innovating for the future

COMMERCE BANCSHARES, INC.

ANNUAL SHAREHOLDERS MEETING

April 17, 2019

John Kemper
President and Chief Executive Officer

Commerce Bancshares, Inc.

CAUTIONARY STATEMENT

A number of statements we will be making in our presentation and in the accompanying slides are "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 2018 Report on Form 10-K and the Corporation's Current Reports on Form 8-K.

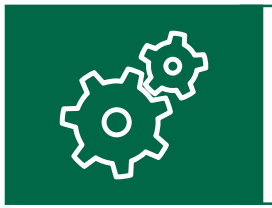
TODAY'S DISCUSSION



ABOUT COMMERCE BANCSHARES



ECONOMIC AND INDUSTRY THEMES



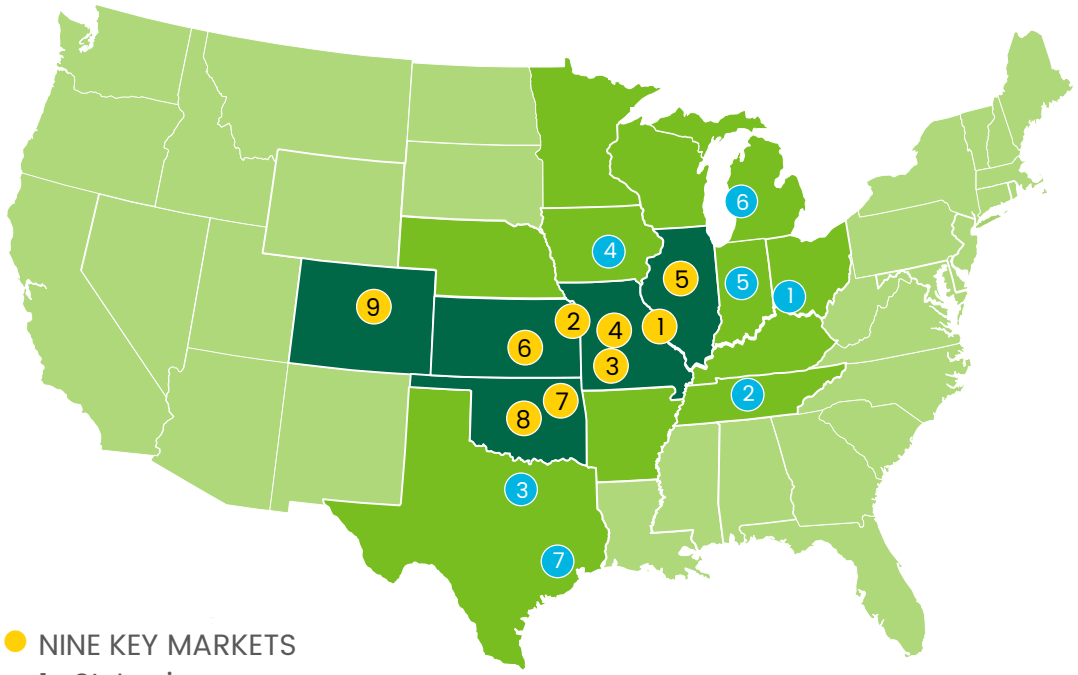
OUR STRATEGIC POSITION



OUR PERFORMANCE AND PEER COMPARISONS

Commerce Bancshares, Inc.

ABOUT COMMERCE BANCSHARES



- NINE KEY MARKETS
  1. St. Louis
  2. Kansas City
  3. Springfield
  4. Central Missouri
  5. Central Illinois
  6. Wichita
  7. Tulsa
  8. Oklahoma City
  9. Denver

- COMMERCIAL OFFICES
  1. Cincinnati
  2. Nashville
  3. Dallas
  4. Des Moines
  5. Indianapolis
  6. Grand Rapids
  7. Houston

- Branch footprint
- Extended Commercial Market Area
- Commercial Payments Services offered in 48 states

Source: [1]S&P Global Market Intelligence; does not include trust or specialty finance banks; company reports and filings as of 12/31/2018

$25.5
BILLION IN ASSETS

42ND
LARGEST U.S. BANK BASED ON ASSET SIZE[1]

$6.3
BILLION MARKET CAPITALIZATION

20TH
LARGEST U.S. BANK BASED ON MARKET CAPITALIZATION[1]

$50
BILLION IN TRUST ASSETS

18TH
LARGEST AMONG U.S. BANK-OWNED TRUST COMPANIES BASED ON AUM[1]

153
YEARS IN BUSINESS

$20.3
BILLION IN TOTAL DEPOSITS

$14.2
BILLION IN TOTAL LOANS

$8.8
BILLION IN COMMERCIAL CARD VOLUME

16.2%
RETURN ON AVERAGE COMMON EQUITY

3RD
ROACE FOR THE TOP 50 U.S. BANKS BASED ON ASSET SIZE[1]

SUPER-COMMUNITY BANK PLATFORM

A consistent strategy with a long-term view

Community Bank

- Award winning customer service
- Focus on the full client relationship
- Core values embraced by team members
- Quickly adapt to customer needs and changing preferences

Customer relationship-based:
"CHALLENGE ACCEPTED.®"

High performing teams and engaged workforce

Long history of top quartile credit quality metrics

Investment in distinctive, high-return businesses

Focus on operational efficiencies

Disciplined approach to acquisitions

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 FOCUS ON CUSTOMERS

Claims payments, your way

Shelter Insurance
Columbia, MO



SHELTER INSURANCE
AUTO • HOME • LIFE

Flexible solutions help a non-profit grow

Parents as Teachers
St. Louis, MO



Parents as Teachers®

Improving cash flow and the patient experience

Nebraska Medicine
Omaha, NE



UNMC℠
Nebraska Medicine

Commerce Bancshares, Inc.

A FOCUS ON CUSTOMERS

Customized health services financing connects with patients

Hackensack University Medical Center
Hackensack, NJ



Hackensack Meridian *Health*
Hackensack University Medical Center

Delivering solutions for growth

Precision, Inc.
Pella, IA



PPI®
Precision Pulley & Idler

A better approach to funding senior living

Avanti Senior Living
Houston, TX



Avanti
SENIOR LIVING

Commerce Bancshares, Inc.

A STRONG EMPHASIS ON CULTURE

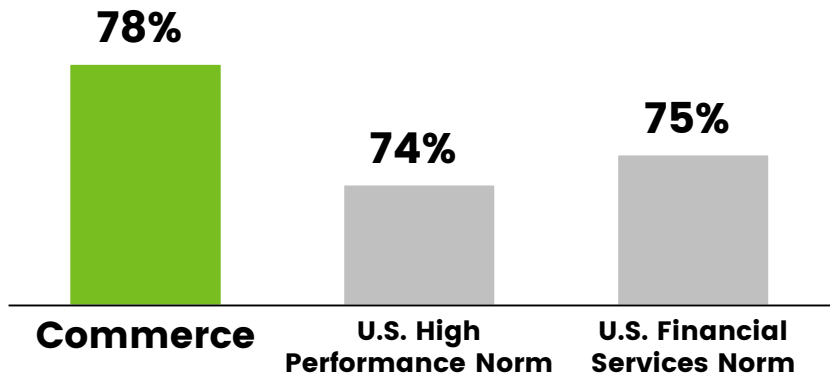
Giving VOICE to our VALUES



THE Commerce EDGE

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

2018 Employee Engagement[1]



- In 2018, the Commerce Bancshares Foundation made more than 700 grants and payments over $1.7 million
- Rated "outstanding" from the Federal Reserve for community reinvestment for more than 20 years
- Team members deeply engaged in the communities we serve

OUR CULTURE IS OUR COMPETITIVE ADVANTAGE

[1] *The Korn Ferry Hay Group – 2018 survey results*

RECENT RECOGNITION



- Named among America's Best Banks 2019 by *Forbes*
- Top-ranked Missouri-based bank
- Ranked 17th in the nation overall
- Since the first list debuted, Commerce has consistently ranked near the top among the highest-performing institutions



- Selected as one of 20 best-in-class banks in Bank Director's 2019 RankingBanking study
- Placed #3 overall in the Midwest
- Ranked #1 in in the Midwest for:
  - Best Branch Network Strategy
  - Best Core Deposit Growth Strategy
  - Best Retail Strategy



- Received Highly Commended status for Best Private Wealth Manager in client services with assets over $5 billion
- PAM Awards recognize top investment professionals, wealth advisors, legal firms, consultants and other key service providers operating within the private asset management industry



- Named a Top Midsize Employer by *Forbes* for the second consecutive year
- Ranked in the top 15 percent, #68 out of 500 with 1,000-5,000 employees
- Placed 7th among all banking and financial services companies and 4th among employers headquartered in Missouri



- Named among *Forbes'* first-ever ranking of Best Employers for Women
- Ranked in the Top 10 for Banking and Financial Services companies and among the Top 5 employers headquartered in Missouri

- *Forbes* named Commerce one of the World's Best Banks for 2019
- Ranked 2nd among all Missouri-based banks on the list
- *Forbes'* first-ever list based largely on customer satisfaction

