innovating for the future

COMMERCE BANCSHARES, INC.

INVESTOR UPDATE

4th Quarter 2019

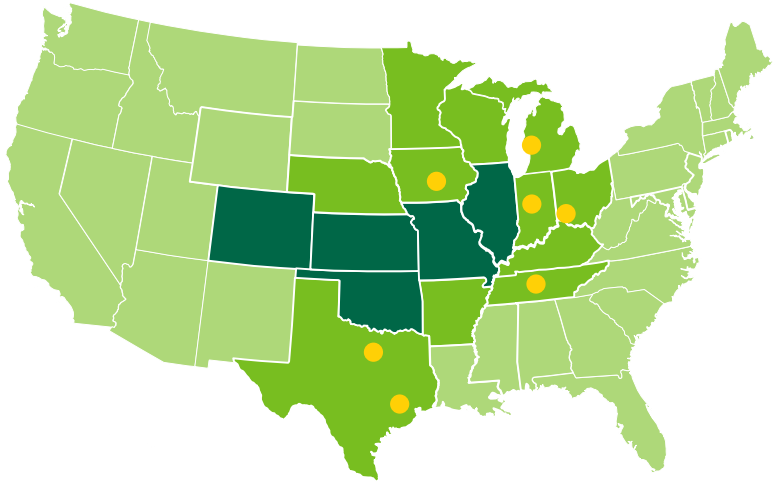
Commerce Bancshares, Inc.

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 BANKING FOOTPRINT

164 full-service branches and 366 ATMs
St. Louis • Kansas City • Springfield • Central Missouri
Central Illinois • Wichita • Tulsa • Oklahoma City • Denver

COMMERCIAL OFFICES

Cincinnati • Nashville • Dallas • Des Moines • Indianapolis
Grand Rapids • Houston

U.S. PRESENCE

Extended Commercial Market Area
Commercial Payments Services
Offered in 48 states across the U.S.

Source: [1]S&P Global Market Intelligence, does not include asset management or specialty finance banks; company reports and filings; information as of 12/31/2019; [2] S&P Global Market Intelligence as of 9/30/2019; [3]Includes loans held for sale; [4]Moody's U.S. Bank Ratings, November 8, 2019, Baseline credit assessment reflects a bank's standalone credit strength.

$26.1
BILLION IN ASSETS

47TH
LARGEST U.S. BANK BASED ON ASSET SIZE[1]

$7.6
BILLION IN MARKET CAPITALIZATION

18TH
LARGEST U.S. BANK BASED ON MARKET CAPITALIZATION[1]

$56.7
BILLION IN TRUST ASSETS

18TH
LARGEST AMONG U.S. BANK-MANAGED TRUST COMPANIES BASED ON AUM[2]

$20.5
BILLION IN TOTAL DEPOSITS

$14.8
BILLION IN TOTAL LOANS[3]

$9.1
BILLION IN COMMERCIAL CARD VOLUME as of 12/31/19

14.1%
RETURN ON AVERAGE COMMON EQUITY
as of YTD 12/31/19

7TH
YTD ROACE FOR THE TOP 50 U.S. BANKS BASED ON ASSET SIZE[1]

a1
BASELINE CREDIT ASSESSMENT[4]

MOODY'S RANKS COMMERCE AMONG THE TOP 6 BANKS IN THE COUNTRY

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 STRONG CULTURE IS THE KEY DRIVER TO OUR LONG-TERM SUCCESS

At Commerce, our core values shape the way we live and work.

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 make decisions today that will sustain us well into the future.
- We see diversity and inclusion as an imperative and seize opportunities to build teams that reflect all sides of an issue.
- We value integrity, we recognize our first duty is to conduct business in ways that merit trust and confidence, and that adhere to the highest standards of governance and ethics.
- We value relationships, our customers are our primary focus.

A culture formed 150+ years ago to be a force for good in our region and our industry



Commerce Bancshares, Inc.

BEYOND FINANCIALS

Supporting each other, our customers and our communities

2019 Engagement & Enablement[1]

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

78% ENGAGEMENT

76% ENABLEMENT

"As a socially responsible corporate citizen, we continuously seek opportunities to make a difference."

500 nonprofit organizations supported by Commerce team members through volunteer hours and in leadership roles by serving on boards

OUTSTANDING **community reinvestment rating** from the Federal Reserve for more than 20 years.

$22 million of charitable investments advised by Commerce Trust Company[2]

A culture that celebrates inclusion and diversity

Commerce offers a variety of Internal resource groups, mentoring programs and networking opportunities

EMERGE

Focused on young professionals

Nearly 600 members

RISE

Empowering women

1,200 members
100+ hours of community service

New groups launched to support diversity at Commerce

PRIDE

LGBTQIA+

VIBE

Multi-cultural

[1] *The Korn Ferry Hay Group – 2019 survey results*
[2] *Includes investments on behalf of the Commerce Bancshares Foundation and private foundations that have engaged the bank as trustee.*

RECENT RECOGNITION



©2019 Forbes Media LLC. Used with permission.

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.

FINANCIAL PERFORMANCE IN 2019

Dividend growth	↑16%
ROA	1.67%
ROE	14.1%
Fee income growth	↑5%
Net interest margin	3.36%
Growth in loans period end	↑4%
Net loan charge-offs to loans	.35%

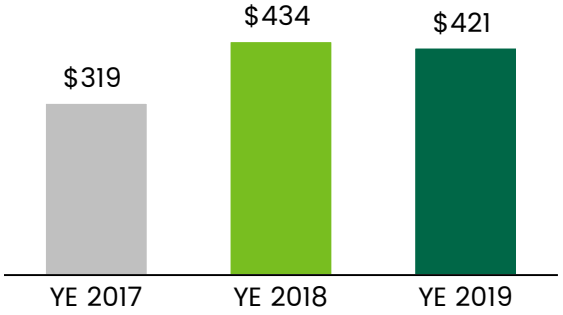
Long-term performance remains strong

15-year TOTAL ANNUALIZED SHAREHOLDER RETURN @ 9.6%

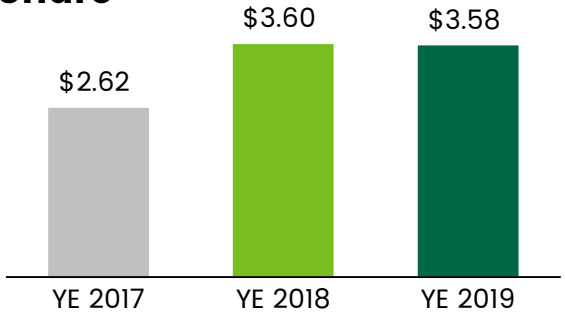
Vs KBW Bank Index of 3.1%

FINANCIAL PERFORMANCE VS. PRIOR YEAR

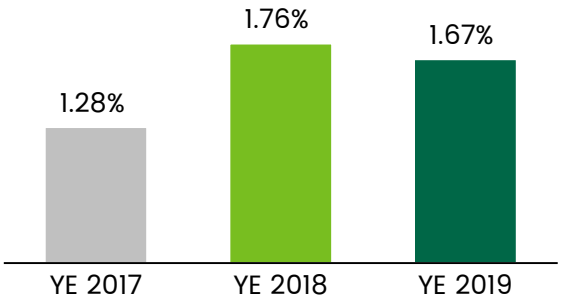
Net Income Attributable to CBI ($ in Millions)



