innovating for the future

COMMERCE BANCSHARES, INC.

INVESTOR UPDATE

3rd Quarter 2019

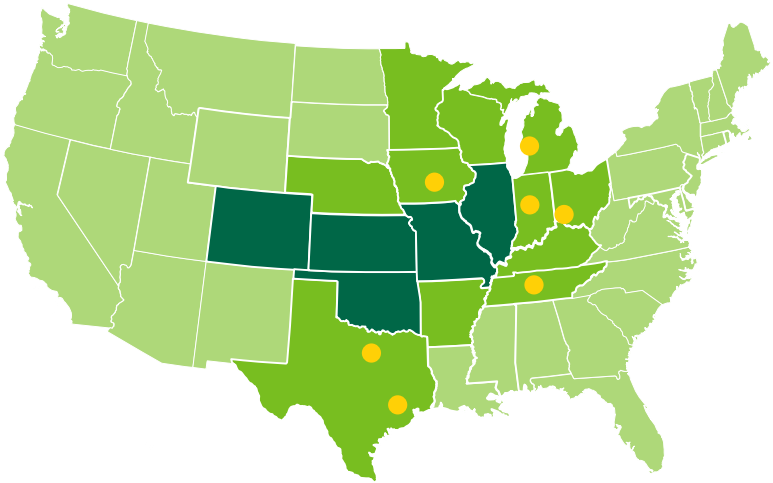
Commerce Bancshares, Inc.

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 Annual Report on Form 10-K, 3RD Quarter 2019 Report on Form 10-Q and the Corporation's Current Reports on Form 8-K.

COMMERCE BANCSHARES

154 YEARS IN BUSINESS



FULL SERVICE BRANCH FOOTPRINT
St. Louis | Kansas City | Springfield | Central Missouri | Central Illinois | Wichita | Tulsa | Oklahoma City | Denver

EXTENDED COMMERCIAL MARKET / ● COMMERCIAL OFFICES
Cincinnati | Nashville | Dallas | Des Moines | Indianapolis | Grand Rapids | Houston

COMMERCIAL PAYMENTS SERVICES
Offered in 48 states across the U.S.

$25.9
BILLION IN ASSETS

44TH
LARGEST U.S. BANK BASED ON ASSET SIZE[1]

$6.5
BILLION MARKET CAPITALIZATION

22ND
LARGEST U.S. BANK BASED ON MARKET CAPITALIZATION[1]

$52.9
BILLION IN TRUST ASSETS

19TH
LARGEST AMONG U.S. BANK-OWNED TRUST COMPANIES BASED ON AUM[1]

a1
BASELINE CREDIT ASSESSMENT[3]

$20.3
BILLION IN TOTAL DEPOSITS

$14.5
BILLION IN TOTAL LOANS[2]

$8.8
BILLION IN COMMERCIAL CARD VOLUME as of 12/31/18

14.1%
RETURN ON AVERAGE COMMON EQUITY as of YTD 09/30/19

6TH
YTD ROACE FOR THE TOP 50 U.S. BANKS BASED ON ASSET SIZE[1]

MOODY'S RANKS COMMERCE AMONG THE TOP 7 BANKS IN THE COUNTRY

Source: [1]S&P Global Market Intelligence as of 6/30/2019, does not include asset management or specialty finance banks; company reports and filings as of 9/30/2019; [2] Includes loans held for sale; [3]Moody's U.S. Bank Ratings, August 31, 2019, Baseline credit assessment reflects a bank's standalone credit strength.

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

OUR CULTURE IS OUR COMPETITIVE ADVANTAGE

We help you focus on what matters most.

Our purpose is the foundation of our culture. It shapes our daily interactions and guides our strategy.

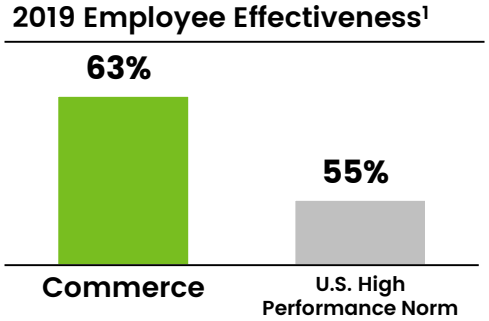


We live our core values

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

We are engaged, enabled and effective.

Consistently scoring above the U.S. High Performance norms and the U.S. Financial Services norms for engagement, enablement and effectiveness



We invest in our communities

700 grants $1.7 million in payments In 2018

- Grants from the Commerce Bancshares Foundation
- Team members actively involved in organizations throughout our regions as volunteers, board members and donors
- Rated "outstanding" from the Federal Reserve for community reinvestment for more than 20 years

Commerce Bancshares, Inc.

[1]*The Korn Ferry Hay Group – 2019 survey results*

RECENT RECOGNITION



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Commerce Bank was named among America's Best Banks 2019 by *Forbes*. We were a top-ranked Missouri-based bank and ranked 17th in the nation overall. Since the first list debuted, Commerce has consistently ranked near the top among the highest-performing institutions.



The award publicly recognizes employers that have achieved best-in-class levels of engagement and enablement. Commerce ranks among an elite class of 37 companies to have earned the distinction in both metrics.



Commerce Bank was selected as one of 20 best-in-class banks in Bank Director's 2019 RankingBanking study. We placed third overall in the Midwest and ranked first in the Midwest for Best Branch Network Strategy, Best Core Deposit Growth Strategy and Best Retail Strategy.



Commerce Bank was named a Top Midsize Employer by *Forbes* for the third consecutive year and ranked in the top one-third among a selection of 500 employers. We placed 13th among all banking and financial services companies and 7th among employers headquartered in Missouri.

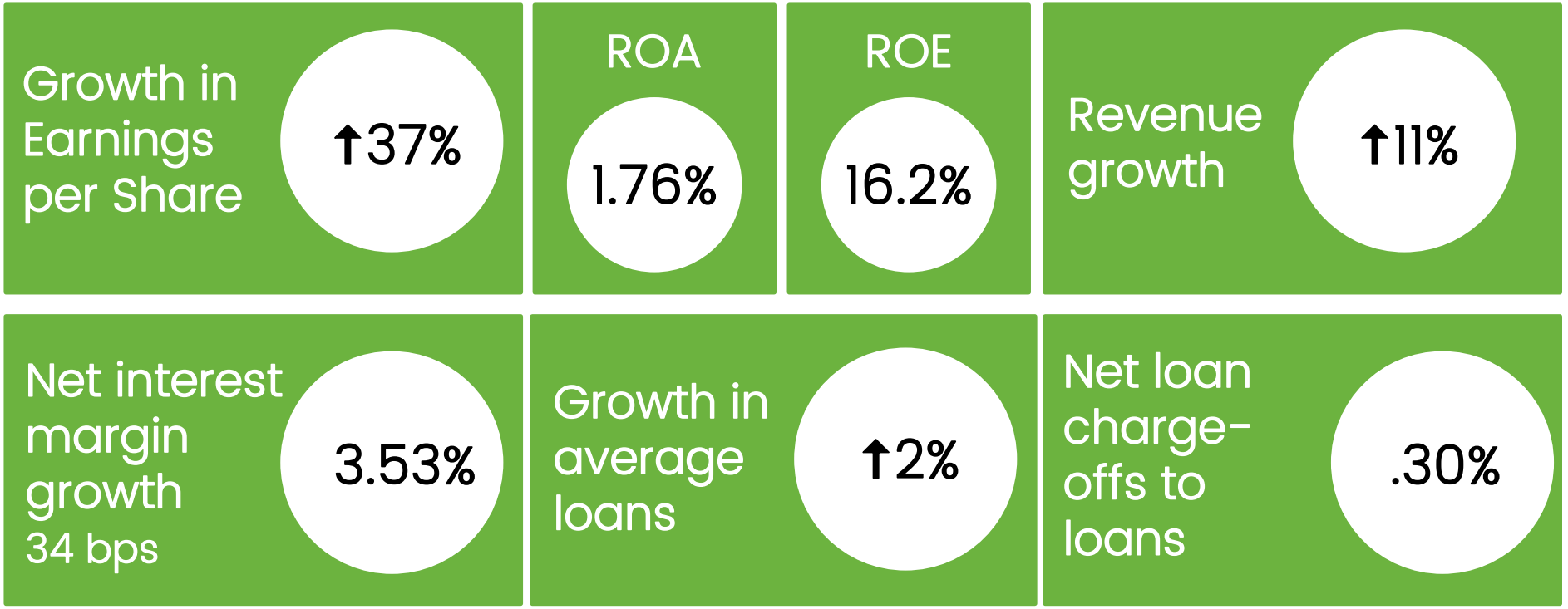


Commerce Trust Company received Highly Commended status for Best Private Wealth Manager in client services with assets over $5 billion. PAM Awards recognize top investment professionals, wealth advisors, legal firms, consultants and other key service providers operating within the private asset management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



