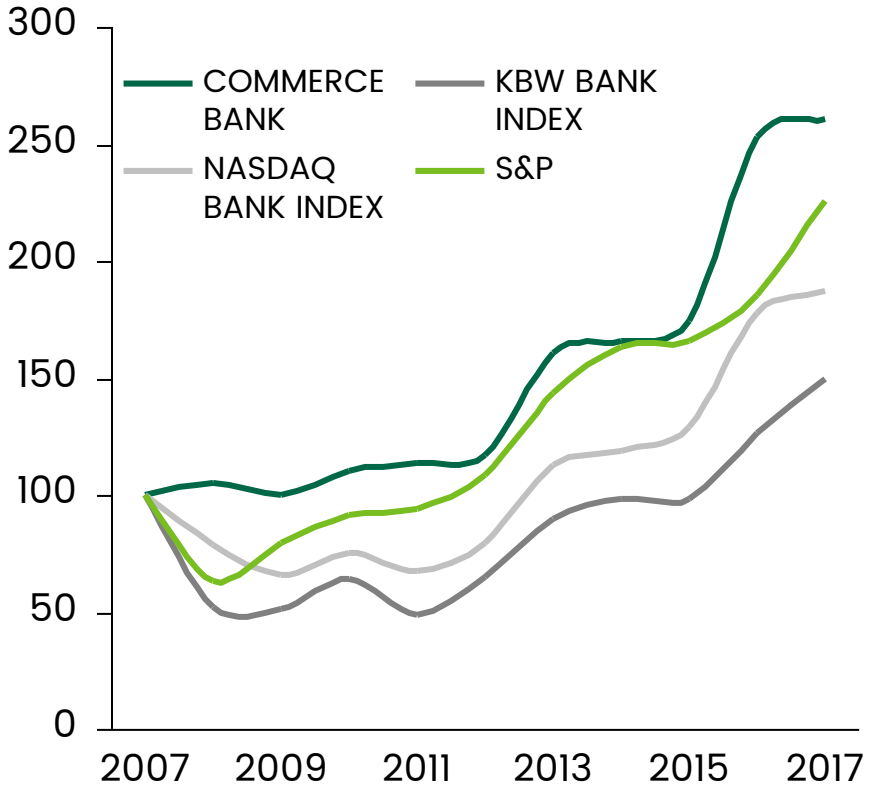
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STEADY SHAREHOLDER RETURNS

(as of December 31, 2017)

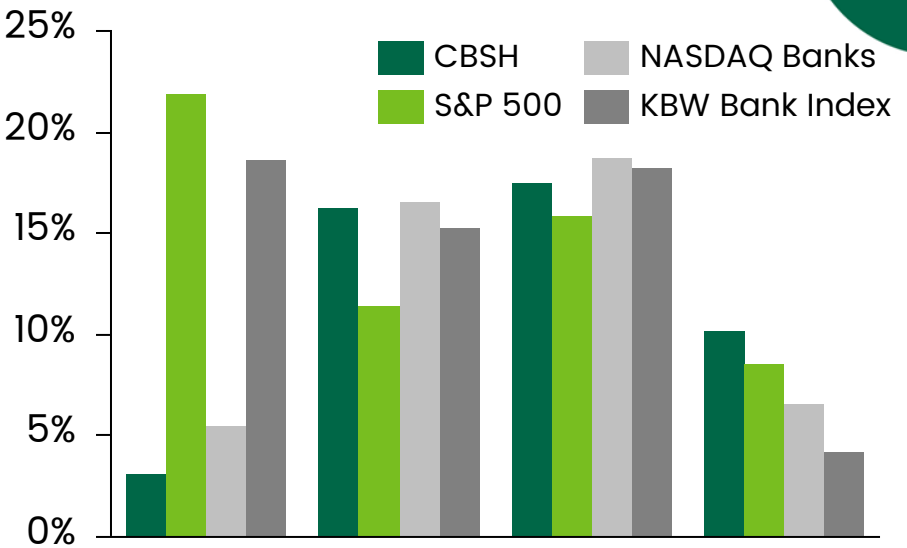
Total Shareholder Returns

Indexed, 12/31/2007 = 100



Annualized Comparison Total Shareholder Returns

Percent



	1 Year	3 Year	5 Year	10 Year
CBSH	3.03%	16.19%	17.43%	10.06%
S&P 500	21.82%	11.39%	15.77%	8.49%
NASDAQ Banks	5.46%	16.53%	18.66%	6.48%
KBW Bank Index	18.59%	15.24%	18.18%	4.13%

Consistent, positive returns to shareholders
Significant outperformance relative to banks over long period

Source: Company Filings, Bloomberg; data as of 12/31/2017

Commerce Bancshares, Inc.