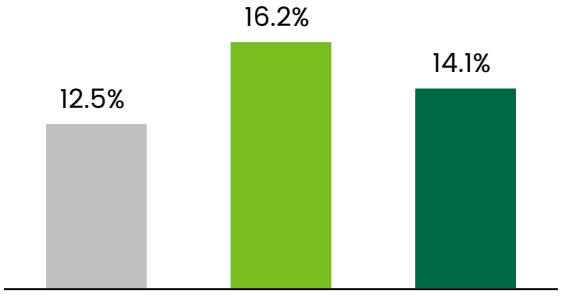
Earnings per Common Share



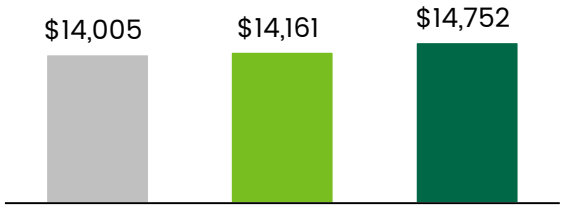
Return on Total Assets



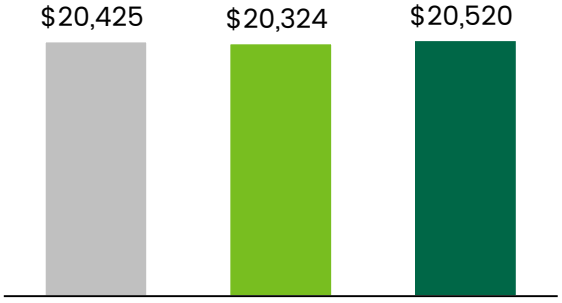
Return on Average Common Equity



Period End Loans
($ in Billions)



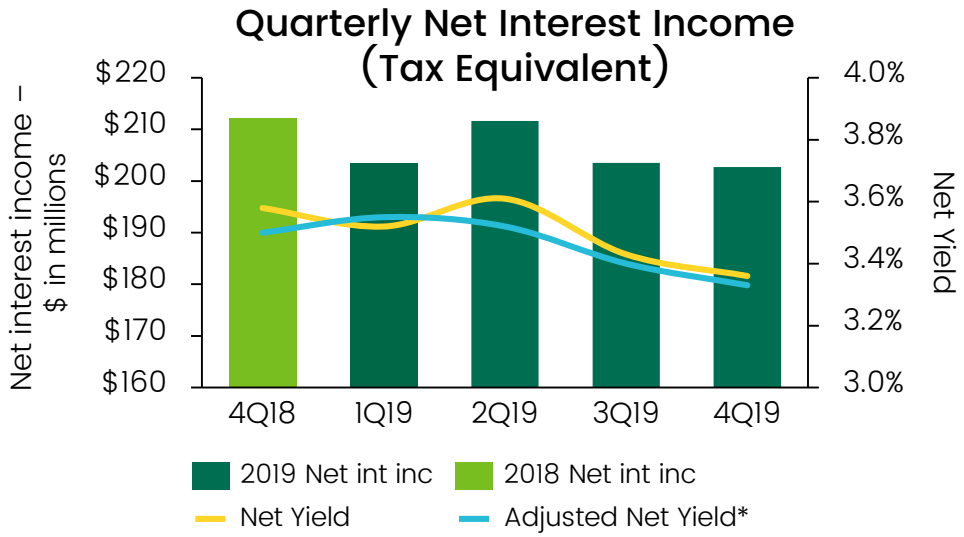
Period End Deposits
($ in Billions)



DRIVERS OF 4TH QUARTER 2019 EARNINGS

Net Interest Margin	Core NIM decreased 7 bps to 3.33% from 3.40% in Q3 2019, due to lower loan balances and yields on business real estate, construction and consumer credit card loans combined with lower yields on business loans. Higher volume in personal real estate and business loans partially offset the decrease. Deposit costs decreased 6 bps from the previous quarter.
Fee Income	7.8% fee income growth vs the same quarter in the prior year, driven by the sale of our corporate trust business, growth in trust fees, deposit account fees, and interest rate swap fees, partly offset by lower net bank card fees.
Non-Interest Expense	Expense was up 3.5% vs the same period last year, driven by increases in salaries and benefits, and data processing and software costs, partly offset by lower marketing expenses.
Credit	The overall credit environment remains favorable as annualized net loan charge-offs remain low at .42% of total loans.

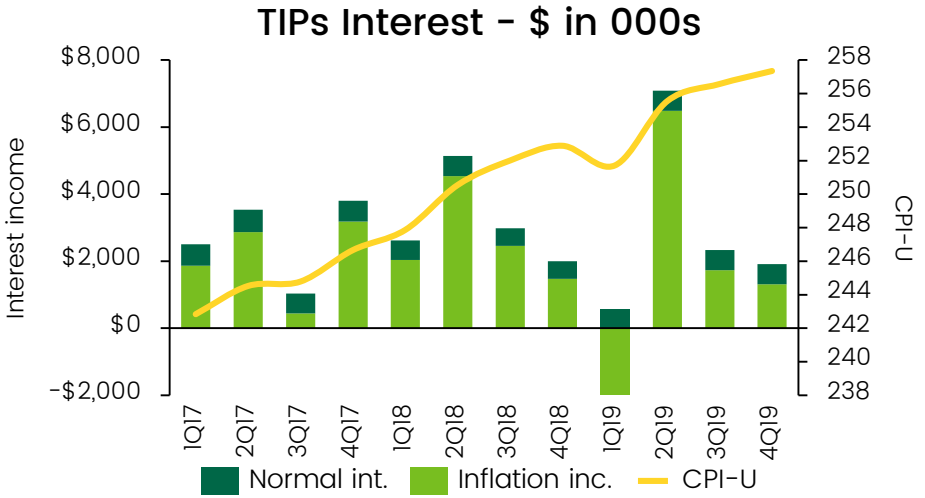
NET INTEREST INCOME: December 31, 2019



*Adjusted to exclude TIPs inflation income and non-recurring CFB dividends in 4Q18