Commerce Bank was named among *Forbes'* first-ever ranking of Best Employers for Women. Commerce was in the Top 10 for Banking and Financial Services companies and among the Top 5 employers headquartered in Missouri.

STRONG FINANCIAL PERFORMANCE IN 2018



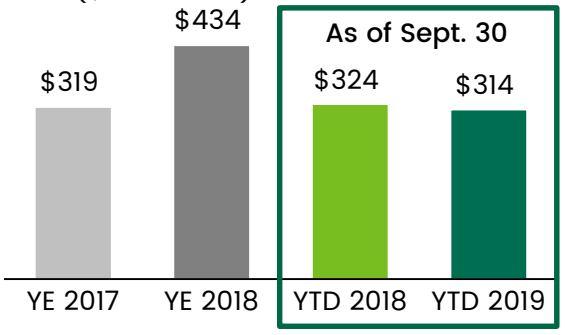
Long-term performance remains strong

15-year TOTAL SHAREHOLDER RETURN @ 8.4%

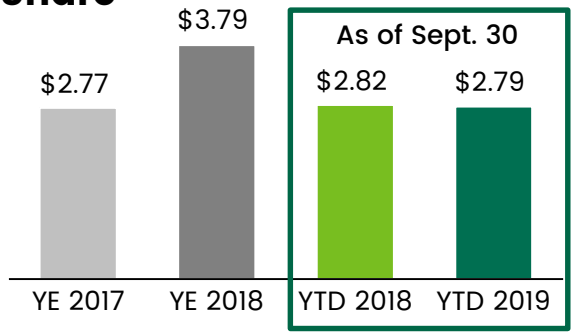
Vs KBW Bank Index of 1.7%

FINANCIAL PERFORMANCE VS. PRIOR YEAR

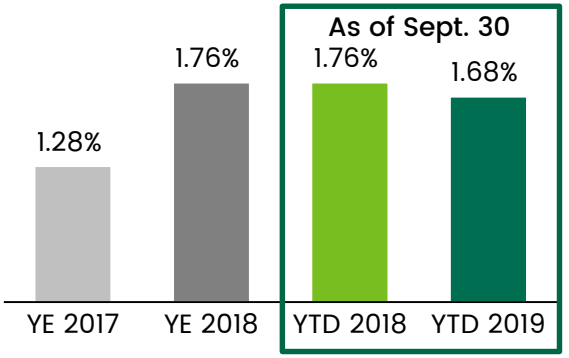
Net Income Attributable to CBI ($ in Millions)



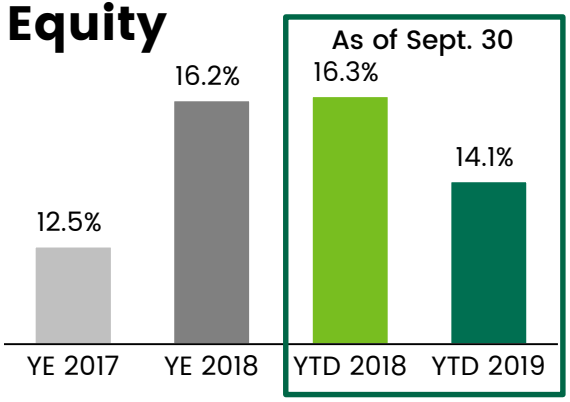
Earnings per Common Share



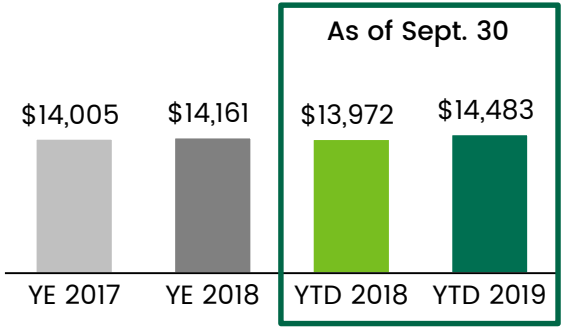
Return on Total Assets



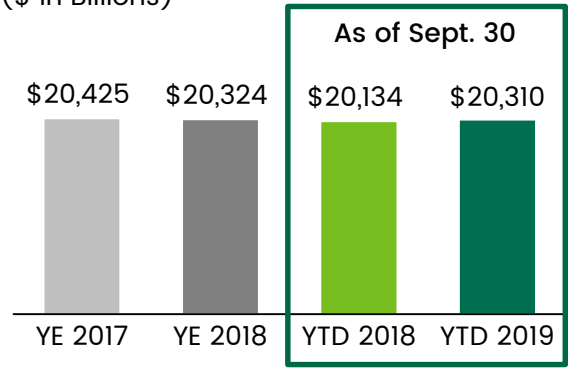
Return on Average Common Equity



Period End Loans ($ in Billions)



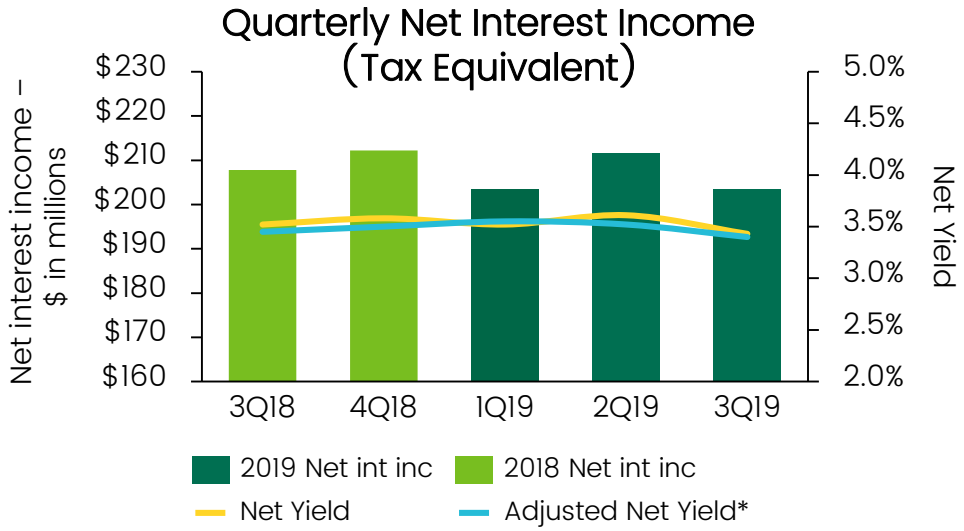
Period End Deposits ($ in Billions)



DRIVERS OF 3RD QUARTER 2019 EARNINGS

Net Interest Margin	Core NIM decreased 10 bps to 3.40% from 3.50% in Q2 2019, as yields on commercial loans contracted, more than offsetting yield growth on personal banking loans. Deposit costs increased only 3 bps over the previous quarter.
Fee Income	7.3% fee income growth vs the same quarter in the prior year, driven by growth in net bank card fees, trust fees, mortgage banking revenue, interest rate swap fees and gains on sales of leased assets.
Non-Interest Expense	Expense growth was up 3.2% vs the same period last year, driven by increases in salaries and benefits, data processing and software costs and marketing expense, partly offset by lower deposit insurance expense.
Credit	Credit environment remains favorable as annualized net loan charge-offs remain low at .32% of total loans.