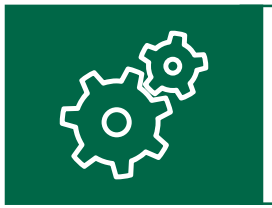
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ECONOMIC AND INDUSTRY THEMES



OUR STRATEGIC POSITION



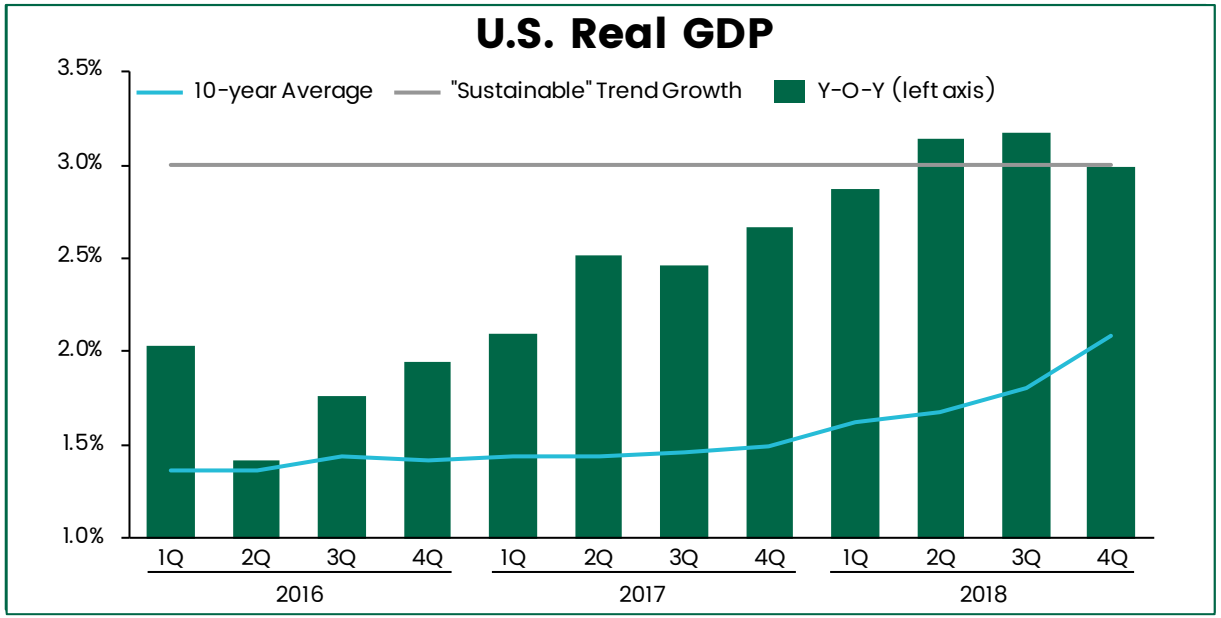
OUR PERFORMANCE AND PEER COMPARISONS

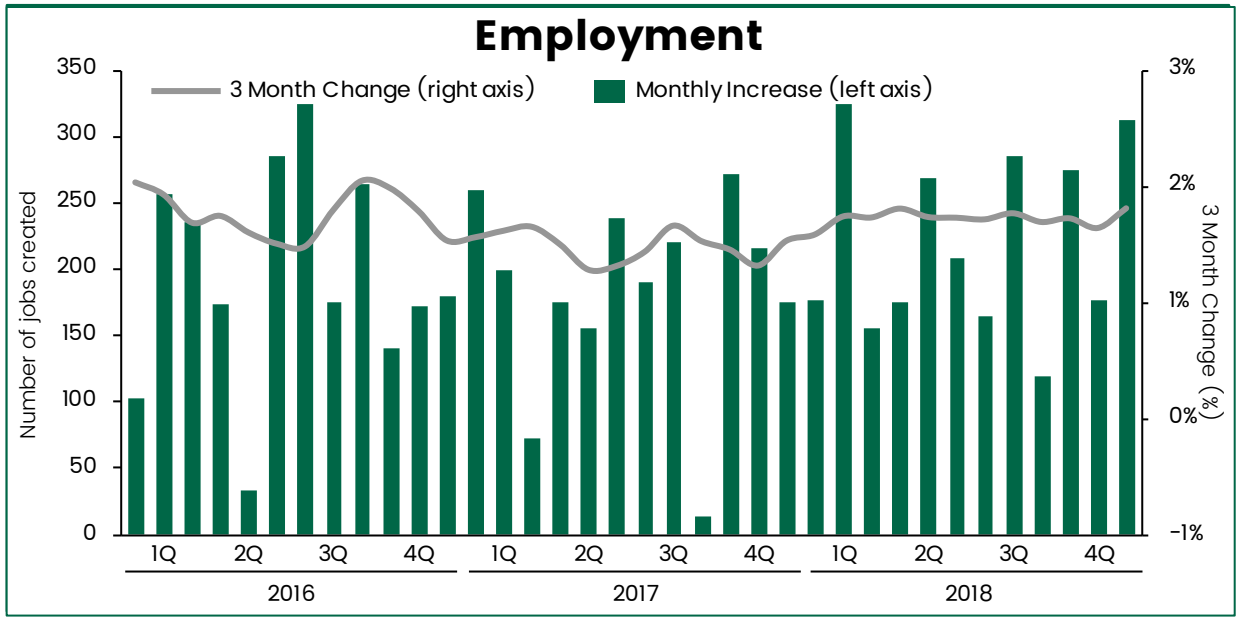
MACROECONOMIC ENVIRONMENT

Economic growth expected to be approximately 2%

Some key drivers to this growth:

- Increasing employment levels that translate into a rise in personal income and steady consumer spending
- No acceleration in inflation
- Corporate profits, although leveling off, still spurring reinvestment in productive capital equipment and software
- A positive tailwind from low energy prices and long-term interest rates
- A Federal Reserve that is on hold





Sources: Commerce Trust Company, U.S. Bureau of Economic Analysis, Bloomberg

INDUSTRY THEMES

Regulatory reform	• After years of the regulatory backdrop being cumbersome, some rollback is likely • As the backdrop continues to evolve, net impact expected to be positive • Heightened scrutiny on biggest banks expected as democrats take House control
Accounting changes	• With expected implementation in Jan. 2020, CECL will require a capital change • Leasing accounting changes expected while DIF surcharge ceased in 4Q
Technology	• Meaningful advancements on multiple fronts – mobile, digitization, artificial intelligence, blockchain
Competitive landscape	• Big banks are getting bigger and leveraging economies of scale advantages • Competition from non-depository financials appears to be intensifying

Sources: Barclays Research, Commerce Trust Company

INDUSTRY THEMES

Retail distribution	• Banks are optimizing distribution models to align with evolving customer behavior • Expect branches to continue to decline, driving efficiency ratio improvement
Consolidation	• U.S. bank consolidation viewed as indefinite trend • Number of U.S. banks halved in the past 20 years; expected to halve again
Macro concerns	• Recessions happen every five years on average, financial crises are every 25 or so • Ongoing trade discussions with China, domestic political environment and growing national debt give investors concern globally
Valuation	• P/Es have come under pressure of late, despite upward EPS revisions • The bigger you are, the lower your multiple, though the gap has narrowed

Sources: Barclays Research, Commerce Trust Company

TODAY'S DISCUSSION



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Commerce Bancshares, Inc.

STRATEGIC POSTURE: MAINTAINING THE BALANCE

STRONG PERFORMANCE with 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 team
- Focus on profitability and shareholder return



Challenge Accepted.®

Disciplined focus on **PRIORITY BLUE CHIP** investments

- Develop Claims Payment
- Commerce Bank Mortgage
- Accelerate Growth in Healthcare
- Enhance Consumer Digital
- Accelerate Expansion Market Growth
- Enhance the Private Client Model
- Retain and Grow Mass Affluent Households
- Enhance Enterprise Customer Relationship Management (CRM)
- Implement Transform 360
- Enhance the People Experience

THE Commerce EDGE

...emphasis on culture, collaboration and core values

EXTERNAL INNOVATION: CONSUMER BANKING

Transforming our Branches – *Aligning physical presence with customer demand.*

Technology investments and introduction of new tools combined with a new operating model provide an enhanced experience for our customers.