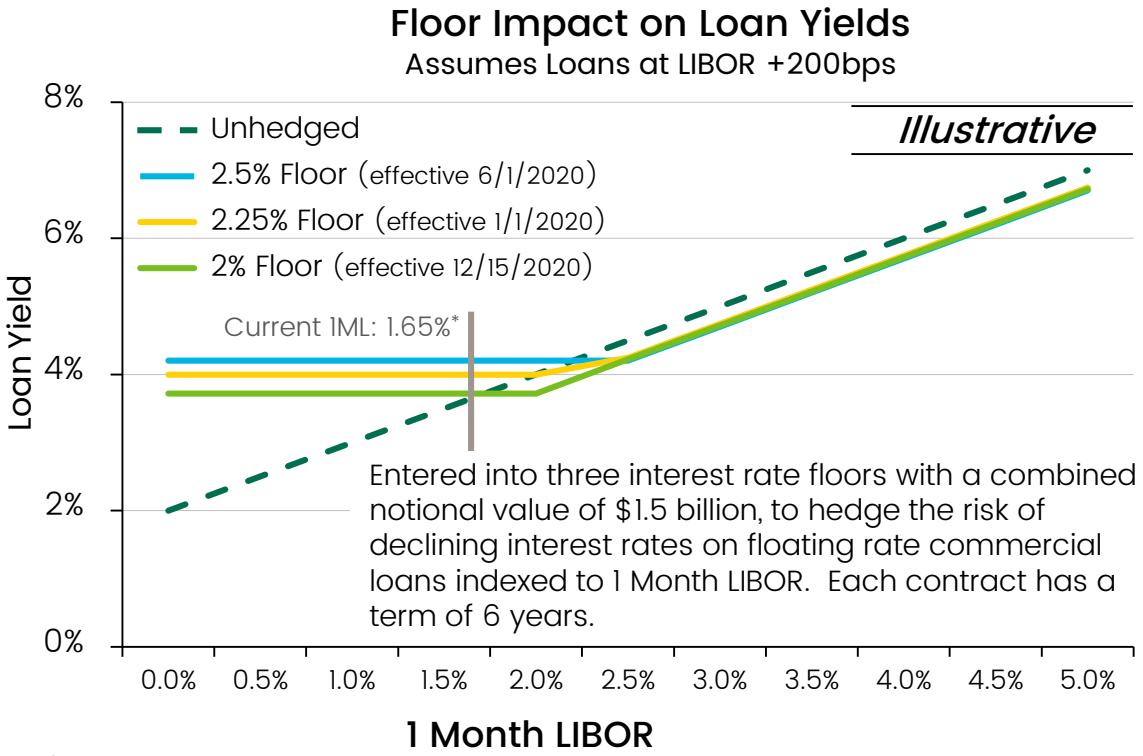
Tax equivalent - YTD	2018	2019	Change
Rates earned - assets	3.81%	3.91%	0.10%
Rates paid - liabilities	0.44%	0.67%	0.23%
Net yield - earning assets	**3.53%**	**3.48%**	**(0.05)%**

- Net interest income (tax equivalent) declined slightly from the prior quarter.
- The YTD decline was mostly due to lower interest on the investment securities portfolio, while higher loan interest was mostly offset by increased funding costs.
- Excluding the impact of inflation income, the net yield on interest earning assets declined 7 basis points from the previous quarter.



NIM PROTECTION

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



*As of January 21, 2020

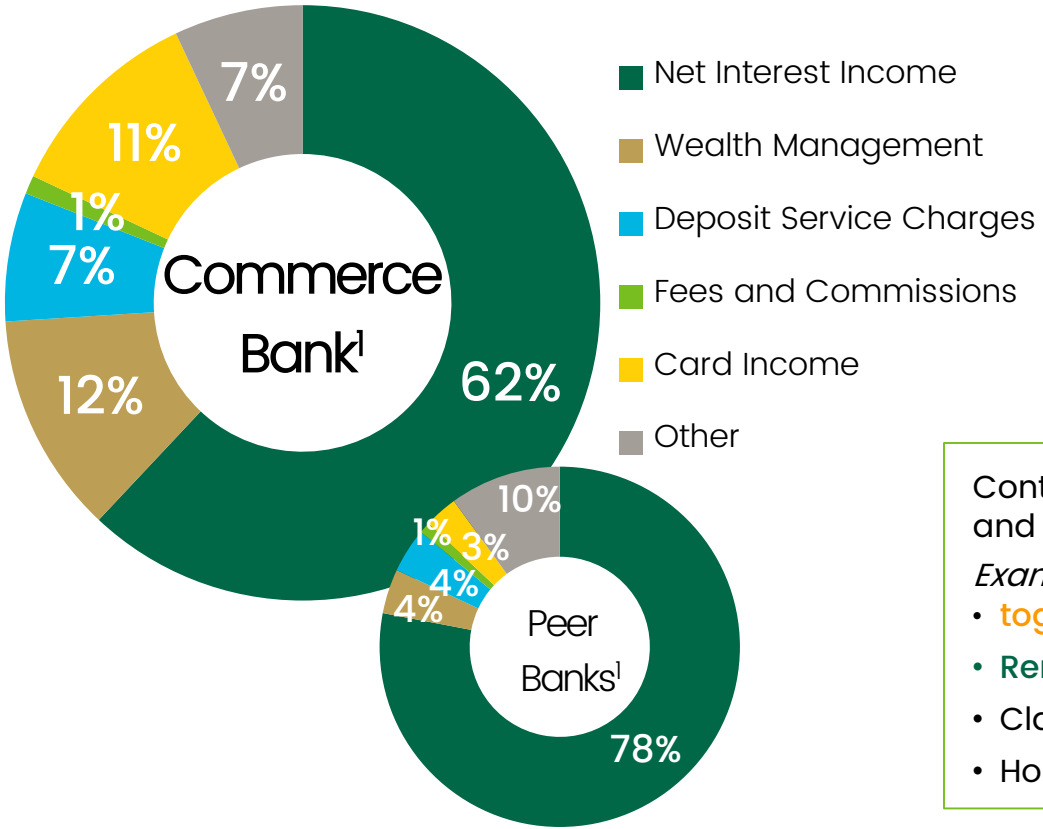
Extending Duration

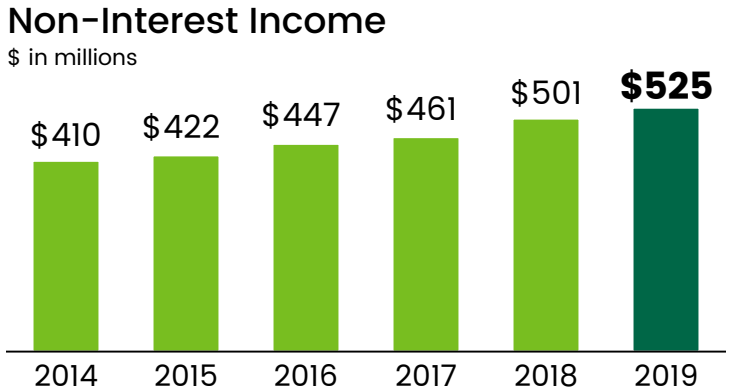
In addition to the interest rate floors, Commerce has been extending fixed-rate bond maturities. Duration has been mostly maintained despite:

- 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 38% 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:

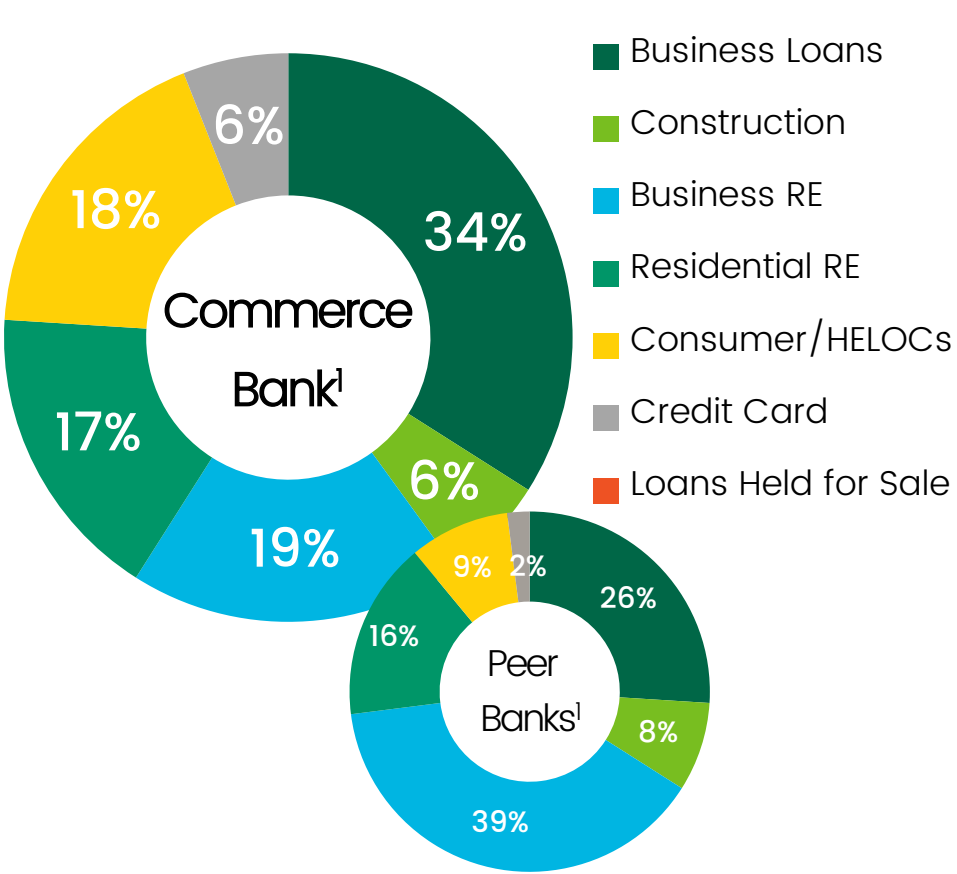
- toggle®
- Remitconnect™
- Claims Payments
- Horizons
- Accounts Payable Automation
- Interest Rate Swaps
- CommerceHealthcare™
- Asset Management

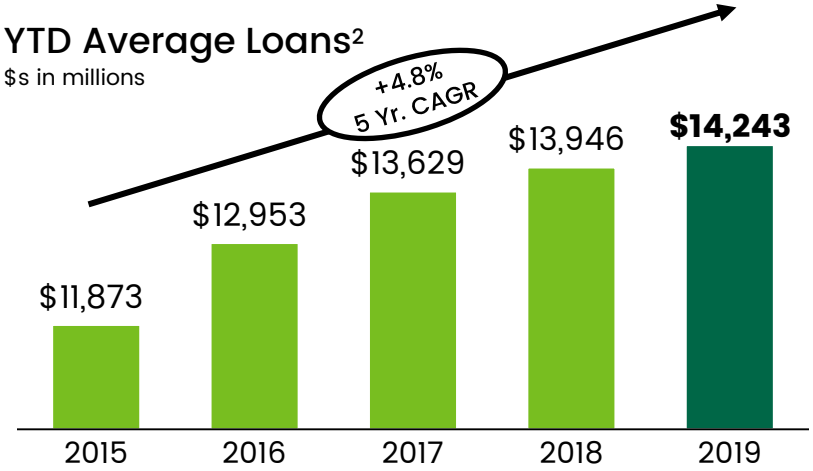
Peer Banks include: BSX, CFR, FINN, FULT, HWC, IBKC, ISBC, ONB, OZK, PB, PNFP, SFNC, STL, UMBF, UMPQ, UBSI , VLY, WBS, WTFC

[1]Sources: S&P Global Market Intelligence & FIS as of 9/30/2019

Commerce Bancshares, Inc.

WELL-DIVERSIFIED LOAN PORTFOLIO





2019 Loan Growth by Category

(Average loans Dec. 2019 vs. Sept. 2019)

Personal RE	↑ $108 million
Business/ lease/ tax-free	↑ $99 million
Auto/ motorcycle/ other	↑ $37 million
Consumer Card	↓ $14 million
Business RE & construction	↓ $82 million

Peer Banks include: BSX, CFR, FINN, FULT, HWC, IBKC, ISBC, ONB, OZK, PB, PNFP, SFNC, STL, UMBF, UMPQ, UBSI , VLY, WBS, WTFC
[1]Source: S&P Global Market Intelligence & FIS as of 9/30/2019
[2]Includes loans held for sale

Commerce Bancshares, Inc.

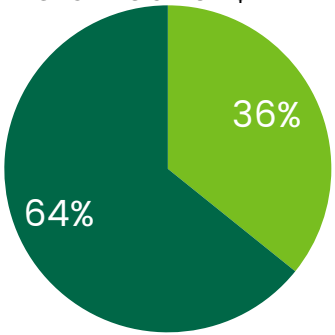
SUMMARY OF FIXED & FLOATING LOANS

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

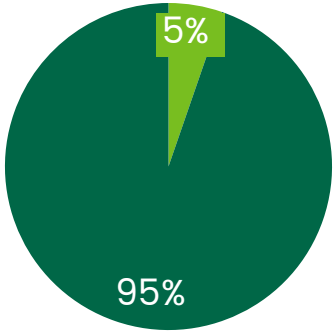


Commercial

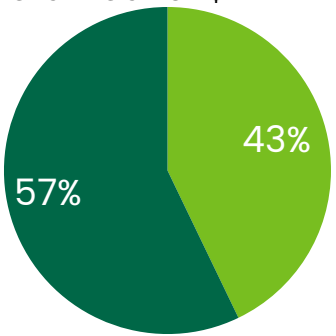
Business
Total Loans: $5.1B



Construction
Total Loans: $0.9B

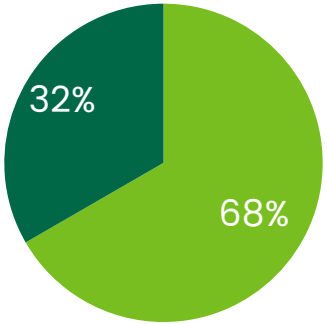


Business RE
Total Loans: $2.9B

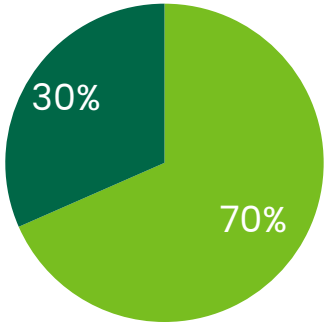


Consumer

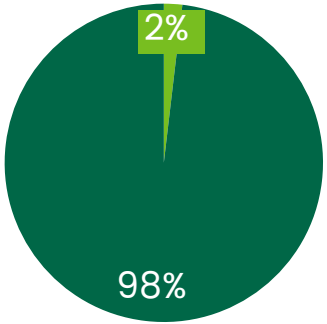
Personal RE
Total Loans: $2.1B



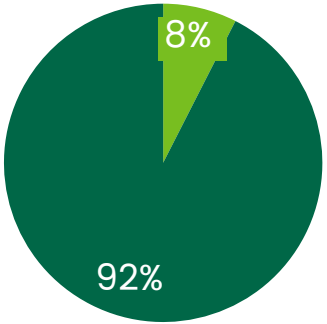
Consumer
Total Loans: $2.0B



HELOC
Total Loans: $0.4B



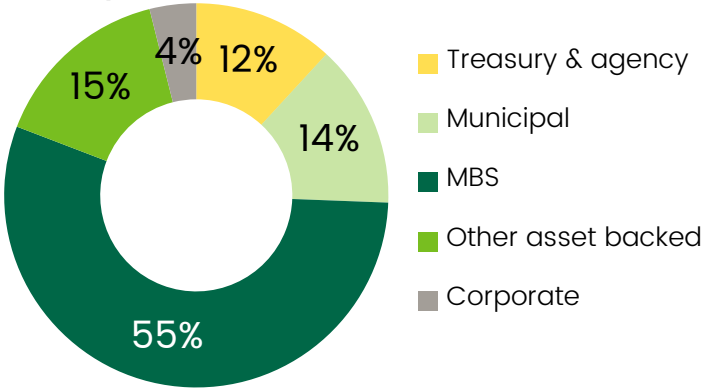
Consumer Card
Total Loans: $0.8B



Source: 2018 10K

HIGH QUALITY, HIGHLY LIQUID AND DIVERSE INVESTMENT PORTFOLIO

Composition of AFS Portfolio



QTD - December 31, 2019	Avg Rate	Duration (yrs)
Treasury & agency[1]	2.2%	3.4
Municipal	3.1%[2]	3.9
MBS	2.7%	3.1
Other asset-backed	2.6%	1.2
Corporate	2.8%	2.7