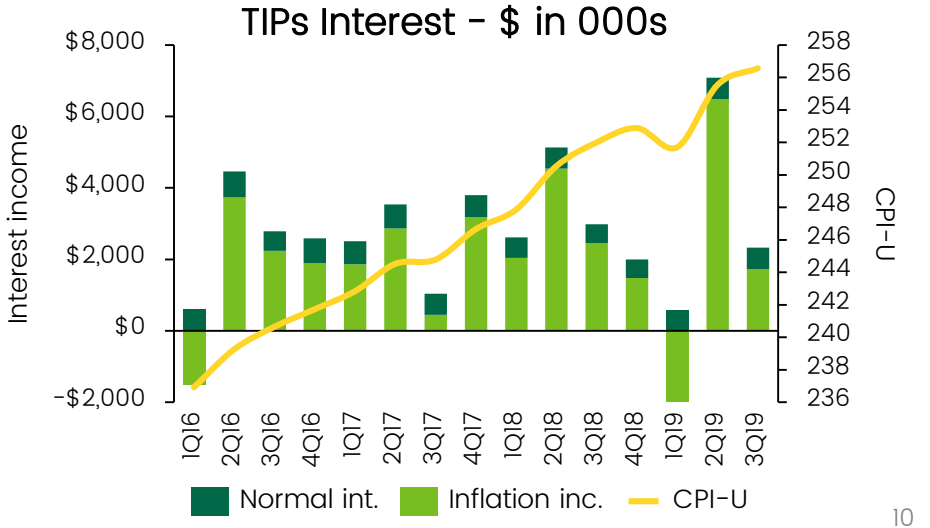
NET INTEREST INCOME: YTD – September 30, 2019



*Adjusted to exclude TIPs inflation income and one-time CFB dividends in 3Q18 and 4Q18

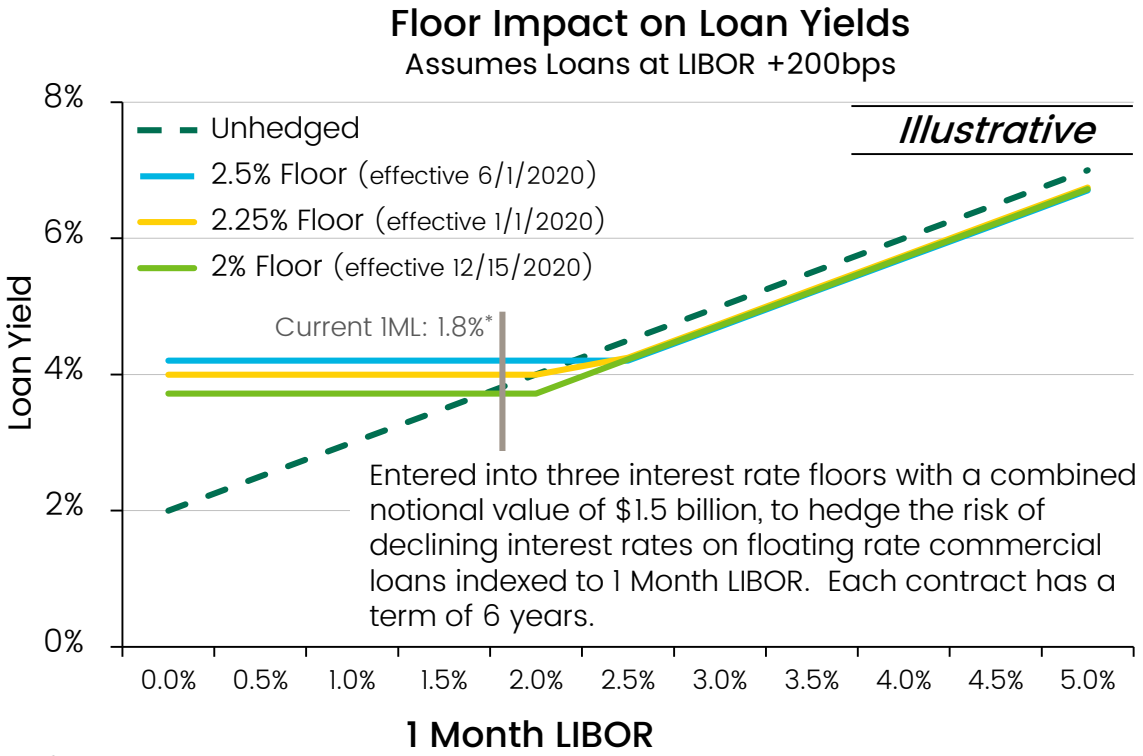
Tax equivalent - YTD	2018	2019	Change
Rates earned - assets	3.77%	3.96%	0.19%
Rates paid - liabilities	0.40%	0.69%	0.29%
Net yield - earning assets	**3.51%**	**3.52%**	**0.01%**

- Net interest income (tax equivalent) decreased $8.2 million from the prior quarter.
- The decline was mostly due to a $4.8 million decrease in inflation income from TIPs securities.
- Excluding the impact of inflation income, the net yield on interest earning assets declined 10 basis points.



NIM PROTECTION

Hedge against lower interest rates by purchasing interest rate floor contracts and extending duration