Branch Lobby



Advanced ATM



Video Advisor



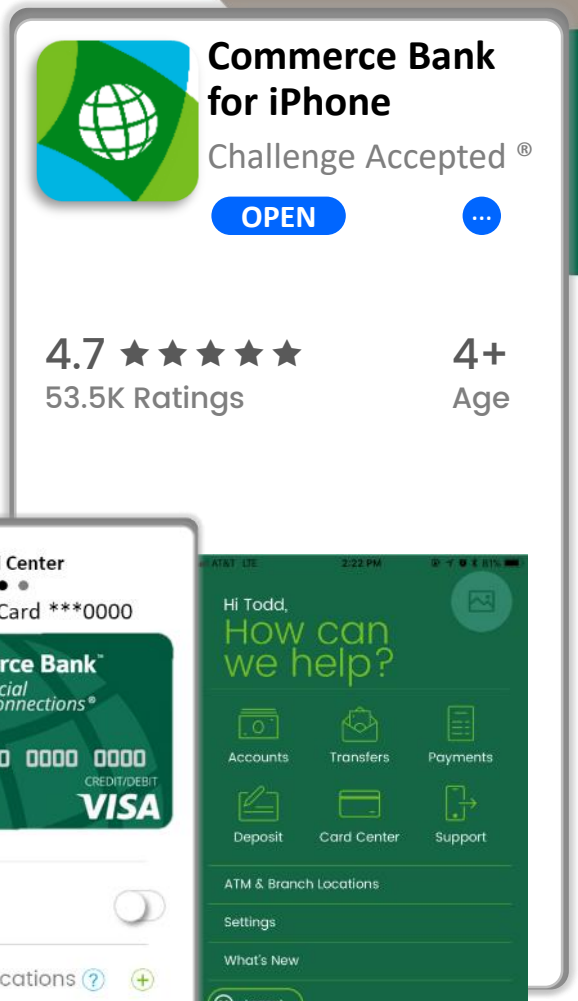
Exploration Center



CARA - Guided Conversation Tool

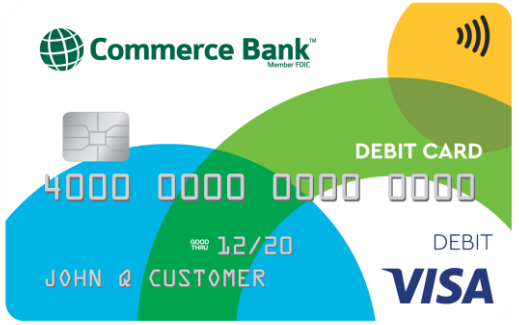
Consumer Digital – *A new mobile banking app launched in 2018 offers more functionality.*

Over 25 new releases in 2018 including an improved interface for Online Banking, ability to view mobile deposit check images, mobile lock/unlock of cards, ability to add recurring transfers through mobile and more.



Look, Tap and Go: Commerce Introduces Contactless Visa® Debit Card

Early adopter, Commerce stands as one of the first regional banks to offer this technology



EXTERNAL INNOVATION: COMMERCIAL PAYMENTS CUSTOMERS

CommerceHealthcare™

Tailored return on investment-based solutions enable healthcare providers to enhance the patient experience, improve cash flow, and leverage new opportunities in everyday processes.









Claims Payments

With the help of our insurance advisory council, Claims Payments was built for the industry with the input of insurance experts. We help insurance companies provide faster payments to their customers.

**Estimated since program inception (March, 2013)*

INTERNAL INNOVATION AT COMMERCE

innovating for the future

TOOLS

<HACKATHON/>

Internal software development events to rapidly build, test, and promote new products or services for both internal and external customers.

innovation

Commerce's commitment to promoting an innovative mindset, from everyday incremental improvement to transformative changes in the way we do business.

AGILE

As innovation and technology rapidly drive change, our customers' needs and expectations continue to evolve. AGILE enables our organization to meet this disruption head on.

KEY PROJECTS

Insight 360

Commerce's implementation of a single, integrated Customer Relationship Management (CRM) platform that will enable commercial business lines to improve sales, service, and fulfillment interactions with clients.

COMMERCIAL TOM

Target Operating Model (TOM) is an initiative to help Commerce design a future operating model across people, process, and technology to simplify processes, drive consistency, and improve efficiencies in a way that can best support the commercial lending model and customer experience.

CARA

Customer Advising & Referral Assistant (CARA) is a guided conversation tool that helps us better understand our customers' needs, make consistent recommendations, and free up time to concentrate on building relationships with our clients.

salesforce TRUST CRM

Commerce Trust Company's implementation of a Customer Relationship Management (CRM) platform to improve sales, service levels, and fulfillment interactions with clients.

Transform 360

A Bank-wide project to replace the existing mainframe core system with a new and modern solution.

Commerce Bancshares, Inc.

CONSUMER BANKING SNAPSHOT

$10.2 BILLION
Consumer Deposits

$4.1 BILLION
Consumer Loans*

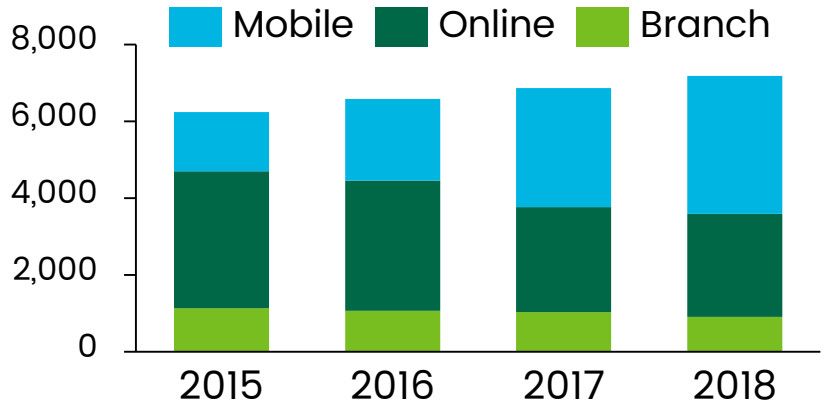
1.1 MILLION
Consumer Households*

169
Full-service branches
151
stand alone ATMs



Banking Channel Preferences

Monthly Banking Sessions (in thousands)



Mobile Penetration

2017:	2018:
54.7%	55.6%

Mobile Deposit Use

2017:	2018:
7.6%	12.5%

Digital Loan Sales (000s)

2017:	2018:
$25,500	$29,854

Commerce Bank for iPhone
Challenge Accepted®
4.7 ★★★★★ (53.5K Ratings)
4+ Age

Period end balances, information as of December 31, 2018
**Excludes Trust Company / Private Banking households*

Commerce Bancshares, Inc.

Commerce Trust Company

Wealth | Investments | Planning

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

18TH
Largest Among Bank-Owned Trust Companies[1]

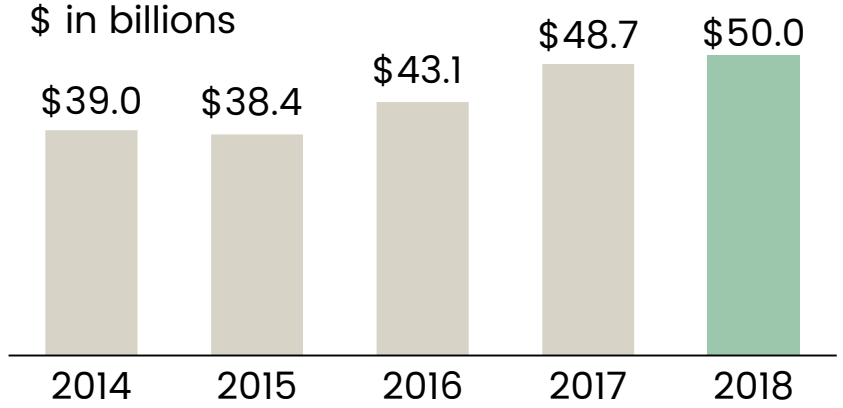
$50 BILLION
Total Client Assets[2]

$30 BILLION
Assets Under Management

$447 MILLION
Managed Brokerage Assets

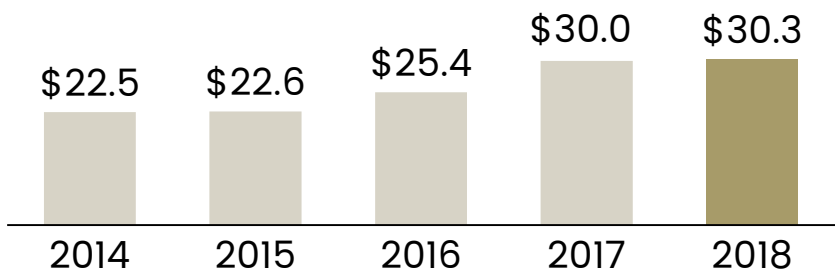
Total Client Assets

$ in billions



Assets Under Management

$ in billions



Period end balances, information as of December 31, 2018
[1]S&P Global Market Intelligence ranking as of 12/31/2018, based on assets under management
[2]Assets under administration

COMMERCIAL BANKING

Revenue growth opportunities

Financing solutions – options for all sizes and types of businesses

- *Working Capital Lines of Credit*
- *Term Financing*
- *Construction & Real Estate Loans*
- *Equipment Financing*
- *International Financing*
- *Employee Stock & Ownership Financing*
- *Tax-exempt Financing*
- *Government Lending Programs*
- *Interest Rate Swaps*
- *Floor Plan Lending*