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

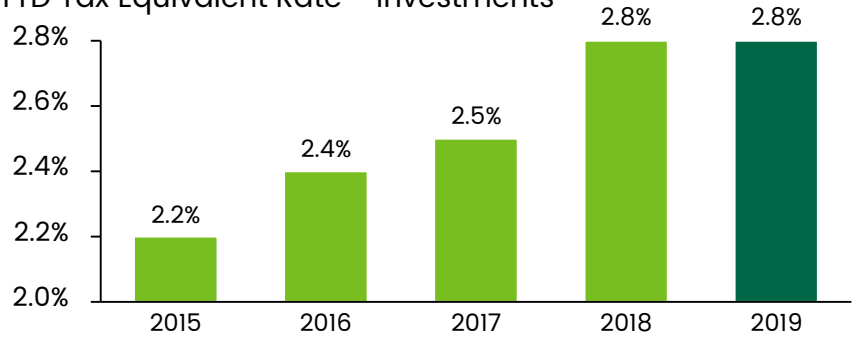
AFS Portfolio as of 12/31/19

Total investments	$8.6 billion
Unrealized gain	$136.1 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
December 2019	3.0 years

YTD Tax Equivalent Rate - Investments

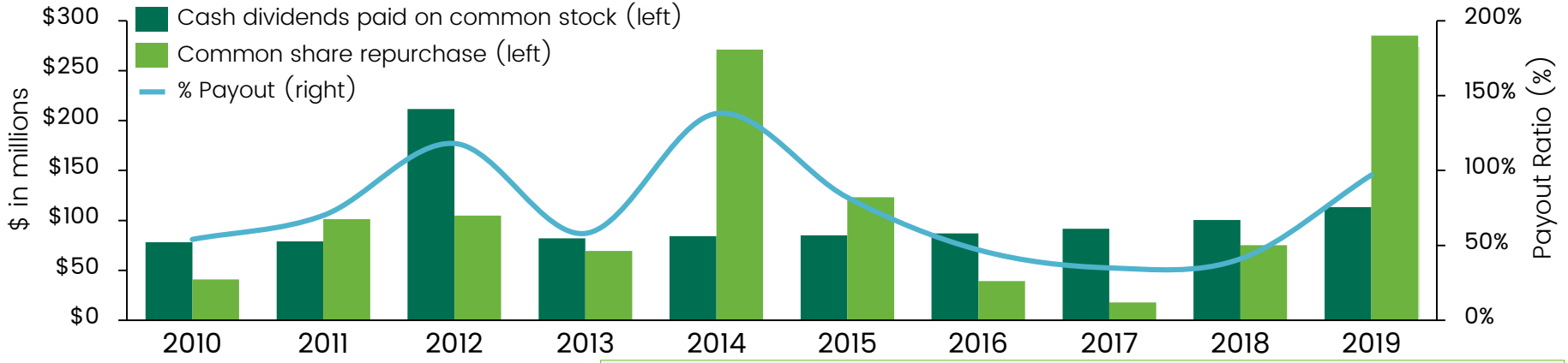


Commerce Bancshares, Inc.

STRONG CAPITAL POSITION – FLEXIBILITY IN CAPITAL PLANNING

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

Capital Returned to Common Shareholders as a percentage of Net Income[2]



Capital Ratios – 12/31/2019	
Tier 1 common risk-based capital	13.9%
Tier 1 risk-based capital	14.7%
Total risk-based capital	15.5%

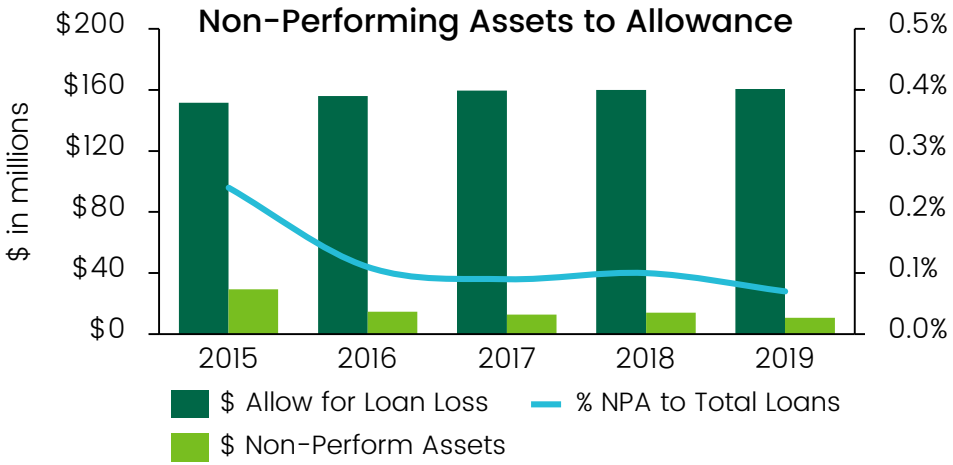
- Special cash dividend paid in 2012 totaled $131 million.
- 2014 included $200 million accelerated share repurchase in conjunction with preferred stock issuance.
- 2015 included a $100 million accelerated share repurchase.
- Common cash dividends increased 10% in 2018, 16% in 2019 and 9% in 2020 (based on 1Q2020 declared dividend).
- 2019 included a $150 million accelerated share repurchase.

