Embracing a Growth Mindset

COMMERCE BANCSHARES, INC.

INVESTOR UPDATE

1st Quarter 2020

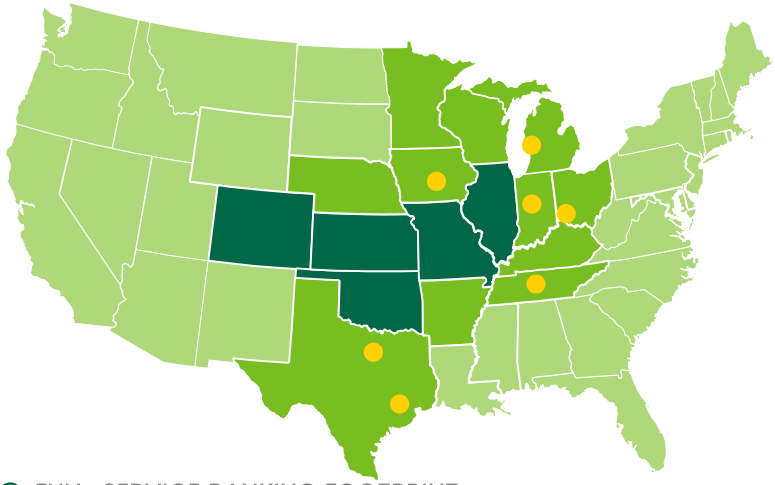
Commerce Bancshares, Inc.

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 2019 Annual Report on Form 10-K 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.

$26.8
BILLION IN ASSETS

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

$5.6
BILLION IN MARKET CAPITALIZATION

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

$48.6
BILLION IN TRUST ASSETS

20TH
LARGEST AMONG U.S. BANK-MANAGED TRUST COMPANIES BASED ON AUM[1]

$20.8
BILLION IN TOTAL DEPOSITS

$15.1
BILLION IN TOTAL LOANS[2]

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

6.5%
RETURN ON AVERAGE COMMON EQUITY
as of YTD 03/31/2020

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

a1
BASELINE CREDIT ASSESSMENT[3]

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

Source: [1]S&P Global Market Intelligence as of 12/31/2019, does not include asset management or specialty finance banks; [2]Includes loans held for sale; [3]Moody's U.S. Bank Ratings, February 19, 2020, Baseline credit assessment reflects a bank's standalone credit strength; company reports and filings information as of 03/31/2020 unless otherwise noted.

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.

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

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.



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 and U.S. Financial Services norms for engagement, enablement and effectiveness

76% ENABLEMENT

78% ENGAGEMENT

"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

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Forbes | 2020 BEST BANKS IN AMERICA

Commerce Bank was named among **America's Best Banks 2020** by *Forbes*. Ranked in the **top quartile nationally** and **2nd Missouri-based bank**. Since the first list debuted, **Commerce has consistently ranked near the top** among the highest-performing institutions.

Forbes | 2019 AMERICA'S BEST MID-SIZE EMPLOYERS
POWERED BY STATISTA

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.

Bank Director
RANKING BANKING®
REGIONAL ★ ALL-STAR
2019

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.

PRIVATE ASSET MANAGEMENT
Private Asset Management Awards 2019
HIGHLY COMMENDED
Best private wealth manager - client service - over $5bn
Commerce Trust Company

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.

Korn Ferry Engaged Performance Awards
Outstanding Employer 2019

Commerce named **Outstanding Employer 2019** by Korn Ferry[1]. The award publicly recognizes employers that have achieved **best-in-class levels of engagement and enablement**. **Commerce is one of only three companies** in the U.S. to receive this global award.

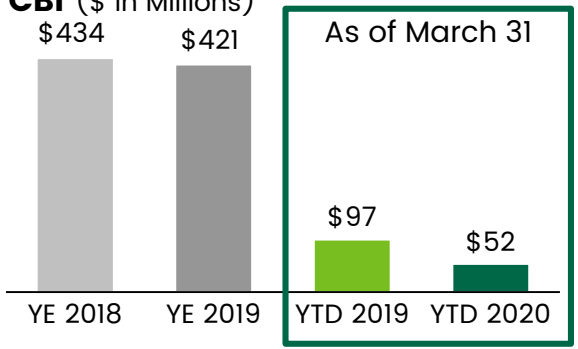
Commerce Bancshares, Inc.

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

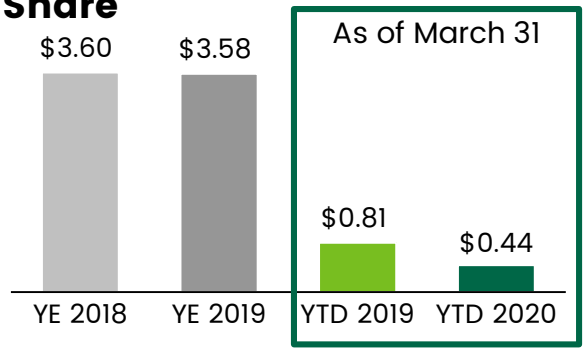
Q1 FINANCIAL RESULTS

FINANCIAL PERFORMANCE VS. PRIOR YEAR

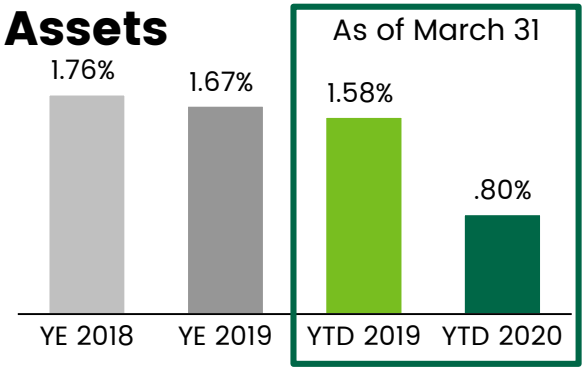
Net Income Attributable to CBI ($ in Millions)