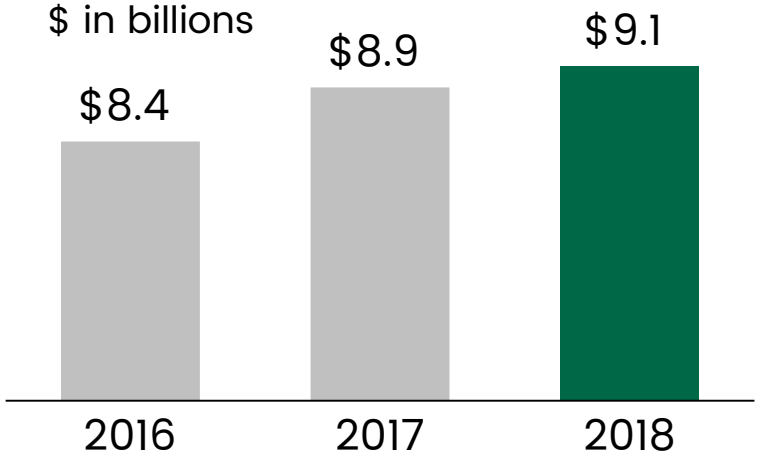
$9.1 BILLION Commercial Loans

$8.0 BILLION Commercial Deposits

$548 MILLION Commercial Revenue

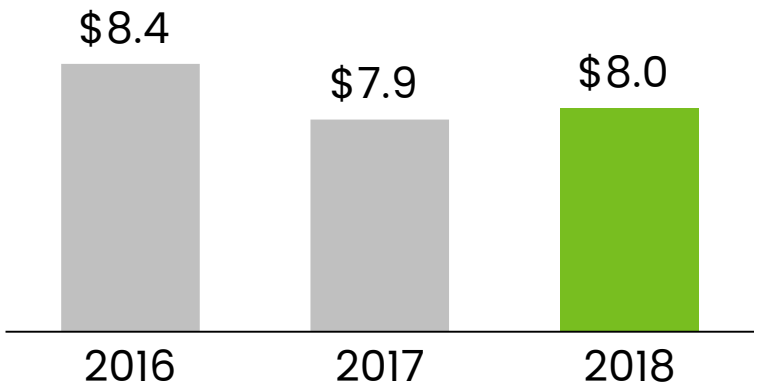
Commercial Loans

$ in billions



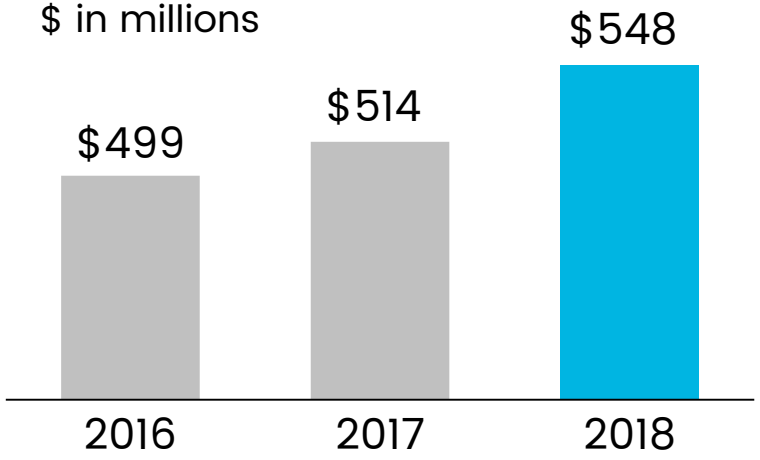
Commercial Deposits

$ in billions



Commercial Revenue

$ in millions

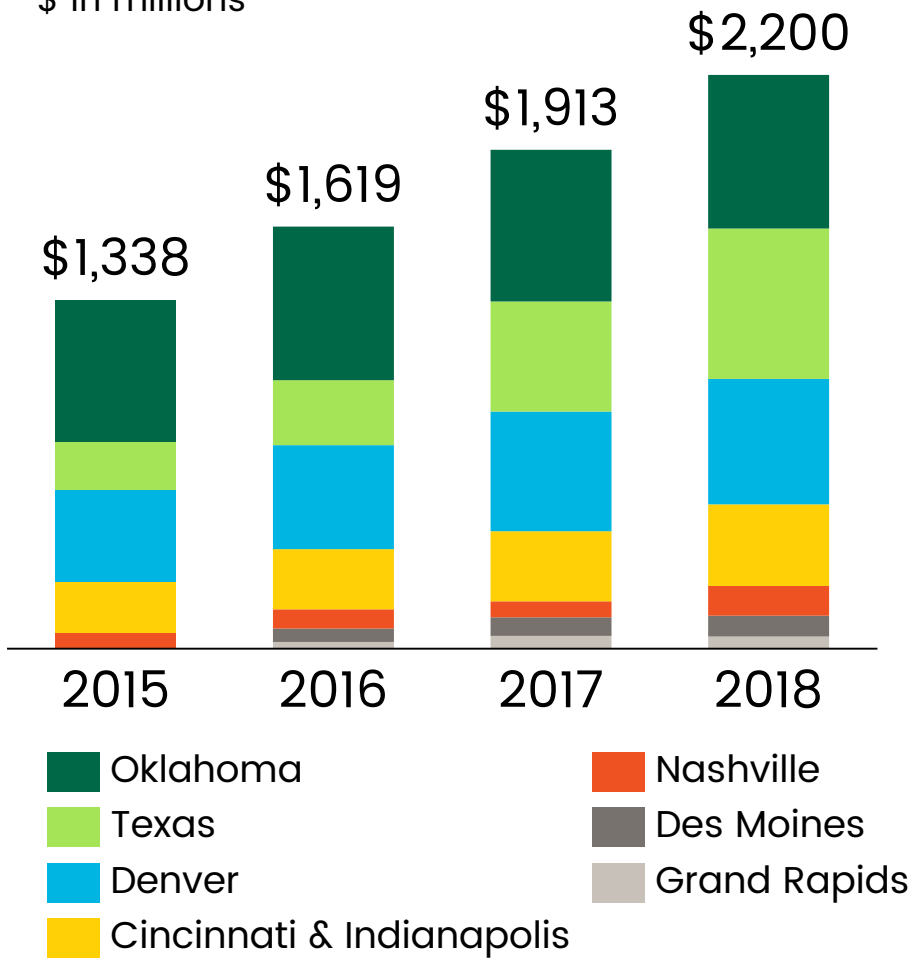


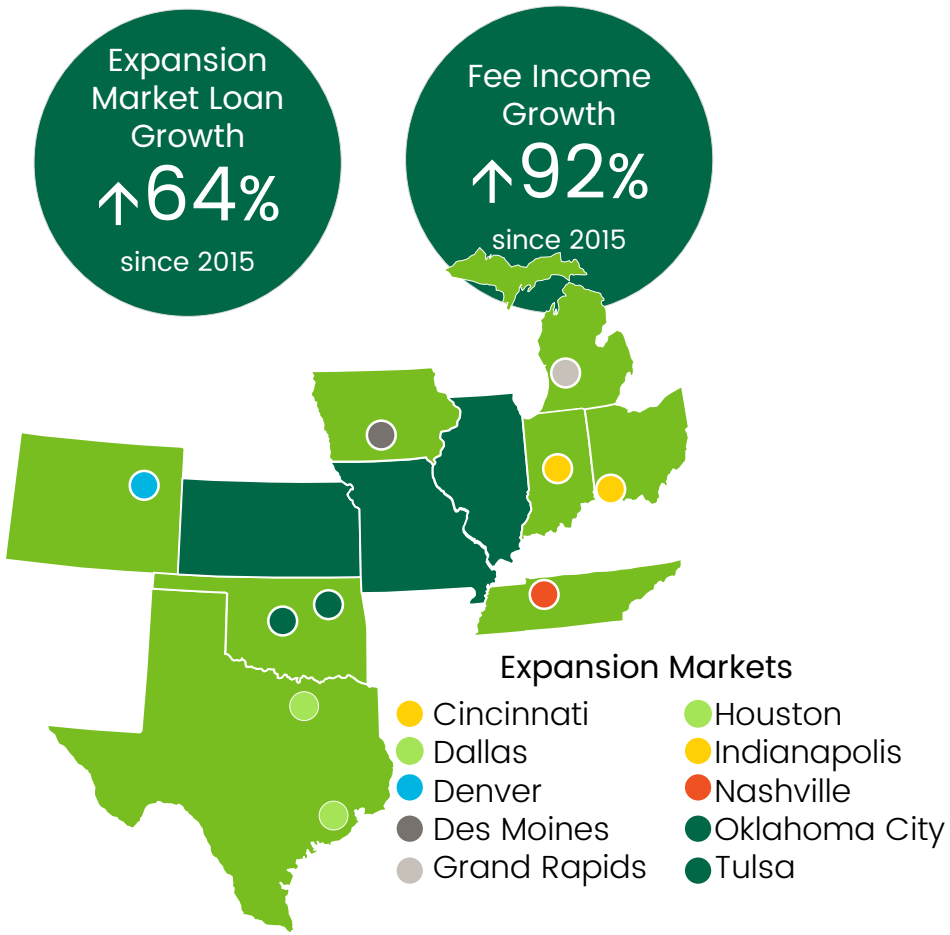
Commercial segment as of December 31, 2018

COMMERCIAL BANKING – EXPANSION MARKETS OFFER GROWTH OPPORTUNITIES

Expansion Market Loan Growth

$ in millions





Team Overview for Expansion Markets

of team members per market (includes open positions)

	2012	2018
Oklahoma	30	59
Texas	5	23
Denver	40	43
Cincinnati/ Indianapolis	11	12
Nashville	3	6
Des Moines	0	3
Grand Rapids	0	4

Period end balances as of December 31, 2018

Commerce Bancshares, Inc.