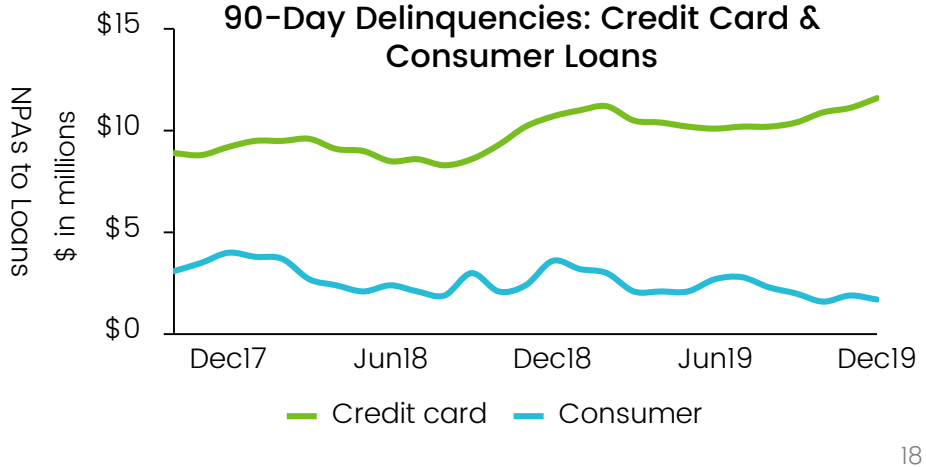
[1]Based on 1st quarter 2020 declared dividend; [2]Net Income is defined as Net Income Available to Common Shareholders

NET LOAN CHARGE-OFFS: YTD – December 31, 2019

$ in 000s	YTD 2018	YTD 2019	Actual $ Chge	'19 Loss Rate
Business	$ 2,102	$ 4,102	$ 2,000	0.08%
Overdraft	1,621	1,523	(98)	16.55%
Construction	(635)	(117)	518	(0.01)%
Business R/E	(378)	(60)	318	0.00%
Personal R/E	(335)	56	391	0.00%
Consumer	9,286	8,554	(732)	0.44%
HELOC	55	209	154	0.06%
Credit card	30,578	35,421	4,843	4.63%
Total	**$ 42,294**	**$ 49,688**	**$ 7,394**	**0.35%**

- The YTD increase in business loan net charge-offs was primarily due to a charge-off on a single leasing customer in the 4th quarter.
- Loss rate on credit card loans increased 23 bps to 4.68% in the 4th quarter.
- Credit card delinquencies remain elevated.





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



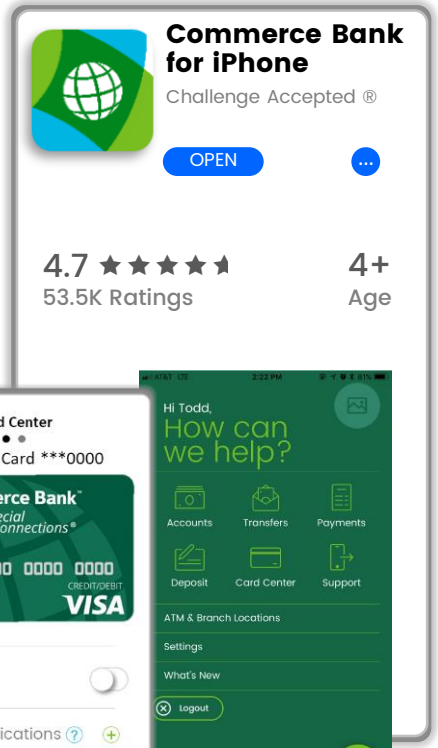
Exploration Center



CARA - Guided Conversation Tool

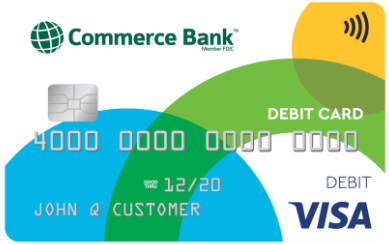
Consumer Digital – *A new mobile banking app launched in 2018 offers more functionality.*

Over 22 new releases in 2019 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

$10.4 BILLION Consumer Deposits

$4.2 BILLION Consumer Loans*

1.1 MILLION Consumer Households*

164 Full-service branches

366 ATMs



Focus on Digital

Commerce Bank App Rating

4.7 ★★★★★

4.7 ★★★★★

Digital HH Penetration

46%

Digital Loan Sales (000s)

$42,755

Mobile Deposit Use

13%

Period end balances, information as of December 31, 2019; App store rating as of 1/15/2020
**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-Managed Trust Companies[1]

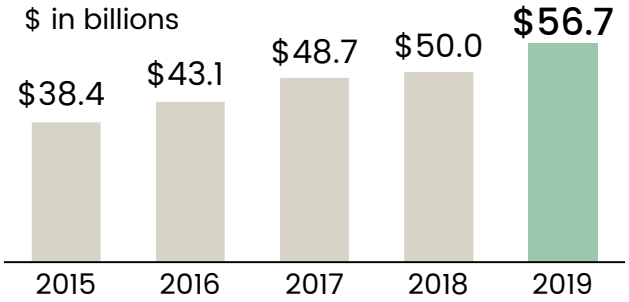
$57 BILLION
Total Client Assets[2]

$34 BILLION
Assets Under Management

$539 MILLION
Managed Brokerage Assets

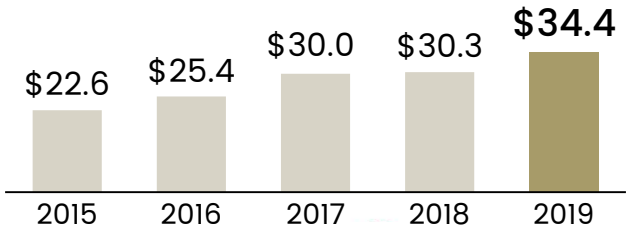
Total Client Assets[2]

$ in billions



Assets Under Management

$ in billions



Period end balances, information as of December 31, 2019
[1]S&P Global Market Intelligence ranking as of 9/30/2019, 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*