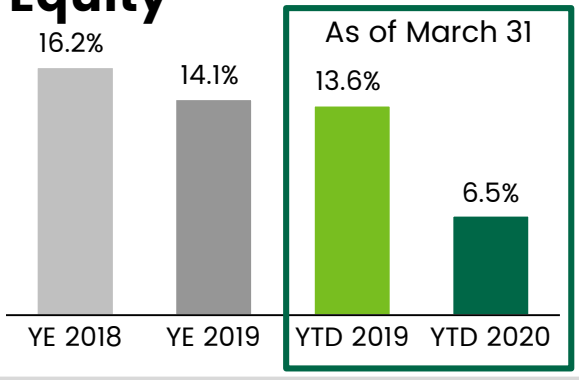
Earnings per Common Share



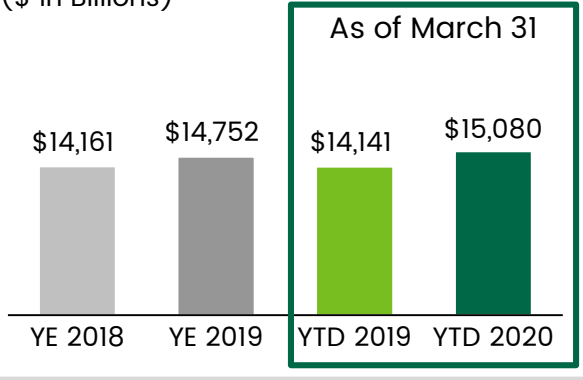
Return on Total Average Assets



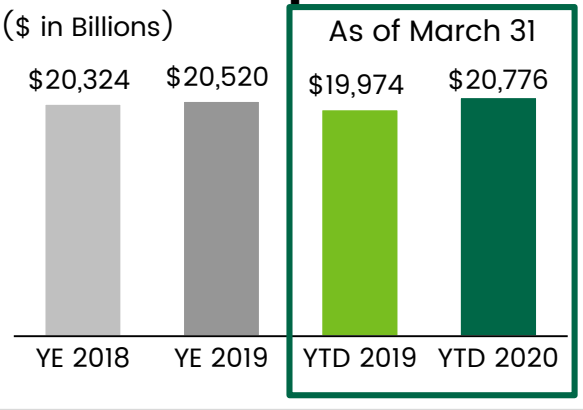
Return on Average Common Equity



Period End Loans ($ in Billions)



Period End Deposits ($ in Billions)

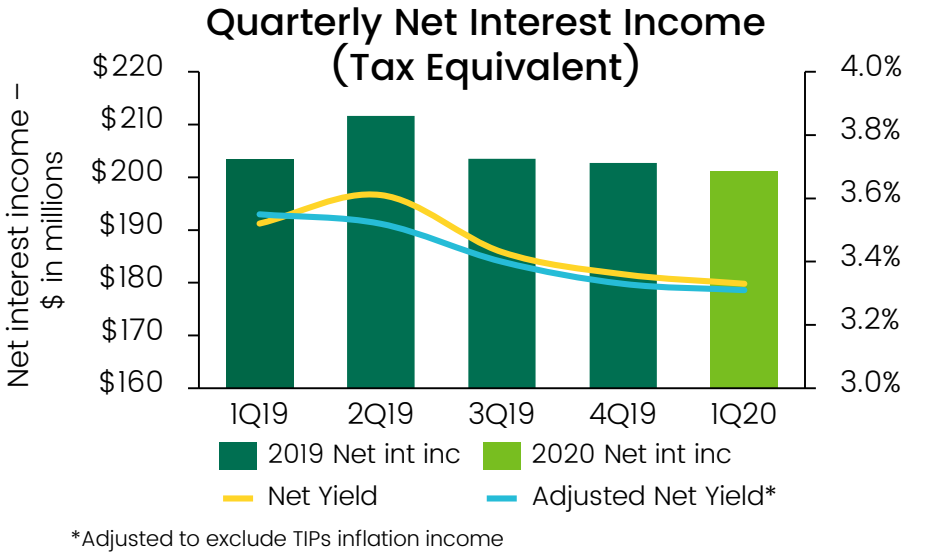


As of March 31, 2020

DRIVERS OF 1ST QUARTER 2020 EARNINGS

Net Interest Margin	NIM decreased 3 bps to 3.33% from 3.36% in Q4 2019, driven by lower yields on commercial loans and investment securities. Growth in average business and personal real estate loan balances increased net interest income and helped to partially offset the impact of lower yields. Deposit costs decreased 7 bps from the previous quarter. TIPS income for the first quarter was $976 thousand compared to $1.3 million in the prior quarter.
Fee Income	2.0% fee income growth vs the same quarter in the prior year, driven by growth in trust fees, capital market fees, deposit account fees, and net bank card fees.
Non-Interest Expense	Expense was up 1.2% vs the same period last year, driven by increases in salaries and benefits, and data processing and software costs, partly offset by lower other non-interest expense.
CECL	Provision for credit losses for loans totaled $42.9 million and was $32.0 million greater than net loan charge-offs. Also, recorded a provision for credit losses for unfunded lending commitments of $15.1 million.
Unrealized Losses	Recognized unrealized losses on our portfolio of private equity investments of $13.0 million gross, before minority interest adjustments.