INDUSTRY-LEADING COMMERCIAL PAYMENTS CAPABILITIES

Innovative payments solutions to manage payables and receivables to streamline cash flow



$179 MILLION Payments Revenue

$8.8 BILLION Commercial Card Volume

$5.9 BILLION Merchant Volume

$38.5 MILLION Treasury Management Revenue

Information as of December 31, 2018

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

Consistently ranked among the top issuers in the Nilson Report

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

A full suite of innovative card and payment product offerings

Health Services Financing	*Claims Payments*	*Multi Account Chip*	*Co-Brand*	toggle®	*Prepaid Expense*	*Contactless* Visa® *Debit Card* *Early adopter*









Commerce Bancshares, Inc.

Source: Nilson Reports (Debit: April 2018; Consumer Card: February 2018; Prepaid: July 2018; Merchant: March 2018; Purchasing: June 2018; Commercial Card: June 2018), based on the top 50 U.S. banks ranked by total assets as of 12/31/2017, S&P Global Market Intelligence

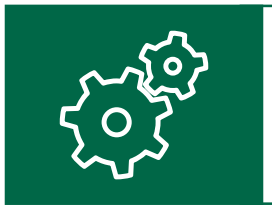
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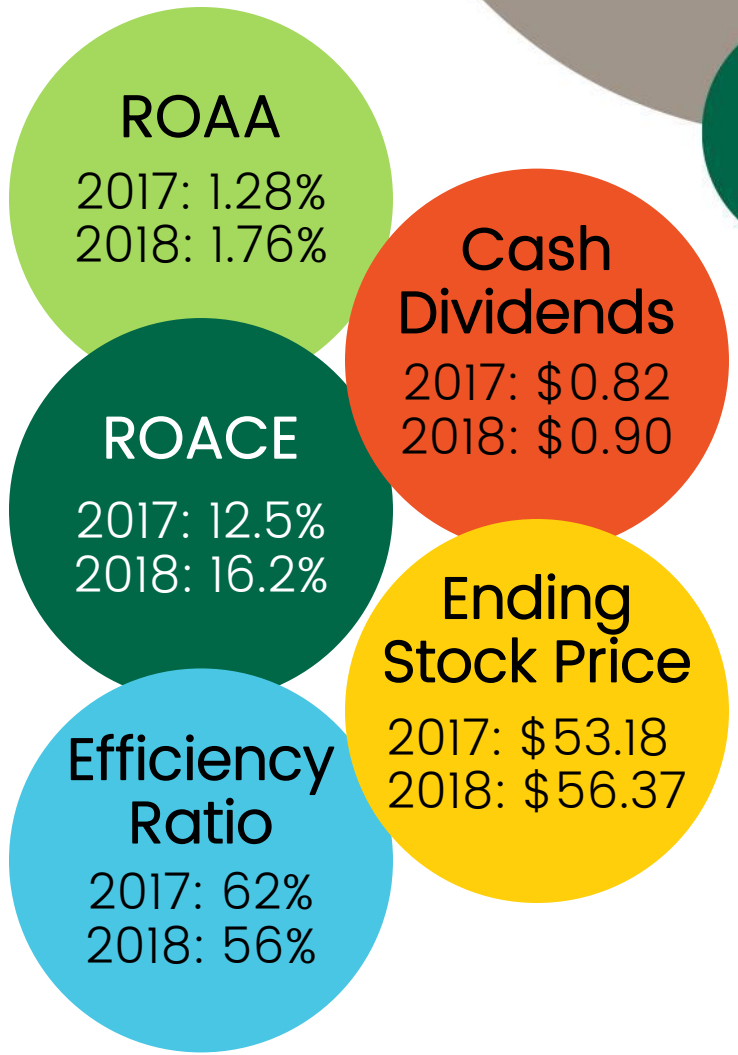
OUR STRATEGIC POSITION



OUR PERFORMANCE AND PEER COMPARISONS

2018 YEAR END EARNINGS

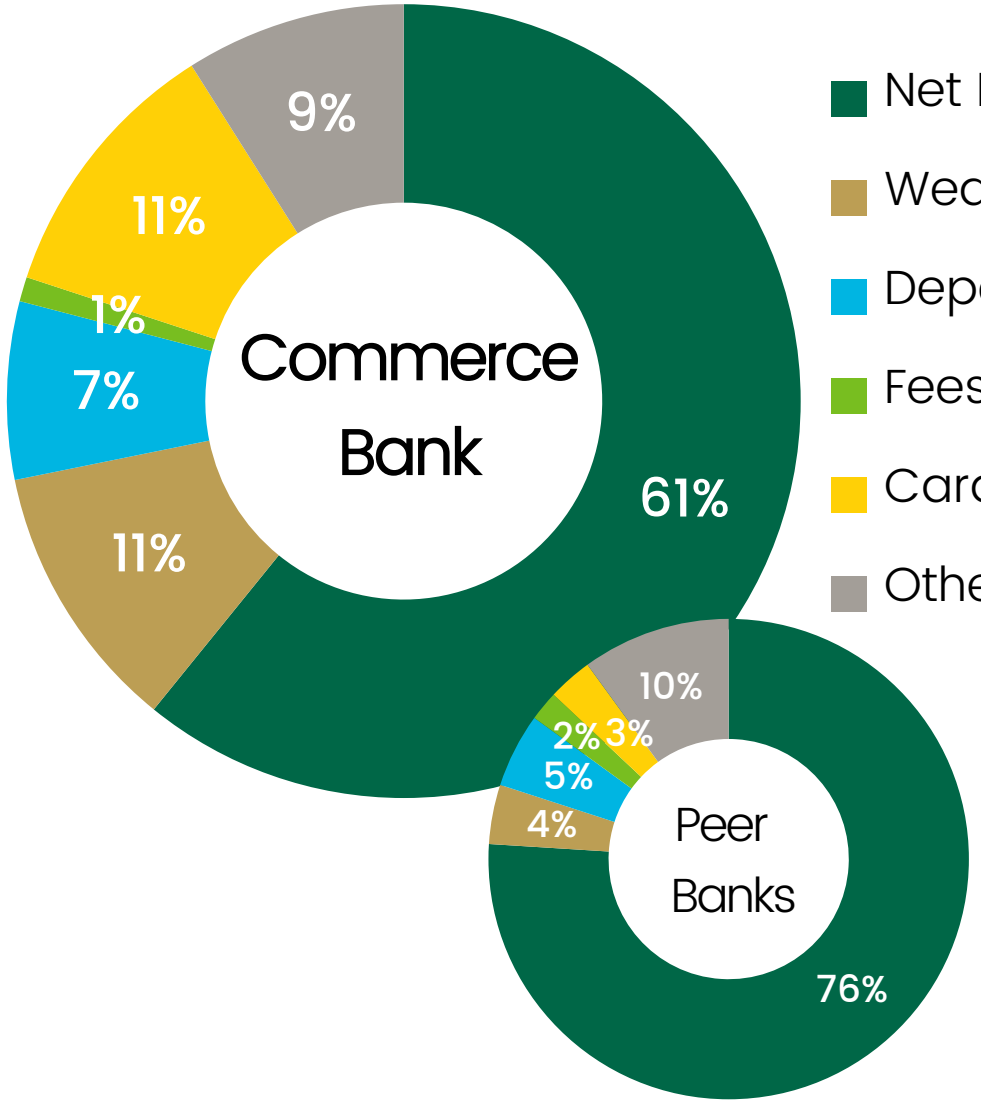
$ in millions	2017	2018	% Increase
Net interest income	$ 734	$ 824	12%
Non-interest income	461	501	9%
Total revenue	**1,195**	**1,325**	**11%**
Securities gains/(losses)	25	-	NM
Non-interest expense	(744)	(738)	-1%
Provision for loan losses	(45)	(43)	-6%
Pretax income	**431**	**544**	**26%**
Income taxes	(111)	(106)	-4%
Net income	**320**	**438**	**37%**
Non-controlling interest expense	(1)	(4)	NM
Net inc attrib. to Commerce	**319**	**434**	**36%**
Preferred stock dividends	(9)	(9)	0%
Net income available to common stock	**$ 310**	**$ 425**	**37%**
Diluted EPS	**$ 2.76**	**$ 3.78**	**37%**



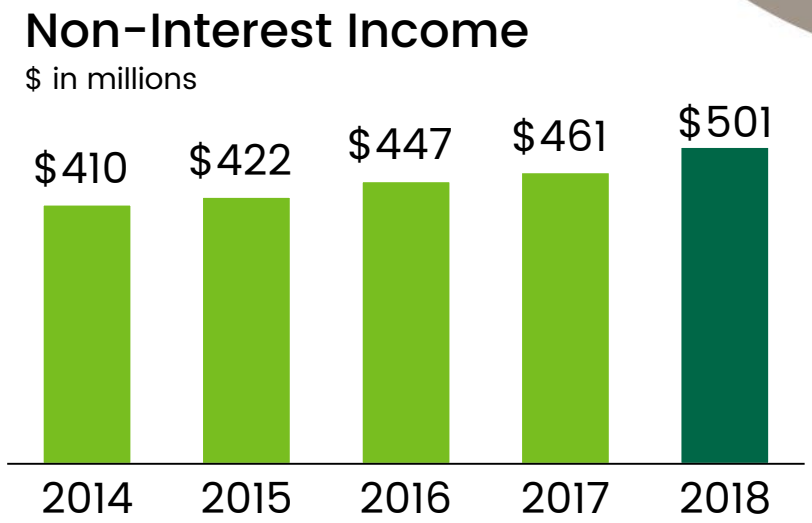
Commerce Bancshares, Inc.