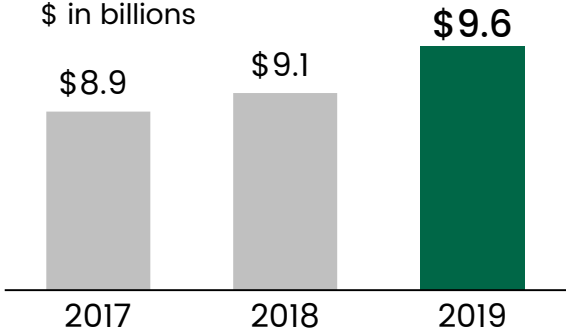
$9.6 BILLION Commercial Loans

$8.1 BILLION Commercial Deposits

$547 MILLION Commercial Revenue

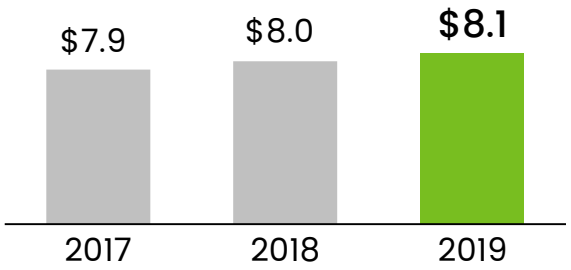
Commercial Loans

$ in billions



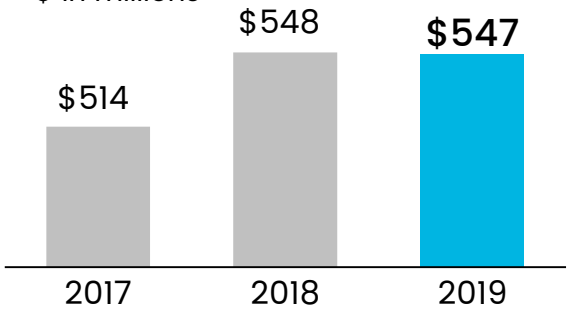
Commercial Deposits

$ in billions



Commercial Revenue

$ in millions

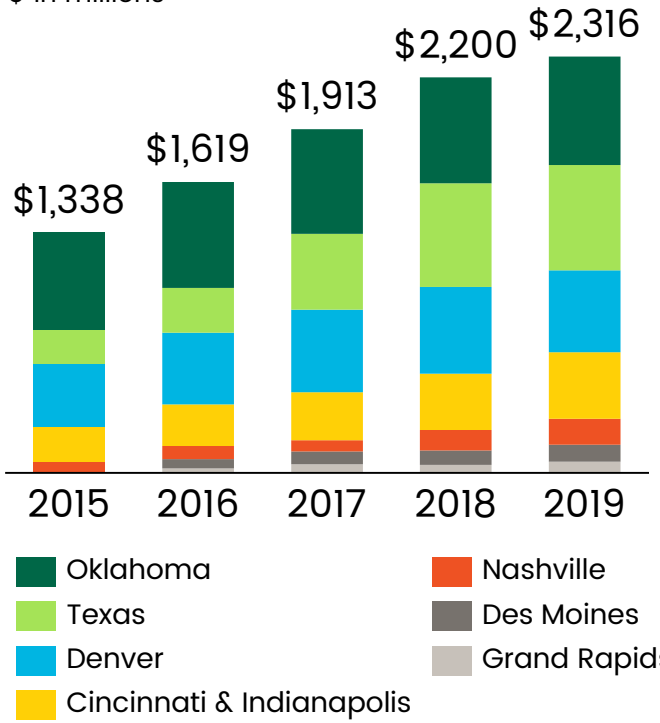


Commercial segment as of December 31, 2019

COMMERCIAL BANKING – EXPANSION MARKETS OFFER GROWTH OPPORTUNITIES

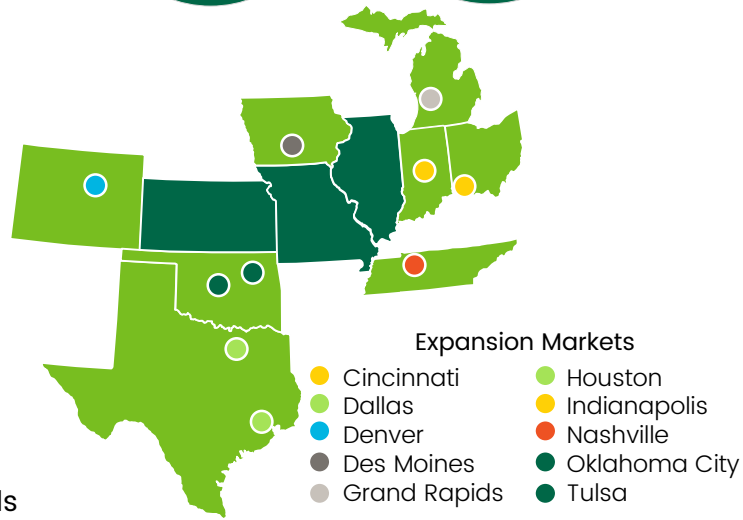
Expansion Market Loan Growth

$ in millions



Expansion Market Loan Growth ↑98% since 2015

Fee Income Growth ↑89% since 2015



Team Overview for Expansion Markets

of team members per market (includes open positions)

	2012	2019
Oklahoma	31	52
Texas	3	23
Denver	41	47
Cincinnati/ Indianapolis	11	13
Nashville	3	6
Des Moines	0	3
Grand Rapids	0	2

Period end balances as of December 31, 2019

Commerce Bancshares, Inc.

INDUSTRY-LEADING COMMERCIAL PAYMENTS CAPABILITIES

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



$177 MILLION Payments Revenue

$9.1 BILLION Commercial Card Volume

$47.7 MILLION Treasury Management Revenue

$6.2 BILLION Merchant Volume

Information as of December 31, 2019

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[1] Card Issuer
- **#12** Bank Acquirer
- **#12** Consumer Card
- **#19** Debit Card
- **#14** 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*









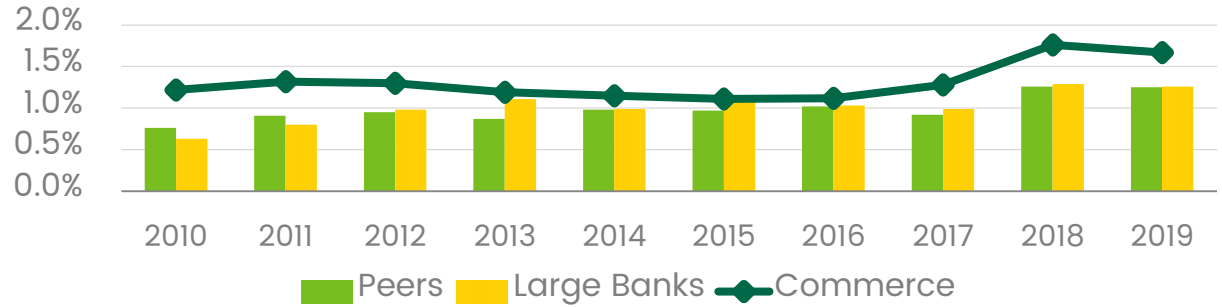
[1]*Includes fleet cards*

Source: Nilson Reports (Debit: April 2018; Consumer Card: February 2019; Prepaid: July 2019; Merchant: March 2019; Purchasing: June 2019; Commercial Card: June 2019), based on the top 50 U.S. banks ranked by total assets as of 12/31/2018, S&P Global Market Intelligence

Commerce Bancshares, Inc.