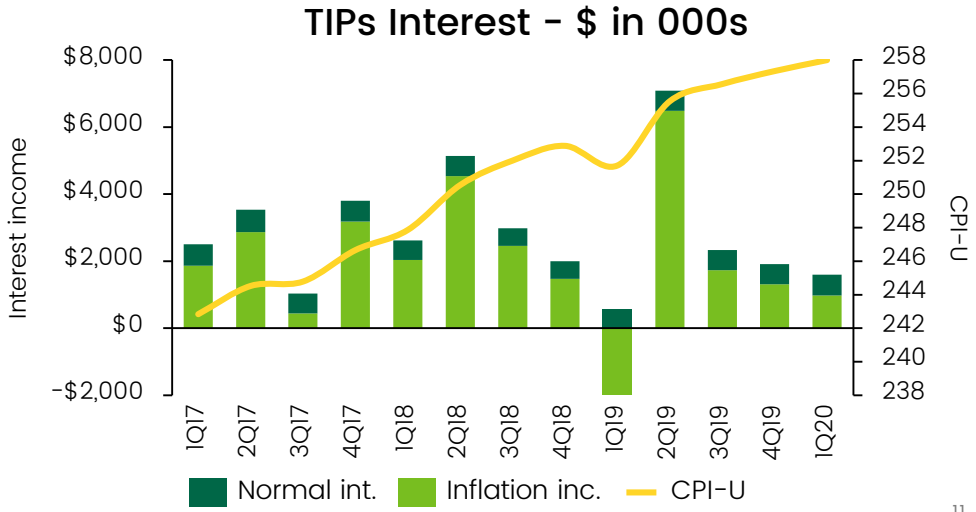
NET INTEREST INCOME: YTD – March 31, 2020



*Adjusted to exclude TIPs inflation income

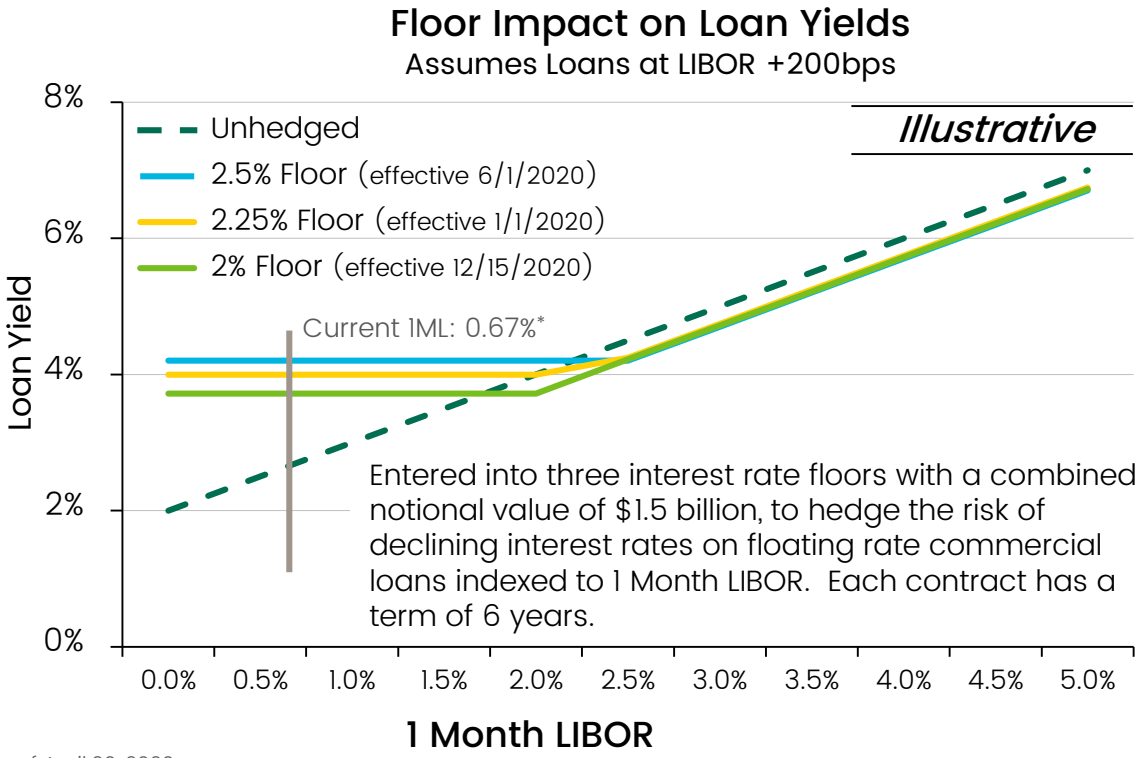
Tax equivalent - YTD	2019	2020	Change
Rates earned - assets	3.93 %	3.66 %	(0.27) %
Rates paid - liabilities	0.65 %	0.52 %	(0.13) %
Net yield - earning assets	**3.52 %**	**3.33 %**	**(0.19) %**

- Net interest income (tax equivalent) declined slightly from the prior quarter.
- The decrease from 1Q 2019 was mostly due to a decline in interest earned on loans due to lower rates, partly offset by higher loan volume and lower funding costs.
- The net yield on interest earning assets declined 3 basis points from the previous quarter.