FEE INCOME AT 39% OF TOTAL REVENUE

Card, Wealth & Deposit fees provide stable, growing revenue source



- Net Interest Income
- Wealth Management
- Deposit Service Charges
- Fees and Commissions
- Card Income
- Other



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

Examples:

- toggle®
- Remitconnect™
- Claims Payments
- Horizons
- Accounts Payable Automation
- Interest Rate Swaps
- CommerceHealthcare™
- Asset Management

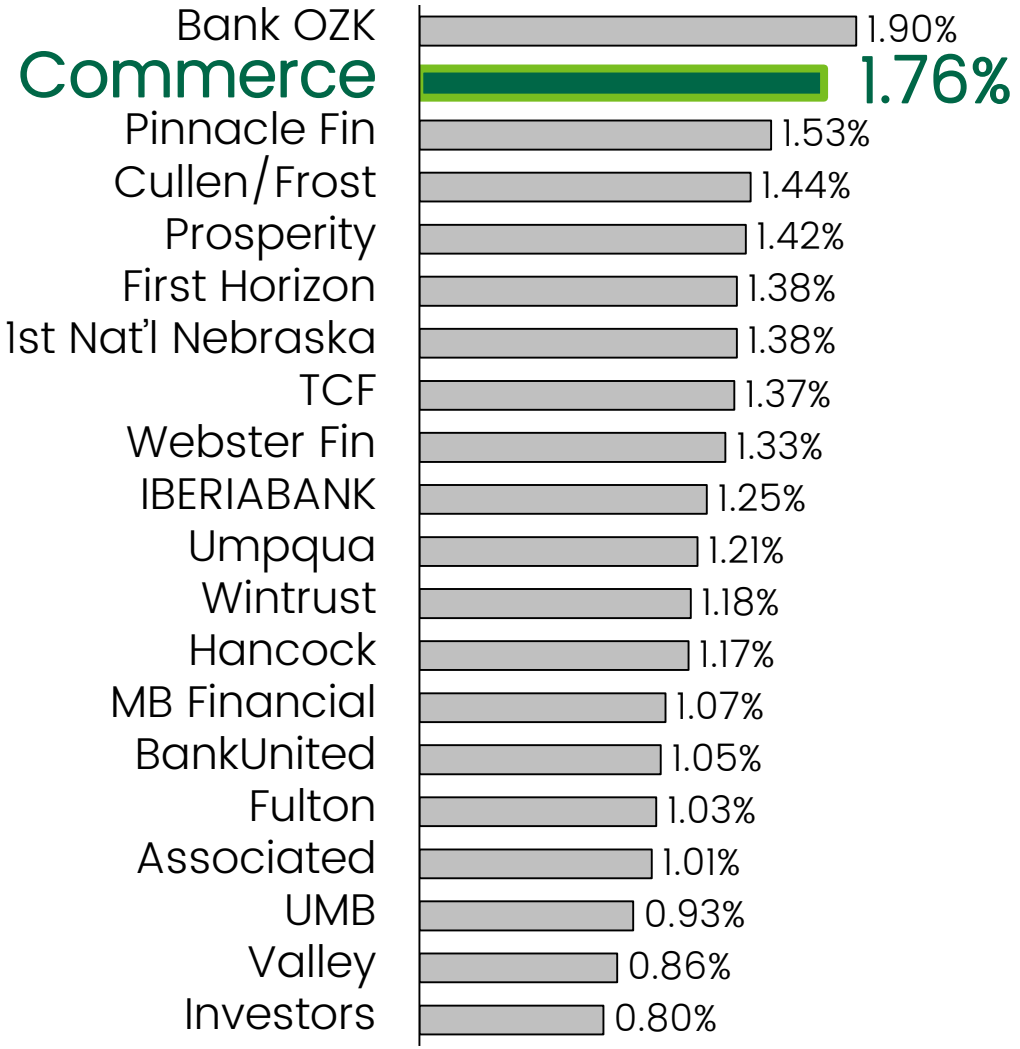
Peer Banks include: ASB, BKU, CFR, FHN, FINN, FULT, HWC, IBKC, ISBC, MBFI, OZRK, PB, PNFP, TCF, UMBF, UMPQ, VLY, WBS, WTFC

Sources: S&P Global Market Intelligence & FIS, Commerce Internal Reporting as of 12/31/18

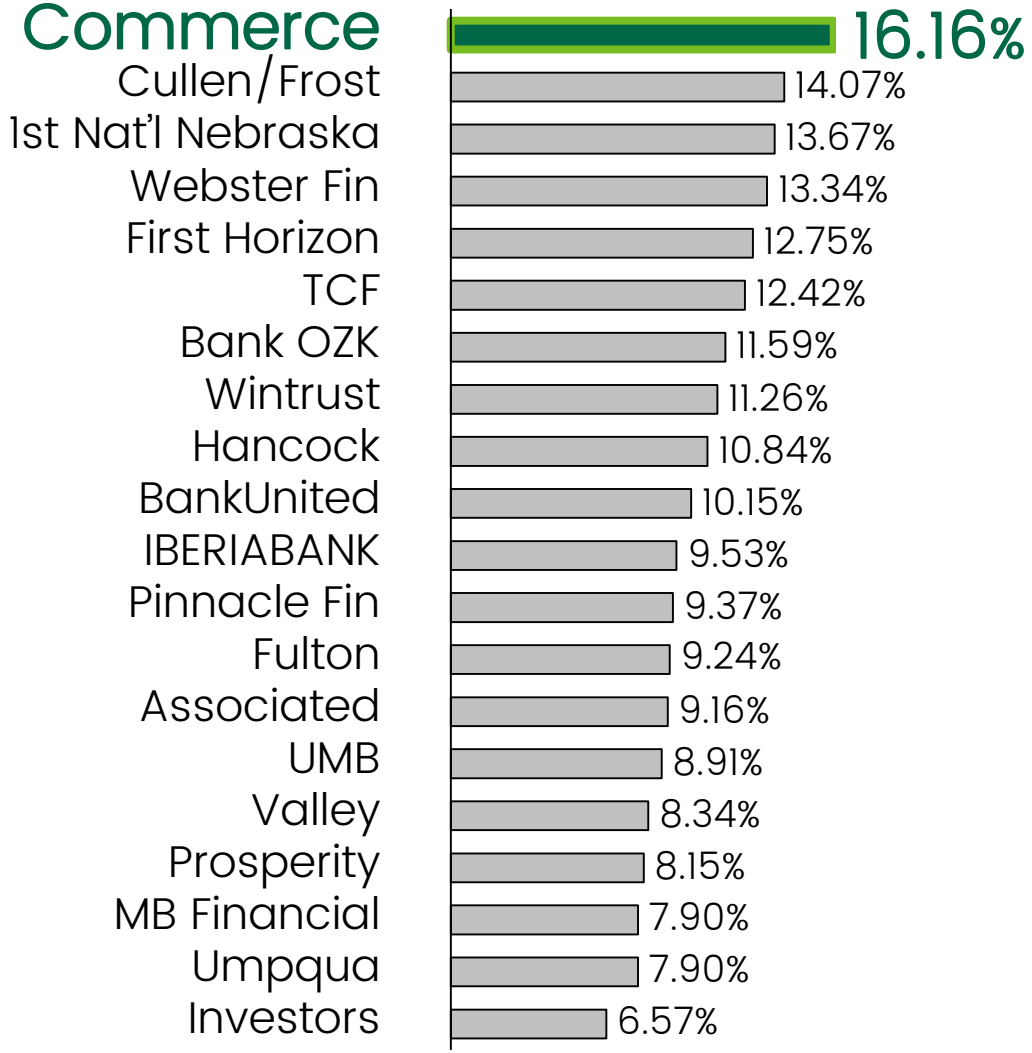
Commerce Bancshares, Inc.