*As of October 30, 2019

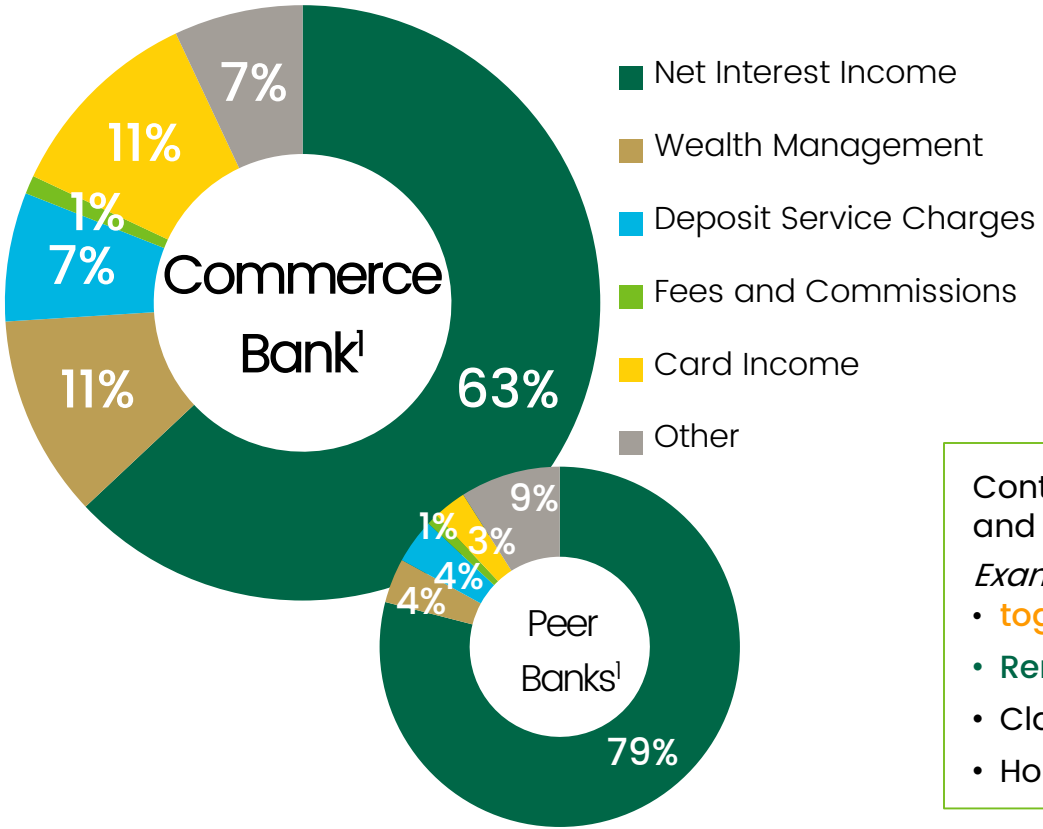
Extending Duration

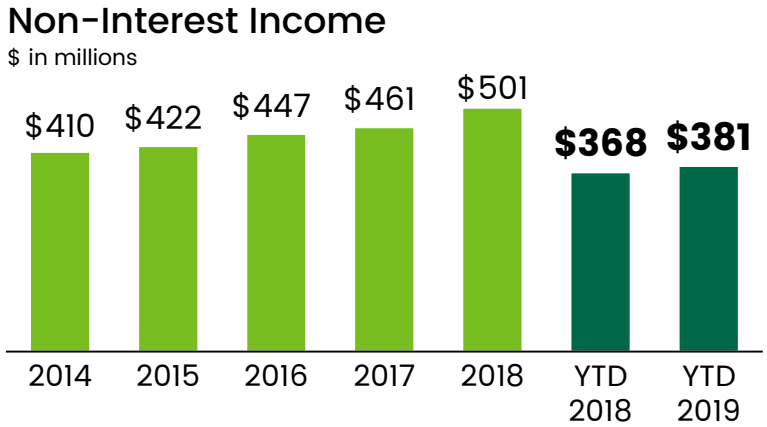
In addition to the interest rate floors, Commerce has been extending fixed-rate bond maturities. Duration has been mostly maintained despite:

- A large decline in rates increasing prepayment speeds
- Strategic move out of municipals (typically our longest securities)
- Reduced monthly cash flows to reinvest

FEE INCOME AT 37% OF TOTAL REVENUE

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





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

Examples:

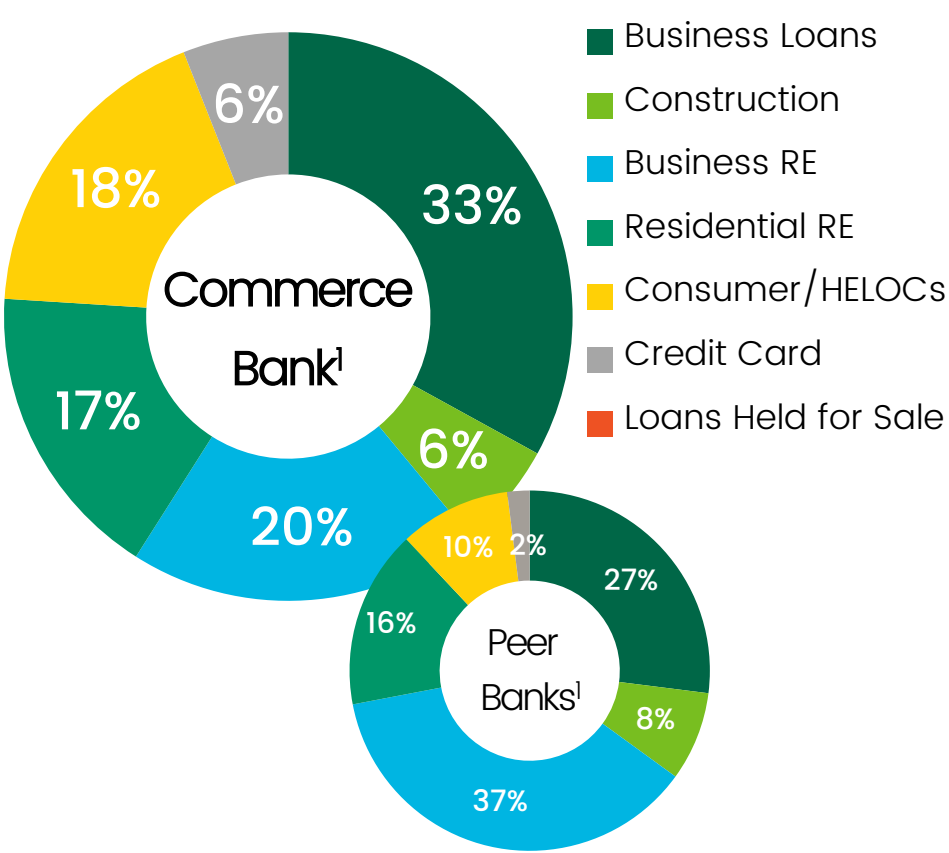
- toggle®
- Remitconnect™
- Claims Payments
- Horizons
- Accounts Payable Automation
- Interest Rate Swaps
- CommerceHealthcare™
- Asset Management

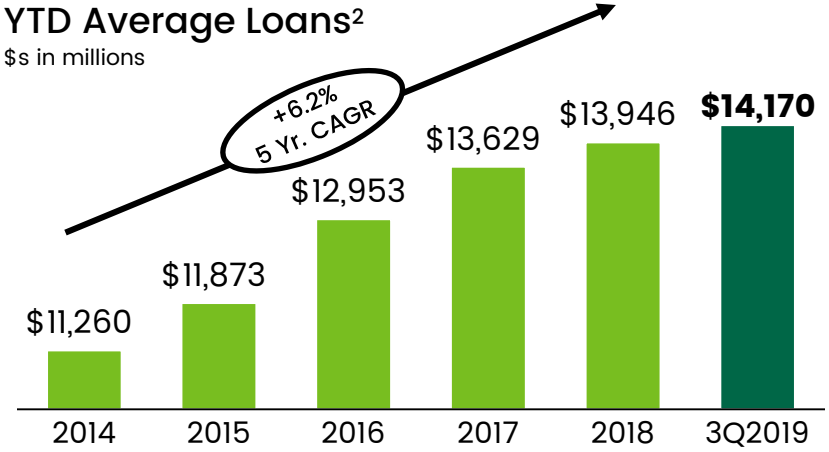
Peer Banks include: CHFC, CFR, FINN, FULT, HWC, IBKC, ISBC, ONB, OZK, PB, PNFP, STL, UMBF, UMPQ, UBSI , VLY, WBS, WTFC

[1]Sources: S&P Global Market Intelligence & FIS as of 6/30/2019; YTD Non-Interest Income as of September 30

Commerce Bancshares, Inc.

WELL-DIVERSIFIED LOAN PORTFOLIO





2019 Loan Growth by Category

(Average loans Sept 2019 vs. Jun 2019)

Business/ lease/ tax-free	↑ $121 million
Personal RE	↑ $40 million
Business RE & construction	↑ $26 million
Auto/ motorcycle/ other	↑ $16 million

Peer Banks include: CHFC, CFR, FINN, FULT, HWC, IBKC, ISBC, ONB, OZK, PB, PNFP, STL, UBSI, UMBF, UMPQ, VLY, WBS, WTFC
[1]*Source: S&P Global Market Intelligence & FIS as of 6/30/2019*
[2]*Includes loans held for sale*

Commerce Bancshares, Inc.