NIM PROTECTION

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



*As of April 20, 2020

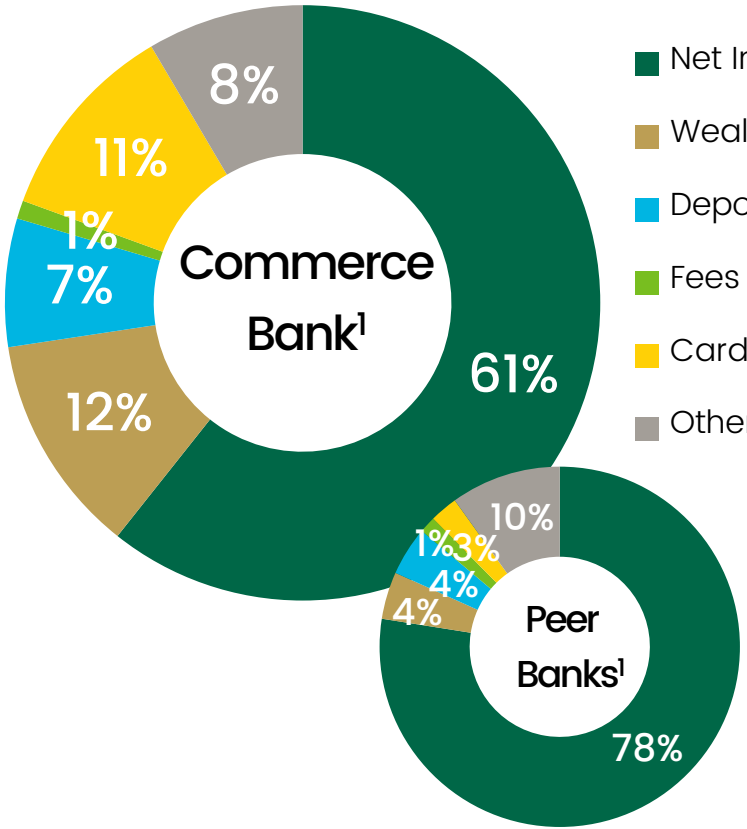
Maintaining Duration

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

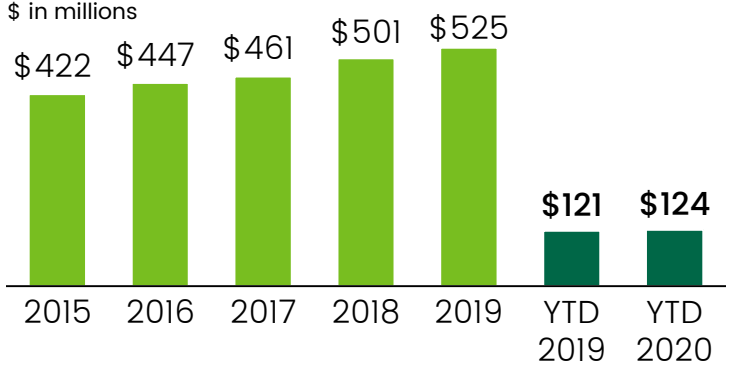
A FULL-SERVICE, DIVERSIFIED OPERATING MODEL

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



Non-Interest Income

$ in millions



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

Examples:

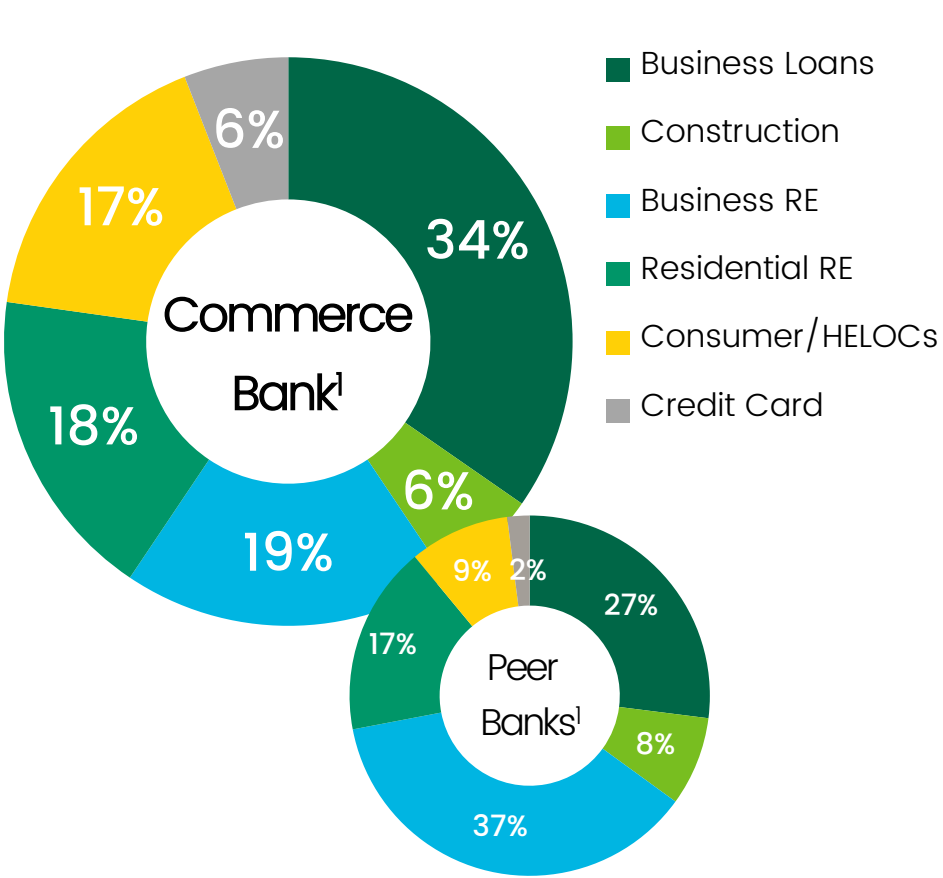
- toggle®
- Remitconnect™
- Claims Payments
- Horizons
- Accounts Payable Automation
- Interest Rate Swaps
- CommerceHealthcare™
- Asset Management

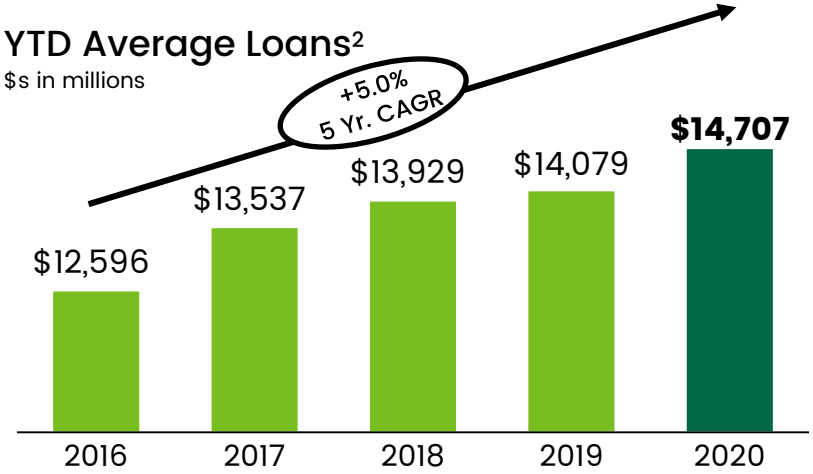
Peer Banks include: BSX, CFR, FINN, FULT, HWC, IBKC, ISBC, ONB, OZK, PB, PNFP, SFNC, STL, UMBF, UMPQ, UBSI , VLY, WBS, WTFC

[1]Sources: S&P Global Market Intelligence & FIS as of 12/31/2019

Commerce Bancshares, Inc.

WELL-DIVERSIFIED LOAN PORTFOLIO





2020 Loan Growth by Category

(Average loans Mar. 2020 vs. Dec. 2019)

Business/ lease/ tax-free	↑ $132 million
Personal RE	↑ $107 million
Business RE & construction	↑ $56 million
Auto/ motorcycle/ other	↓ $11 million
Consumer Credit Card	↓ $21 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 12/31/2019
[2]Includes loans held for sale, as of March 31, 2020

Commerce Bancshares, Inc.

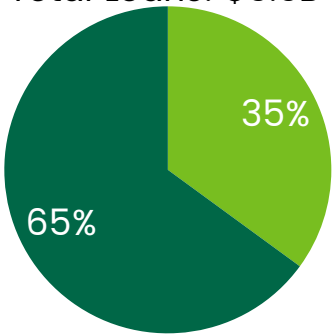
SUMMARY OF FIXED & FLOATING LOANS

Nearly 58% of total loans are variable; 65% of commercial loans have floating rates; mostly tied to a LIBOR index