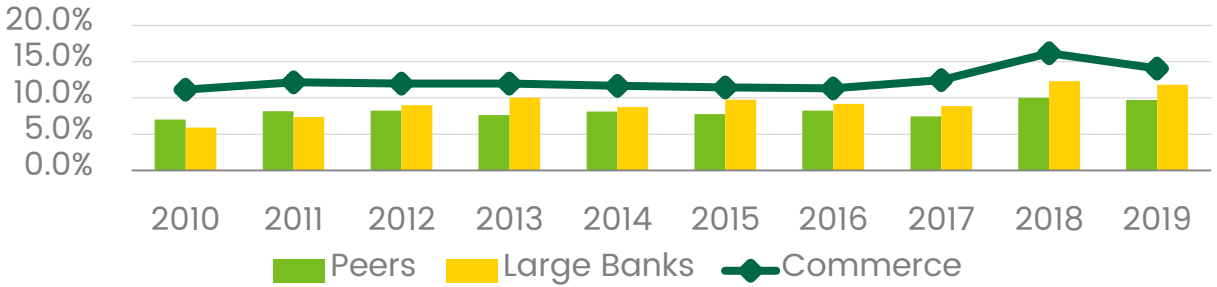
COMMERCE BANK MAINTAINS SOLID PERFORMANCE OVER TIME

Return on Average Assets



ROAA 10-yr average
CBSH: 1.31%
Peers: 0.99%

Return on Average Common Equity

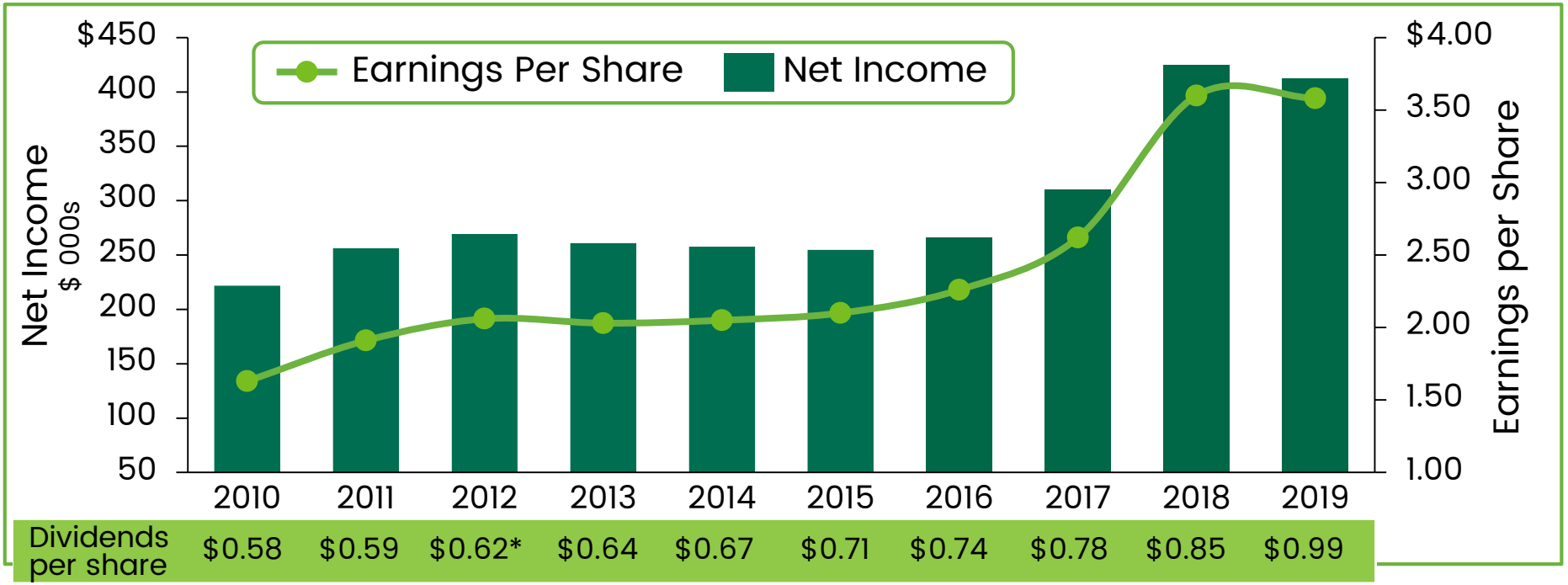


ROACE 10-yr average
CBSH: 12.4%
Peers: 8.2%

Peer Banks include BXS, CFR, FINN, FULT, HWC, IBKC, ISBC, ONB, OZK, PB, PNFP, SFNC, STL UBSI, UMBF, UMPQ, VLY, WBS, WTFC; Large Banks include: JPM, BAC, C, WFC, USB, PNC, FITH, RF

Sources: S&P Global Market Intelligence and company reports and filings as of 12/31/2019

LONG-TERM VIEW: NET INCOME AND EARNINGS PER SHARE



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Dividends per share	$0.58	$0.59	$0.62*	$0.64	$0.67	$0.71	$0.74	$0.78	$0.85	$0.99

EPS REMAINS STRONG

2020 MARKS THE 52ND CONSECUTIVE YEAR OF DIVIDEND GROWTH

*Including 2012 special dividend = $1.64
All data has been restated for 5% stock dividend distributed in December 2019
Net Income in the chart represents Net Income Available to Common Shareholders
Source: Corporate Finance

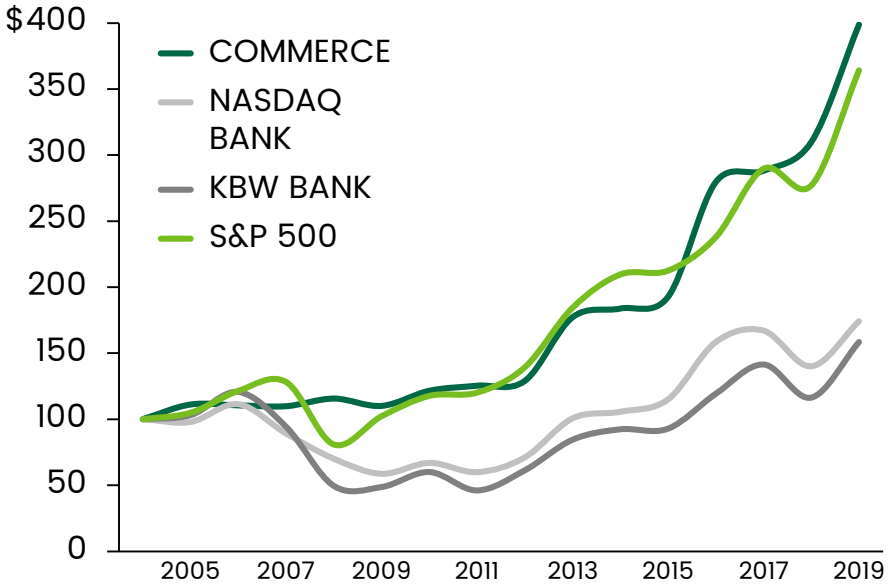
Commerce Bancshares, Inc.

STEADY SHAREHOLDER RETURNS

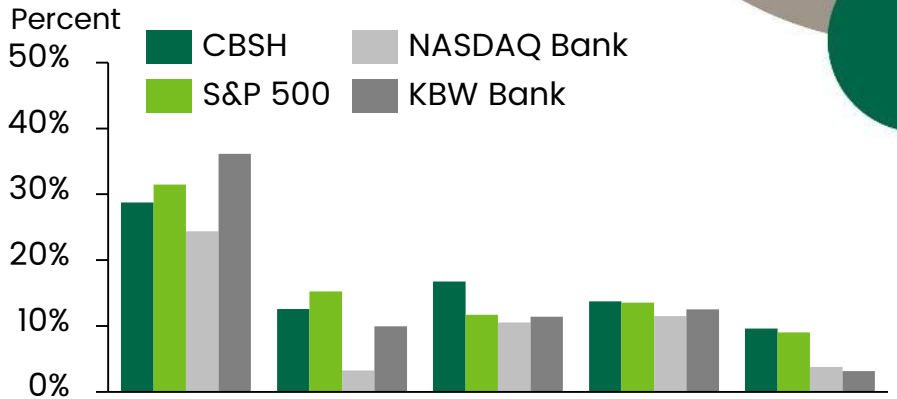
as of December 31, 2019

Total Shareholder Returns

Indexed, 12/31/2004 = $100



Annualized Comparison Total Shareholder Returns



	1 Year	3 Year	5 Year	10 Year	15 Year
CBSH	28.7%	12.6%	16.8%	13.7%	9.6%
S&P	31.5%	15.3%	11.7%	13.5%	9.0%
NASDAQ BANK	24.4%	3.2%	10.5%	11.5%	3.8%
KBW BANK	36.1%	9.9%	11.4%	12.5%	3.1%

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

Source: Bloomberg; data as of 12/31/2019

Commerce Bancshares, Inc.

Investor Relations

Contact Information:
Matthew Burkemper
Senior Vice President, Commerce Bank
Corporate Development and Investor Relations
314.746.7485
Matthew.Burkemper@commercebank.com

Commerce Bancshares, Inc. Investor Relations website:
http://investor.commercebank.com/

Commerce Bancshares, Inc.