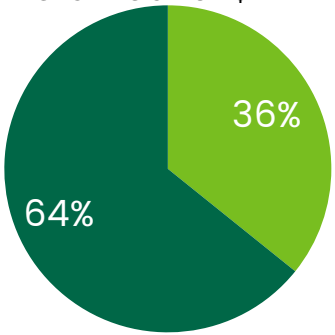
SUMMARY OF FIXED & FLOATING LOANS

57% of total loans are variable; 65% of commercial loans have floating rates; mostly tied to a LIBOR index

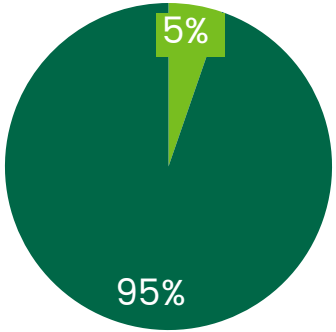


Commercial

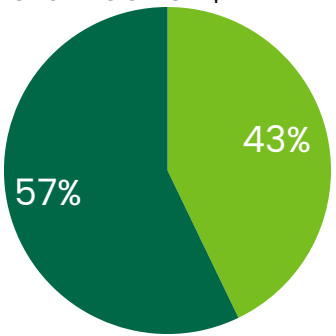
Business
Total Loans: $5.1B



Construction
Total Loans: $0.9B

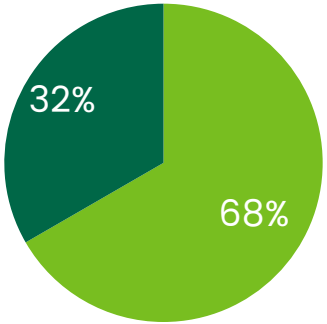


Business RE
Total Loans: $2.9B

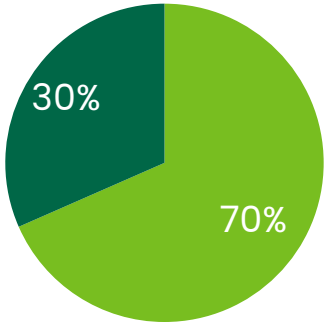


Consumer

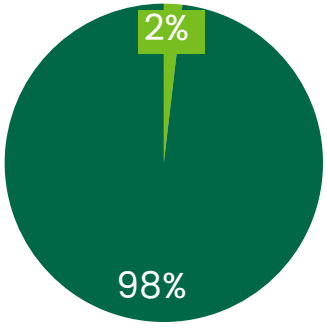
Personal RE
Total Loans: $2.1B



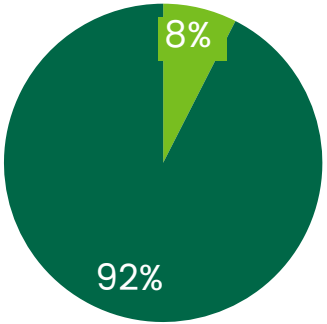
Consumer
Total Loans: $2.0B



HELOC
Total Loans: $0.4B



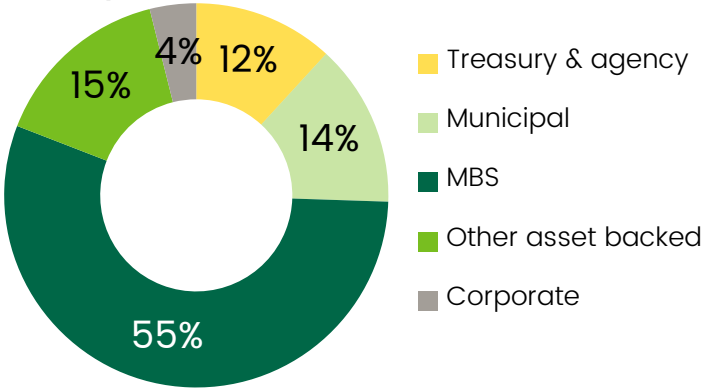
Consumer Card
Total Loans: $0.8B



Source: 2018 10K

HIGH QUALITY, HIGHLY LIQUID AND DIVERSE INVESTMENT PORTFOLIO

Composition of AFS Portfolio



September 30, 2019	Avg Rate	Duration (yrs)
Treasury & agency[1]	1.7%	2.8
Municipal	3.1%[2]	3.7
MBS	2.6%	2.5
Other asset-backed	2.8%	1.3
Corporate	2.6%	2.9

[1]Excludes inflation effect on TIPs
[2]Tax Equivalent yield

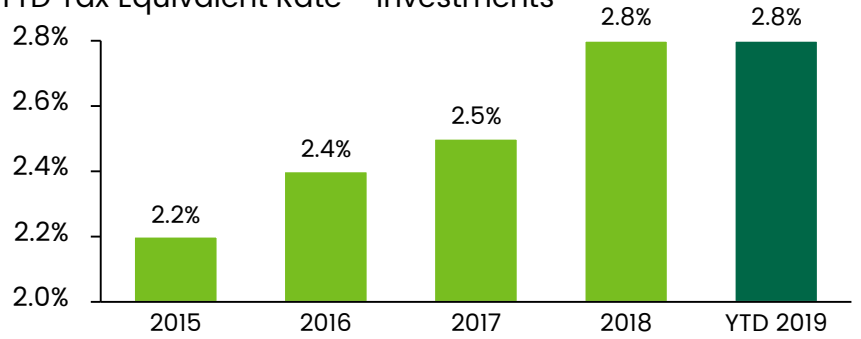
AFS Portfolio as of 9/30/19

Total investments	$8.7 billion
Unrealized gain	$163.4 million
12 month maturities / pay-downs	$1.3 billion

Duration

December 2016	2.9 years
December 2017	3.0 years
December 2018	3.2 years
September 30, 2019	2.6 years

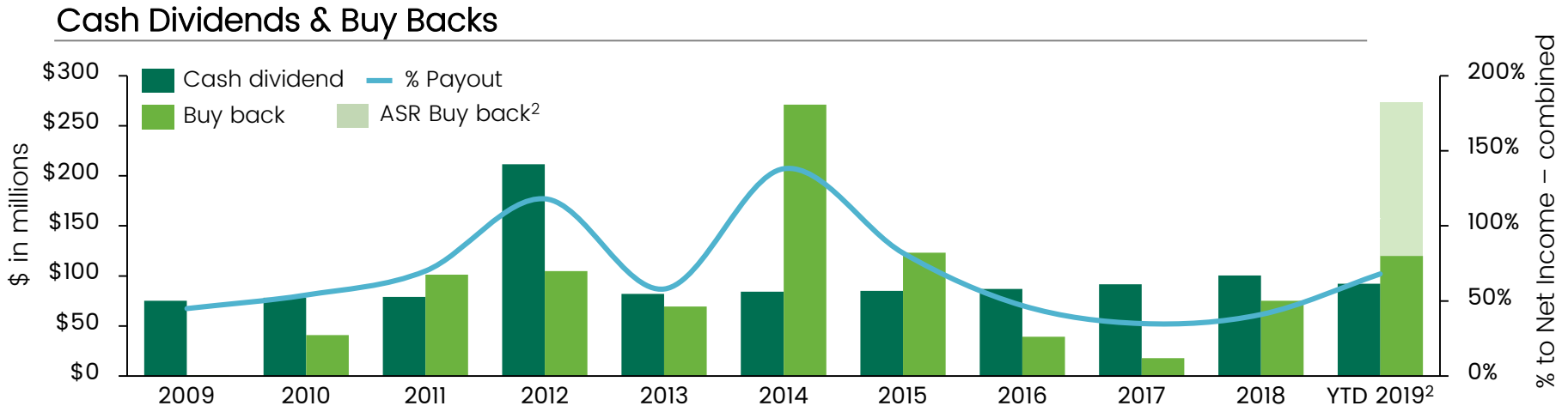
YTD Tax Equivalent Rate - Investments



Commerce Bancshares, Inc.