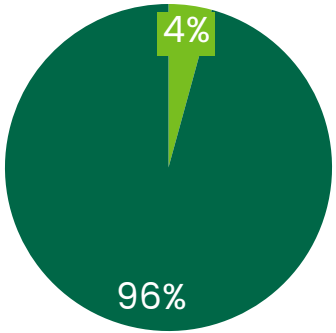


Commercial

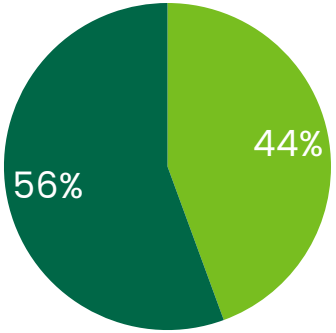
Business
Total Loans: $5.6B



Construction
Total Loans: $0.9B

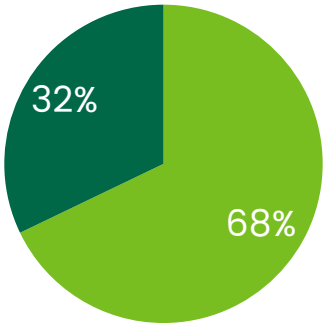


Business RE
Total Loans: $2.8B

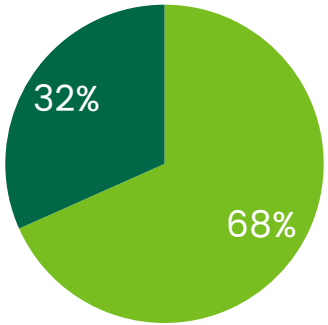


Consumer

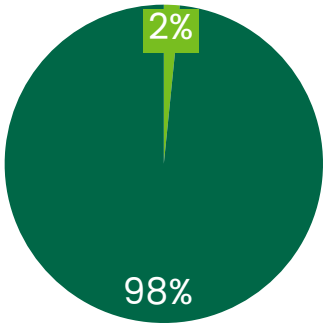
Personal RE
Total Loans: $2.4B



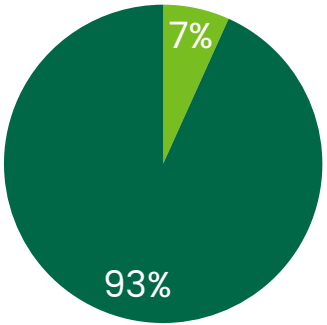
Consumer
Total Loans: $2.0B



HELOC
Total Loans: $0.3B



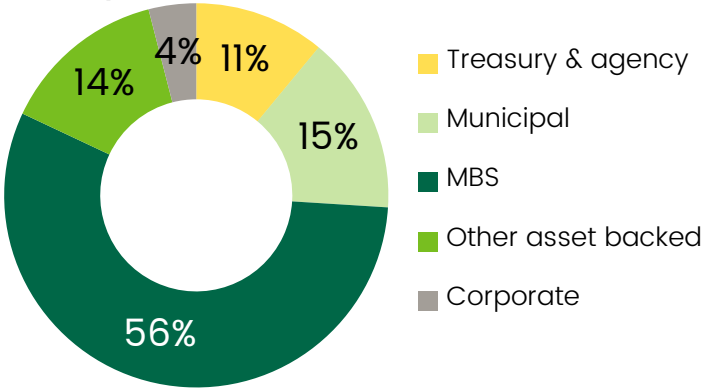
Consumer Card
Total Loans: $0.8B



Source: 2019 10K

HIGH QUALITY, HIGHLY LIQUID AND DIVERSE INVESTMENT PORTFOLIO

Composition of AFS Portfolio



QTD - March 31, 2020	Avg Rate	Duration (yrs)
Treasury & agency[1]	2.1%	3.6
Municipal	3.1%[2]	3.8
MBS	2.4%	2.4
Other asset-backed	2.6%	1.3
Corporate	2.9%	2.7

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

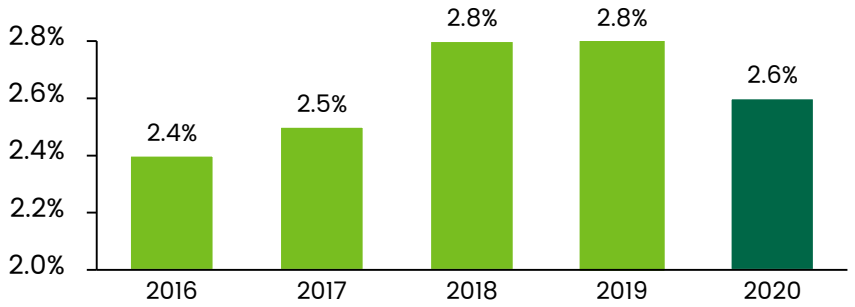
AFS Portfolio as of March 31, 2020

Total investments	$8.7 billion
Unrealized gain	$241.0 million
12 month maturities / pay-downs	$1.4 billion

Duration

December 2017	3.0 years
December 2018	3.2 years
December 2019	3.0 years
March 2020	2.6 years

YTD Tax Equivalent Rate - Investments



Commerce Bancshares, Inc.

IMPACT OF CECL: ALLOCATION OF ALLOWANCE

March 31, 2020 CECL allowances reflect the economic and market outlook due to COVID-19

	December 31, 2019 Incurred Model		January 1, 2020 CECL Adoption		March 31, 2020 CECL Model	
$ in millions	Allowance for Loan Losses	% of outstanding Loans	Allowance for Credit Losses (ACL)	% of outstanding Loans	Allowance for Credit Losses (ACL)	% of outstanding Loans
Business	$ 44.3	0.80%	$ 37.9	0.68%	$ 47.0	0.81%
Bus R/E	25.9	0.91%	14.9	0.53%	18.7	0.63%
Construction	21.6	2.40%	9.2	1.02%	17.8	2.04%
Commercial total	**$ 91.8**	**0.99%**	**$ 62.1**	**0.67%**	**$ 83.6**	**0.87%**
Consumer	15.9	0.82%	14.6	0.75%	18.2	0.94%
Consumer CC	48.0	6.27%	56.4	7.37%	62.4	8.83%
Personal R/E	3.1	0.13%	4.9	0.21%	5.6	0.23%
Revolving H/E	0.6	0.18%	1.6	0.46%	1.9	0.53%
Overdrafts	1.2	19.52%	0.1	1.63%	0.1	3.27%
Consumer total	**$ 68.9**	**1.27%**	**$ 77.6**	**1.43%**	**$ 88.1**	**1.61%**
Allowance for credit losses on loans	**$ 160.7**	**1.09%**	**$ 139.6**	**0.95%**	**$ 171.7**	**1.14%**
Liability for unfunded lending commitments	**1.1**		**17.2**		**32.3**	
Total allowance for credit losses	**$ 161.8**		**$ 156.8**		**$ 203.9**	