PEER COMPARISONS

ROAA YTD Dec 2018



ROACE YTD Dec 2018

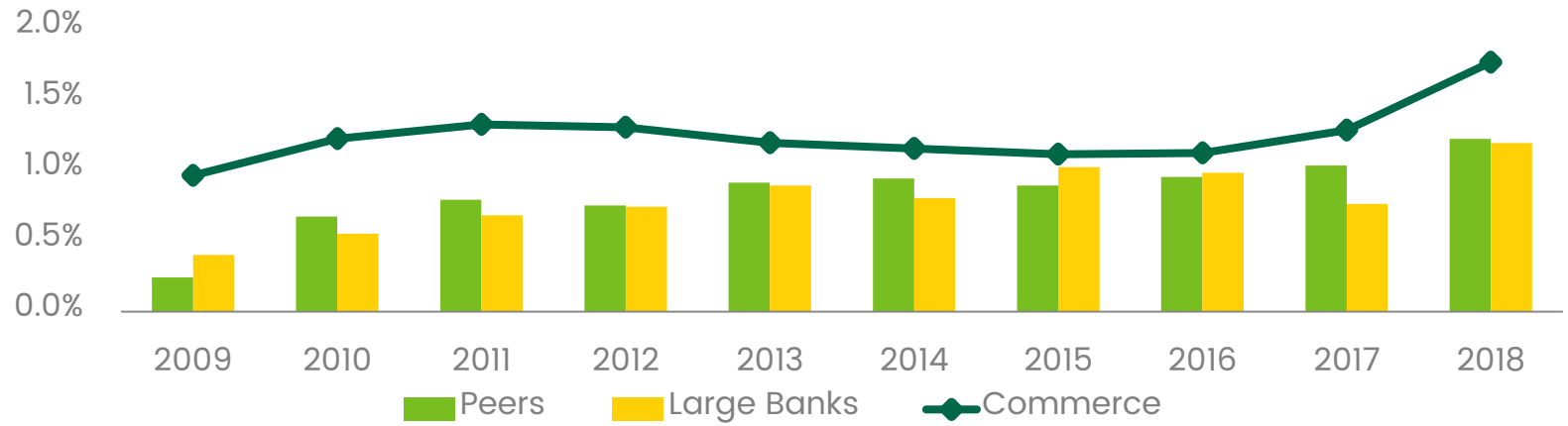


Commerce Bancshares, Inc.

Source: S&P Global Market Intelligence as of 12/31/2018

COMMERCE BANK MAINTAINS SOLID PERFORMANCE OVER TIME

Return on Average Assets

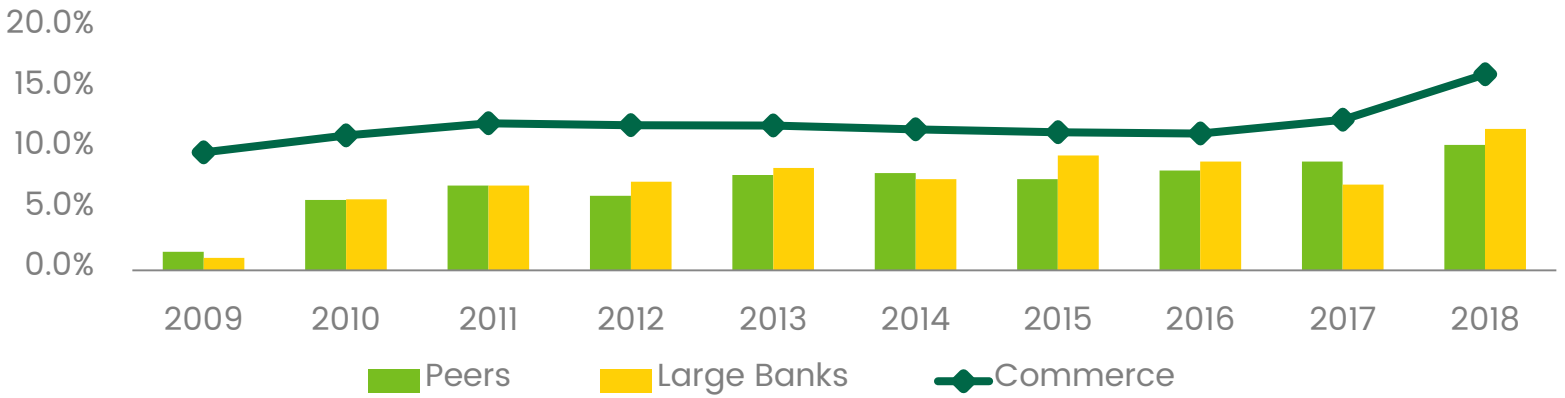


ROAA 10-yr average

CBSH: 1.2%

Peers: 0.8%

Return on Average Common Equity



ROACE 10-yr average

CBSH: 12.0%

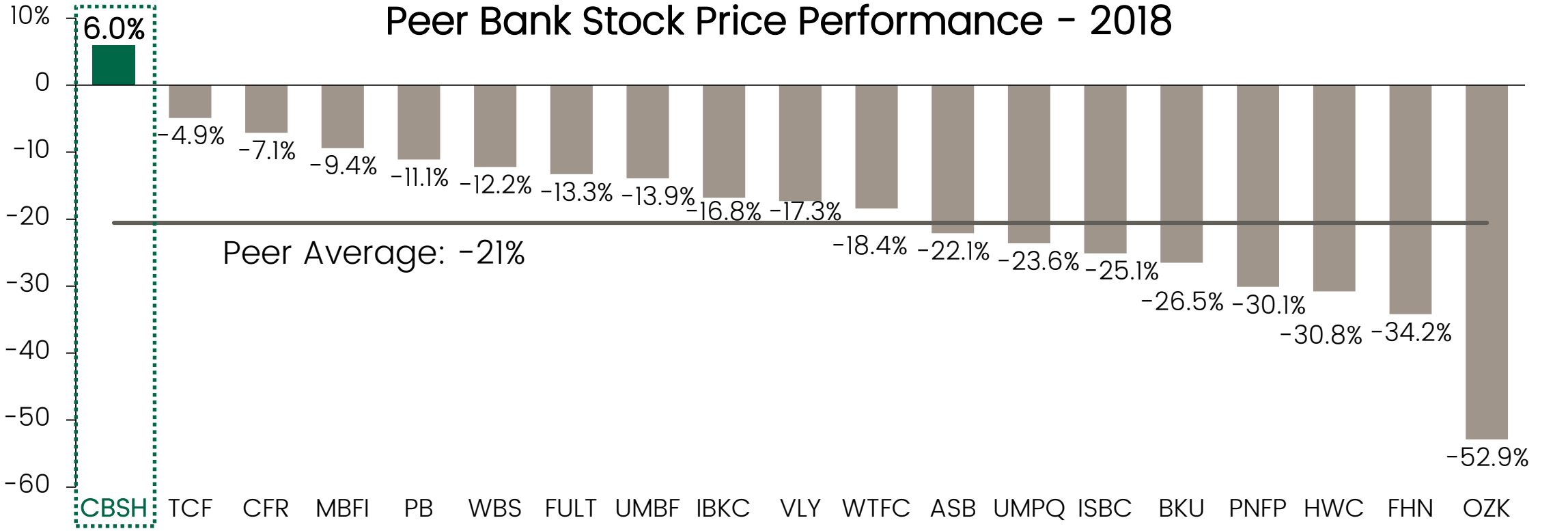
Peers: 7.2%

Peer Banks include ASB, BKU, CFR, FHN, FINN, FULT, HWC, IBKC, ISBC, MBFI, OZRK, PB, PNFP, TCF, UMBF, UMPQ, VLY, WBS, WTFC; Large Banks include: JPM, BAC, C, WFC, USB, PNC, FITH, RF

Sources: S&P Global Market Intelligence; CBI numbers via internal reporting; data as of 12/31/2018

Commerce Bancshares, Inc.

COMMERCE STOCK PERFORMANCE VS. PEERS



- Commerce was the only bank that increased in value in 2018.
- All other peer banks declined in value.
- Banks making large bets on loan growth, transformative M&A, and new geographies suffered the most.

Source: S&P Global Intelligence; data includes publicly traded peer group

Commerce Bancshares, Inc.