STRONG CAPITAL POSITION – FLEXIBILITY IN CAPITAL PLANNING

51 consecutive years of regular common cash dividend increases[1]



Capital Ratios – 09/30/2019	
Tier 1 common risk-based capital	13.8%
Tier 1 risk-based capital	14.5%
Total risk-based capital	15.3%

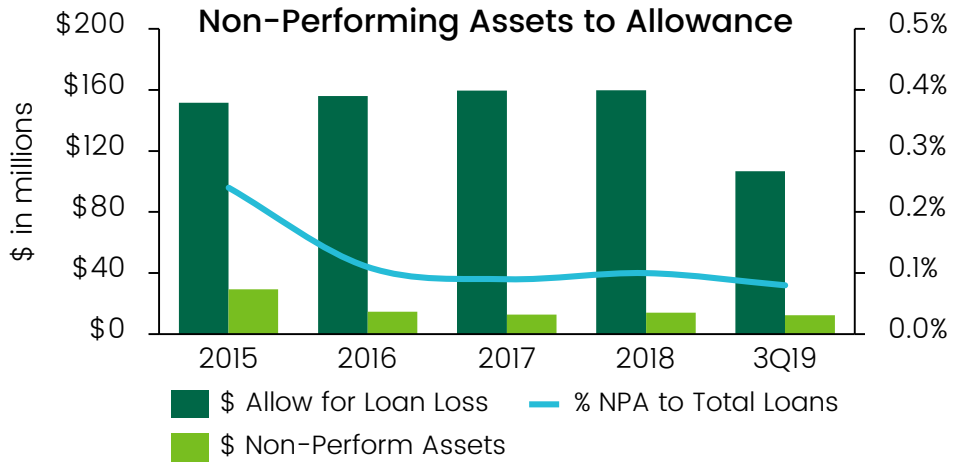
[1]Based on 1st quarter 2019 declared dividend; [2]$150 million accelerated share repurchase agreement announced August 9, 2019, not included in YTD 2019 % payout calculation

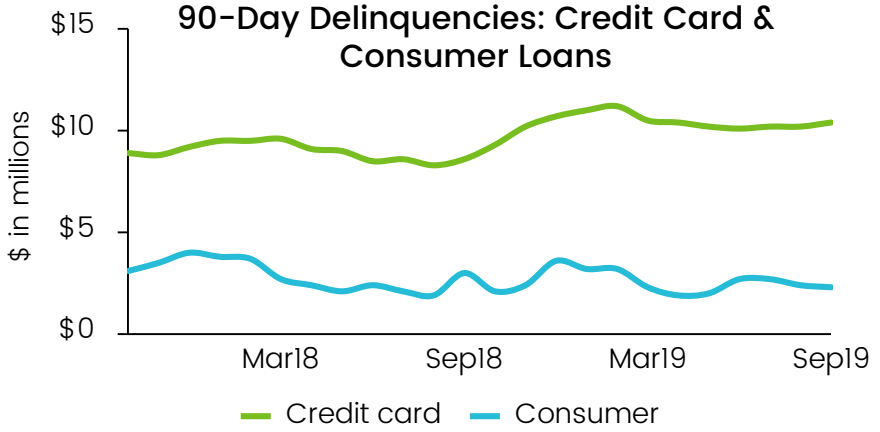
- Special cash dividend paid in 2012 totaled $131 million.
- 2014 included $200 million accelerated share repurchase in conjunction with preferred stock issuance.
- 2015 included a $100 million accelerated share repurchase.
- Common cash dividends increased 10% in 2018 and 16% in 2019 (based on 1Q2019 declared dividend).
- Announced accelerated share repurchase agreement to buy back $150 million of outstanding common stock on August 9, 2019.

NET LOAN CHARGE-OFFS: YTD – September 30, 2019

$ in 000s	YTD 2018	YTD 2019	Actual $ Chge	'19 Loss Rate
Business	$ 354	$ 1,066	$ 712	0.03%
Overdraft	1,121	1,016	(105)	22.16%
Construction	(452)	(117)	335	(0.02)%
Business R/E	(287)	(95)	192	0.00%
Personal R/E	(191)	50	241	0.00%
Consumer	6,481	5,716	(765)	0.40%
HELOC	55	254	199	0.09%
Credit card	23,157	26,592	3,435	4.62%
Total	**$ 30,238**	**$ 34,482**	**$ 4,244**	**0.33%**

- No significant commercial loan net charge-offs in the 3rd quarter of 2019.
- Loss rate on credit card loans improved in the 3rd quarter of 2019.
- Credit card delinquencies are still elevated, but have shown continued improvement since the 1st quarter.





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

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



Video Advisor



Advanced ATM



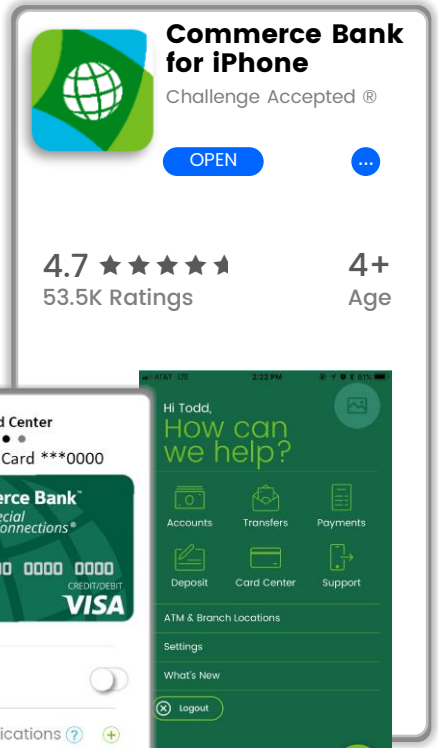
Exploration Center



CARA - Guided Conversation Tool

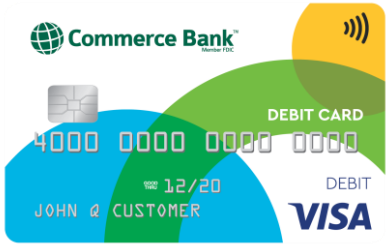
Consumer Digital – *A new mobile banking app launched in 2018 offers more functionality.*

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



Commerce Bank®
CONNECT

Blending technology, community and relationships

Four main goals:

- Grow relationships.
- Enhance engagements.
- Strengthen brand awareness.
- Drive innovation through research and development.





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*

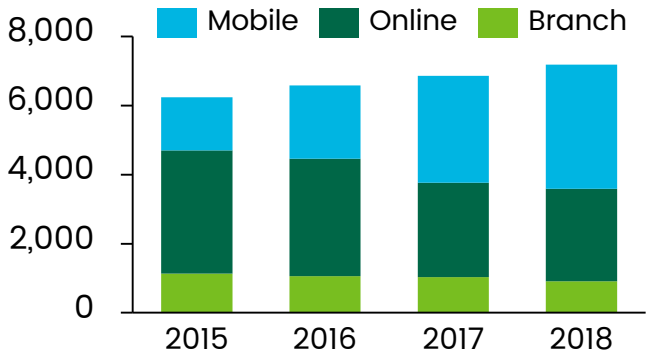
169 Full-service branches

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 ★★★★½

53.5K Ratings

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]

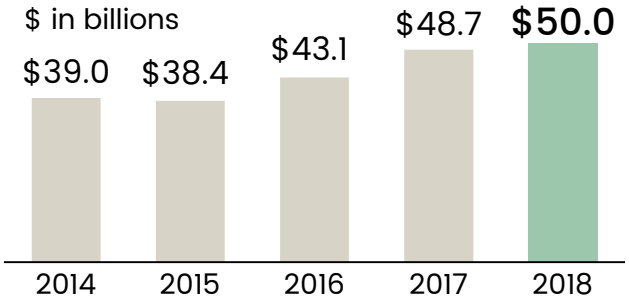
$50 BILLION
Total Client Assets[2]