Methodology and Variables

- CECL model utilizes 3rd party baseline forecast
- Key variables include: GDP, disposable income, unemployment rate, various interest rates, CPI inflation rate, HPI, CREPI and market volatility
- Q1 provision for credit loss expense of $58.0 million, includes $47.1 million CECL related reserve increase
  - $32.0 million for loans
  - $15.1 million for unfunded lending commitments

Highlights

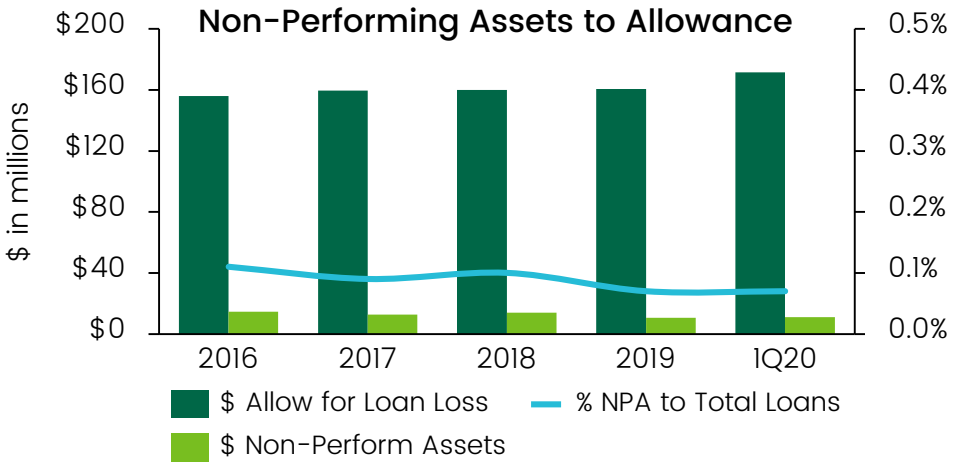
- Day 1 CECL adjustment of -$21.0MM to ACL - loans; $16.1MM adjustment to unfunded commitment liability
- 1st quarter adjustment provision for credit losses mostly due to COVID-19

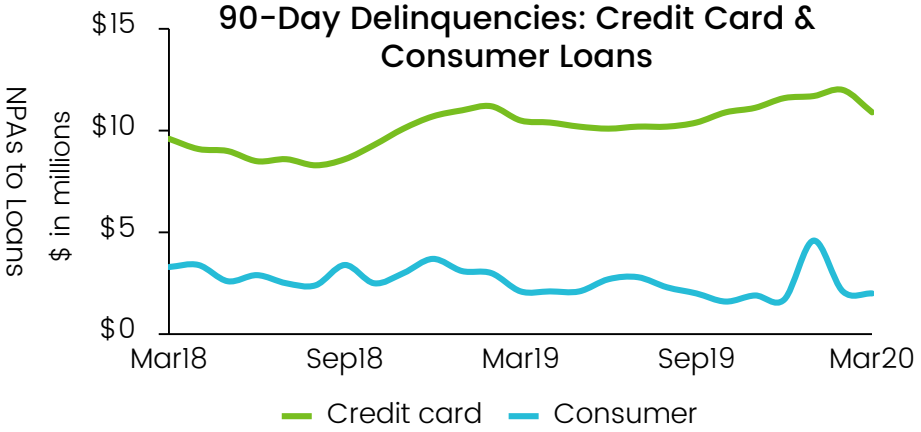
* Note: The allowance for unfunded lending commitments is included in Other liabilities on the consolidated balance sheets.

NET LOAN CHARGE-OFFS: YTD – March 31, 2020

$ in 000s	YTD 2019	YTD 2020	Actual $ Change	'20 Loss Rate
Business	$ 447	$ (373)	$ (820)	(0.03) %
Overdraft	317	426	109	42.37 %
Construction	(16)	—	16	0.00 %
Business R/E	(37)	(21)	16	0.00 %
Personal R/E	101	(4)	(105)	0.00 %
Consumer	1,924	1,711	(213)	0.35 %
HELOC	19	(38)	(57)	(0.04) %
Credit card	8,958	9,157	199	5.06 %
Total	**$ 11,713**	**$ 10,858**	**$ (855)**	**0.30 %**

- The YTD decrease in business loan net charge-offs was primarily due to a recovery on a single leasing customer.
- Loss rate on credit card loans increased 38 bps to 5.06% in the 1st quarter.
- Credit card delinquencies remain elevated.