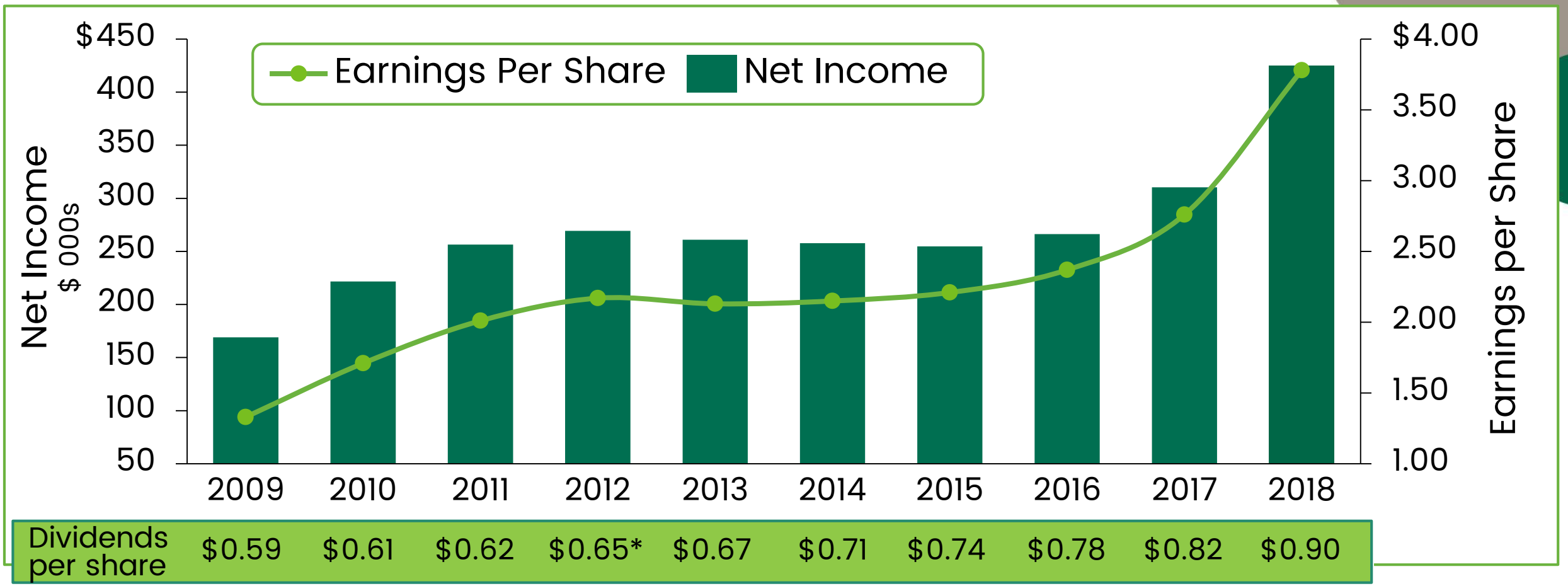
FINANCIAL HIGHLIGHTS QTD MARCH 31, 2019

$ millions (except EPS)	1Q2018	1Q2019	% change
Net Income attributed to Commerce	$101	$97	-4.0%
Return on Average Assets	1.66%	1.58%	-4.8%
Return on Average Common Equity	15.6%	13.6%	-12.8%
Efficiency Ratio	58.2%	58.8%	1.0%
Average Loans	$13,929	$14,079	1.1%
Average Deposits	$20,161	$19,841	-1.6%
Diluted EPS*	$0.88	$0.85	-3.4%

Per shares figures have been restated for 5% stock dividend distributed in December 2018

Commerce Bancshares, Inc.

LONG-TERM VIEW: NET INCOME AND EARNINGS PER SHARE



Dividends per share	$0.59	$0.61	$0.62	$0.65*	$0.67	$0.71	$0.74	$0.78	$0.82	$0.90

EPS REMAINS STRONG

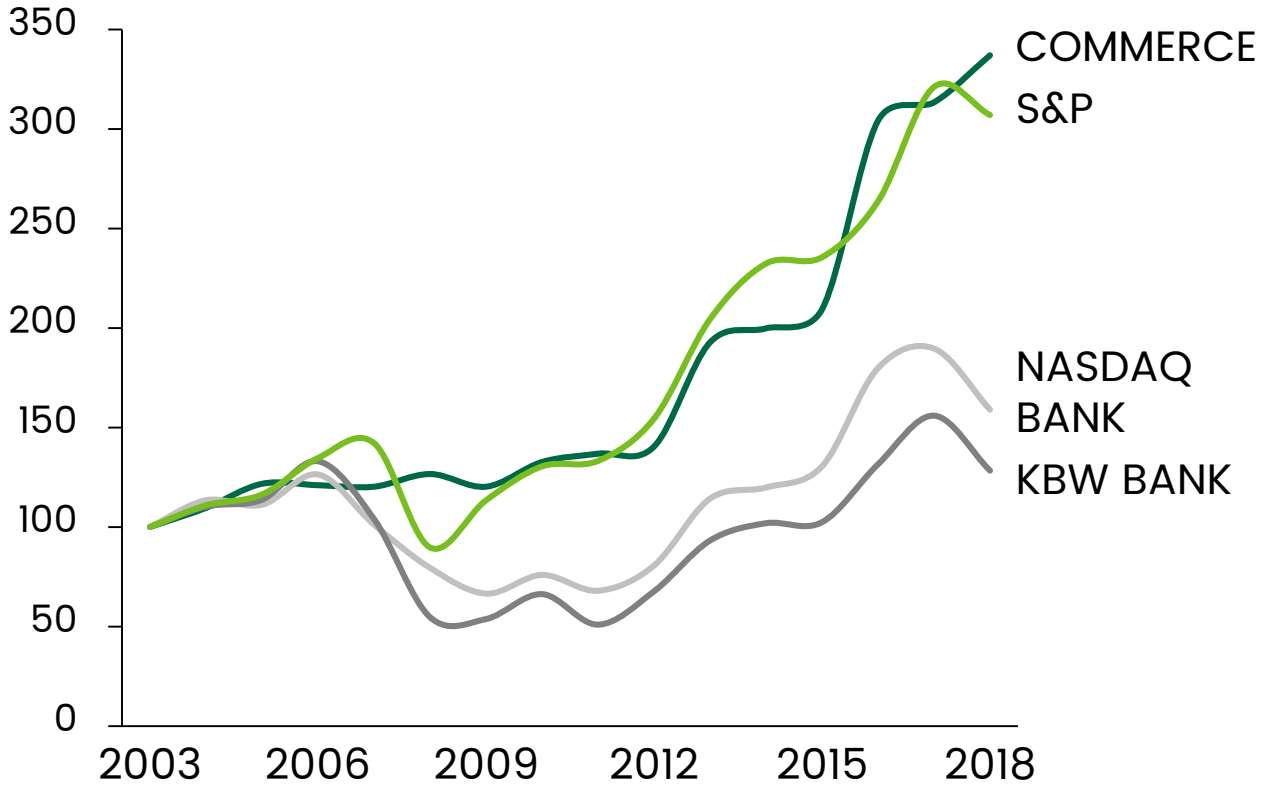
50 CONSECUTIVE YEARS OF DIVIDEND GROWTH

*Including 2012 special dividend = $1.72
All data has been restated for 5% stock dividend distributed in December 2018
Net Income in the chart represents Net Income Available to Common Shareholders
Source: Corporate Finance

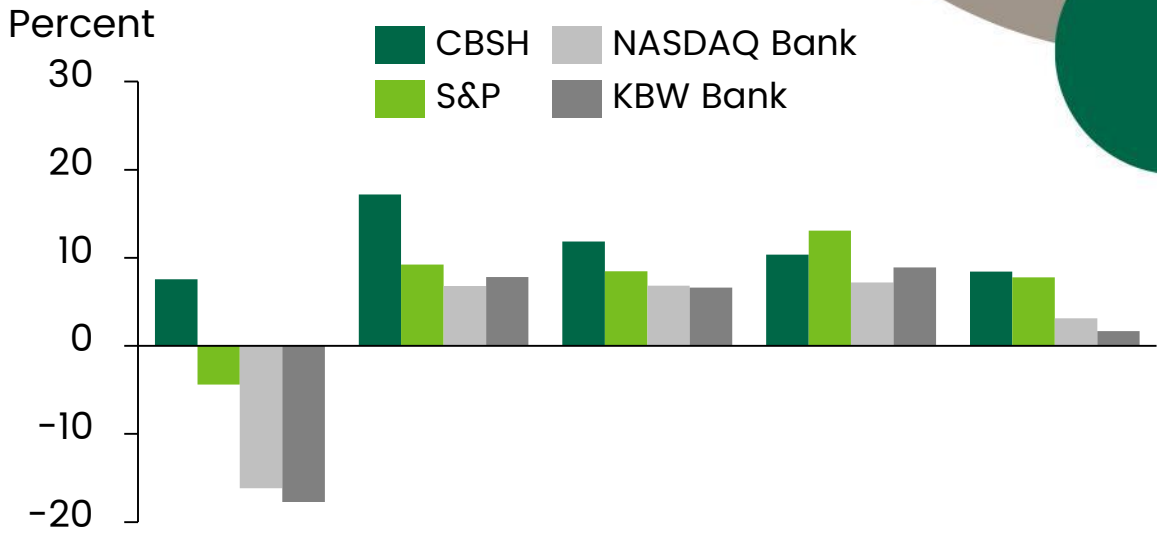
Commerce Bancshares, Inc.

LONG-TERM SHAREHOLDER RETURNS
as of December 31, 2018

Total Shareholder Returns
Indexed, 12/31/2003 = $100



Annualized Comparison Total Shareholder Returns



	1 Year	3 Year	5 Year	10 Year	15 Year
CBSH	7.6%	17.2%	11.8%	10.4%	8.4%
S&P	-4.4%	9.2%	8.5%	13.1%	7.8%
NASDAQ BANK	-16.2%	6.8%	6.8%	7.2%	3.1%
KBW BANK	-17.7%	7.8%	6.6%	8.9%	1.7%

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

Source: Bloomberg; data as of 12/31/2018

Commerce Bancshares, Inc.

innovating for the future

Commerce Bancshares, Inc.