$30 BILLION
Assets Under Management

$447 MILLION
Managed Brokerage Assets

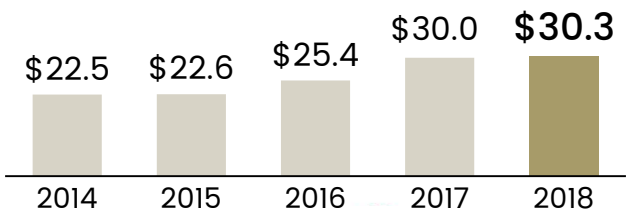
Total Client Assets

$ 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*

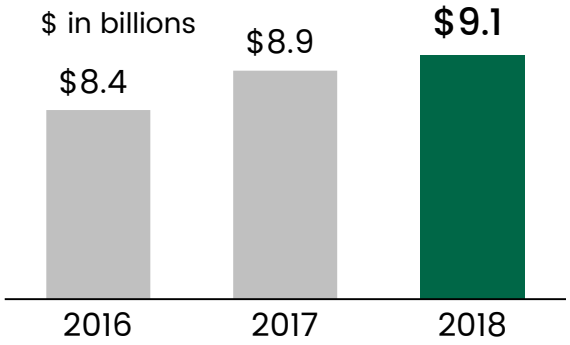
$9.1 BILLION Commercial Loans

$8.0 BILLION Commercial Deposits

$548 MILLION Commercial Revenue

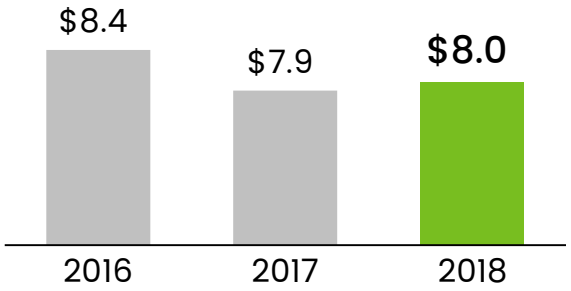
Commercial Loans

$ in billions



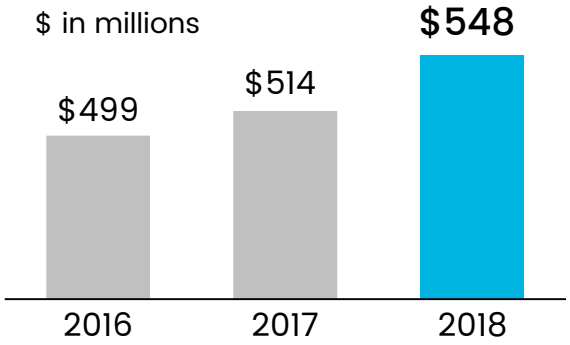
Commercial Deposits

$ in billions



Commercial Revenue

$ in millions

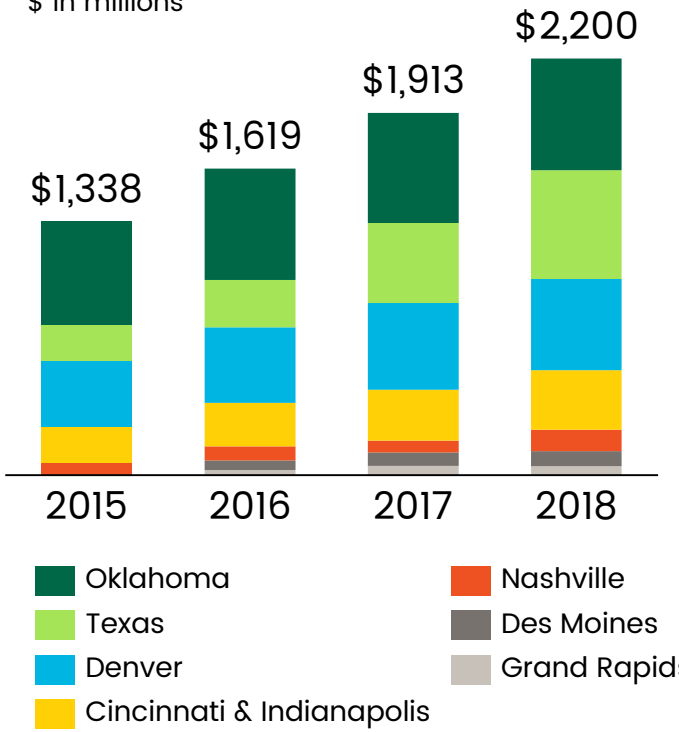


Commercial segment as of December 31, 2018

COMMERCIAL BANKING – EXPANSION MARKETS OFFER GROWTH OPPORTUNITIES

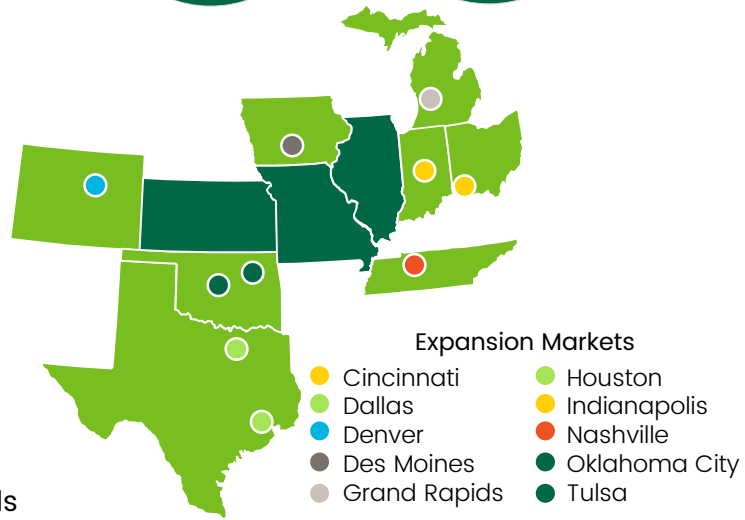
Expansion Market Loan Growth

$ in millions



Expansion Market Loan Growth ↑64% since 2015

Fee Income Growth ↑92% since 2015



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

$38.5 MILLION Treasury Management Revenue

$5.9 BILLION Merchant Volume

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*







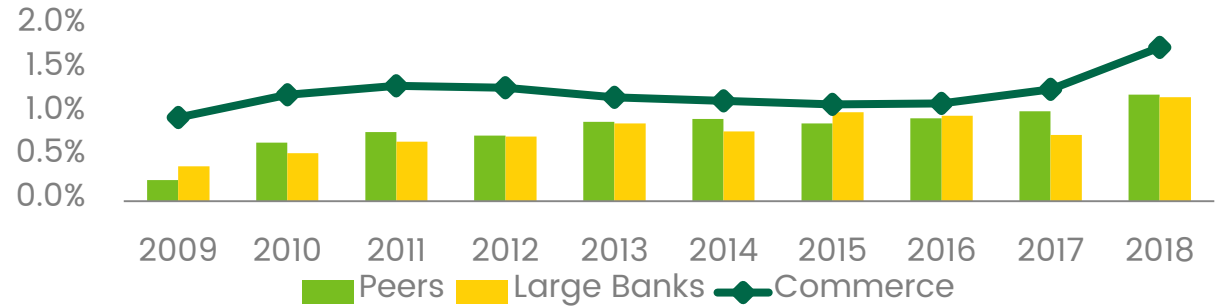


Source: Nilson Reports (Debit: April 2018; Consumer Card: February 2018; Prepaid: July 2018; Merchant: March 2018; Purchasing: June 2018; Commercial Card: June 2018), based on the top 50 U.S. banks ranked by total assets as of 12/31/2017, S&P Global Market Intelligence

Commerce Bancshares, Inc.

COMMERCE BANK MAINTAINS SOLID PERFORMANCE OVER TIME

Return on Average Assets

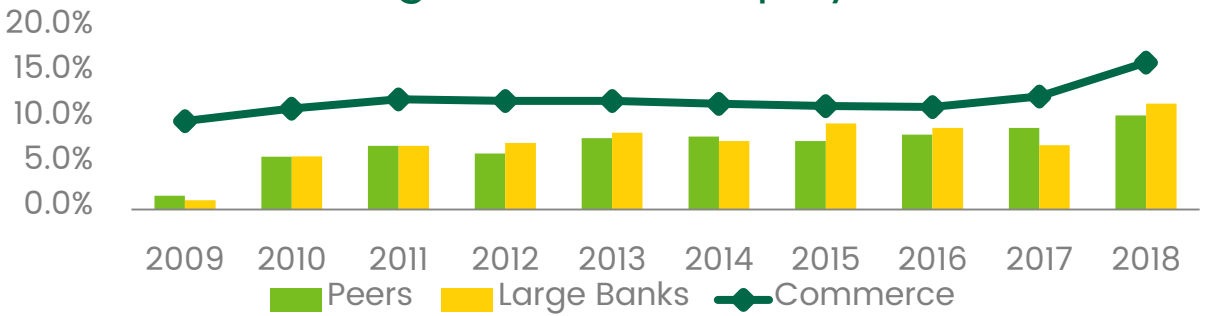


ROAA 10-yr average

CBSH: 1.2%

Peers: 0.8%

Return on Average Common Equity



ROACE 10-yr average

CBSH: 12.0%

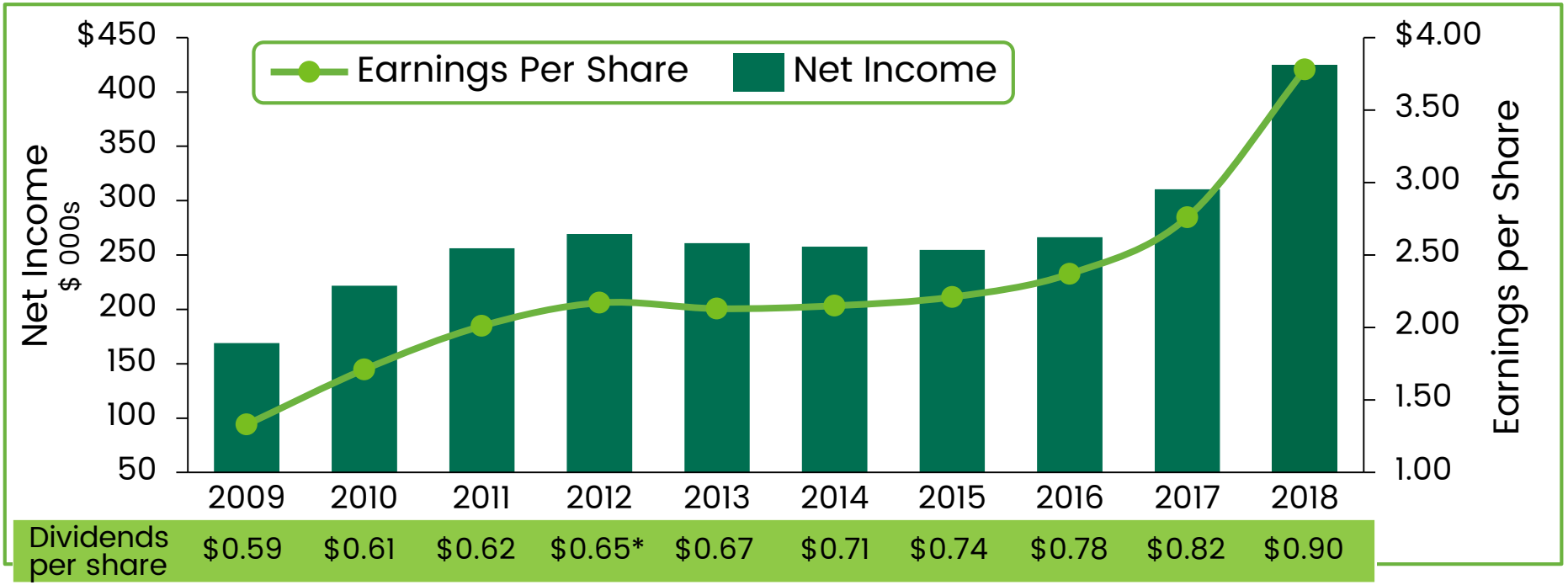
Peers: 7.2%

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.

LONG-TERM VIEW: NET INCOME AND EARNINGS PER SHARE



EPS REMAINS STRONG

2019 MARKS THE 51ST CONSECUTIVE YEAR OF DIVIDEND GROWTH

*Regular cash dividend. Total 2012 dividends per share, including 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

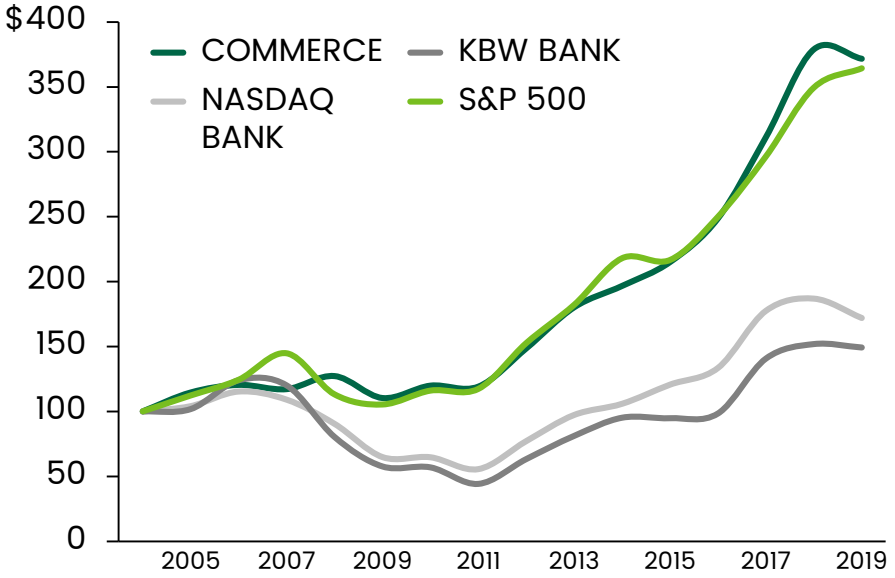
Commerce Bancshares, Inc.

STEADY SHAREHOLDER RETURNS

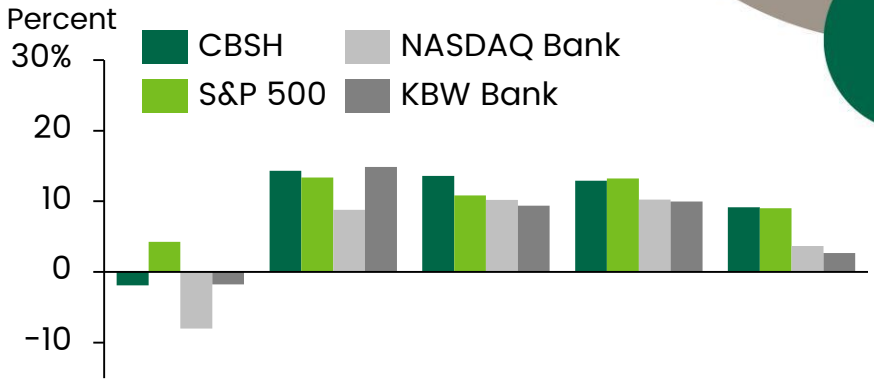
as of September 30, 2019

Total Shareholder Returns

Indexed, 09/30/2004 = $100



Annualized Comparison Total Shareholder Returns



	1 Year	3 Year	5 Year	10 Year	15 Year
CBSH	-1.9%	14.3%	13.6%	12.9%	9.2%
S&P	4.3%	13.4%	10.8%	13.2%	9.0%
NASDAQ BANK	-8.0%	8.8%	10.2%	10.3%	3.7%
KBW BANK	-1.8%	14.9%	9.4%	10.0%	2.7%

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

Source: Bloomberg; data as of 09/30/2019

Investor Relations

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