COMMERCE AND COVID-19

COMMERCE'S PREPAREDNESS AND RESPONSE TO COVID-19

Taking care of our customers and team members is our top priority

- **Activated our Pandemic Preparedness and Response Plan** and COVID-19 Task Force.
- **Validated Business Continuity Plans** for all teams, including successful use of remote access.
- **Built-in resiliency with campuses** in both St. Louis and Kansas City, as well as our business resumption site.
- **Proactively communicating with customers** across our business lines to reassure them of our resiliency and to offer our guidance for any financial challenges they may encounter.
- **Contacting key suppliers** to verify their continuity plans and confirm their ability to maintain service levels.
- **Participating in multiple industry resource groups** specific to this topic in order to share best practices.

KEY ACTIONS TAKEN IN RESPONSE TO COVID-19

We continue to monitor the outbreak & implement updates as the situation evolves.

2018-January 2020

- ✓ Appointed Pandemic Planning Committee & published plan
- ✓ Conducted Pandemic Response Tabletop Exercises
- ✓ Jan: Began monitoring the COVID-19 outbreak and began preparedness discussions

February 2020

- ✓ Activated Plan and COVID-19 Task Force
- ✓ First all-team communication
- ✓ Established social media monitoring

Early March 2020

- ✓ Enhanced cleaning protocols and ordered additional cleaning/safety supplies
- ✓ Verified critical suppliers
- ✓ Expanded remote worker capabilities, including Customer Care Center
- ✓ March 10: Restricted travel
- ✓ Began daily executive management briefings
- ✓ Launched COVID-19 page on CB.com and internal resource site
- ✓ Enhanced social distancing policies
- ✓ March 13: limited all internal gatherings to <20; restricted access to buildings; activated recovery sites

Mid-late March 2020

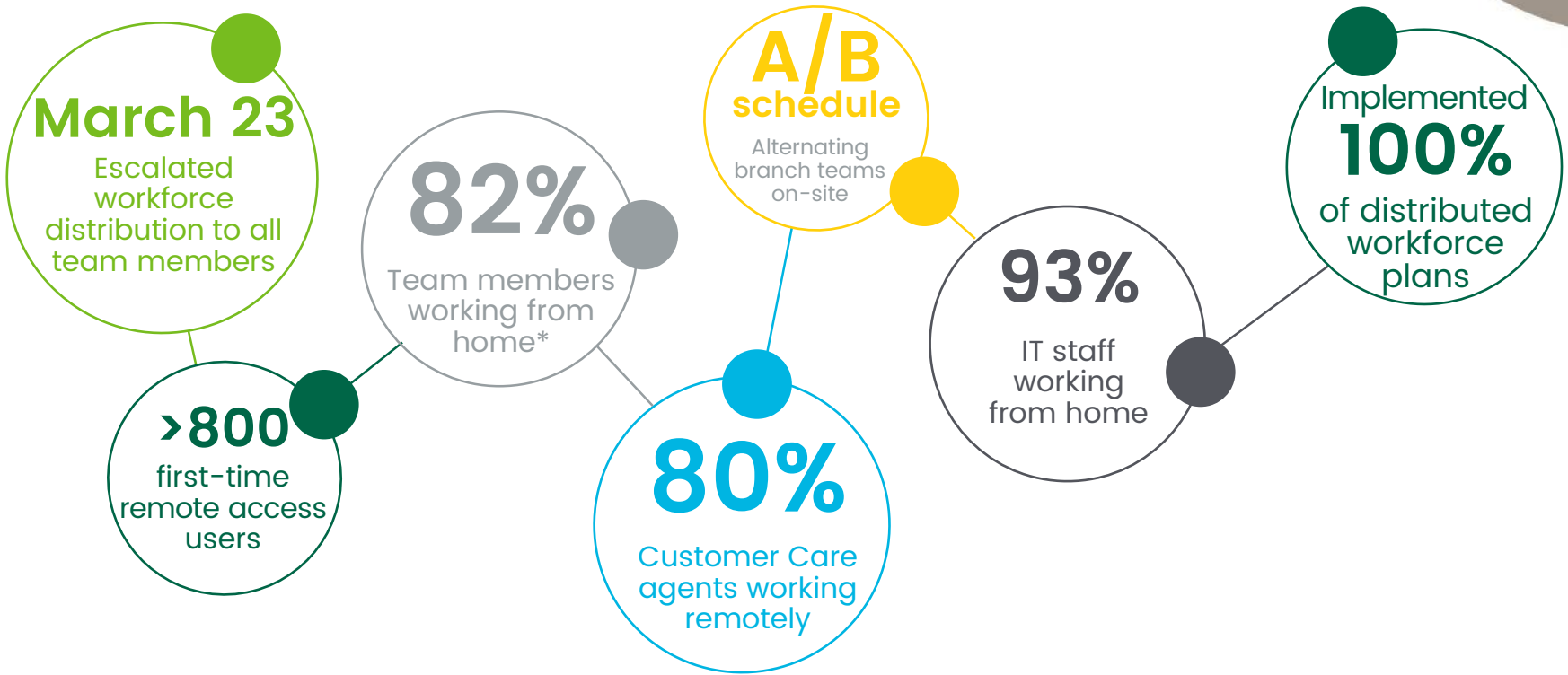
- ✓ March 17: Closed branch lobbies; drive-thru only
- ✓ Began daily internal communications and regular CEO video messages
- ✓ Restricted all business travel; all meetings virtual or by phone
- ✓ Launched Consumer & Business relief programs
- ✓ Implemented 100% of distributed workforce plans
- ✓ Reduced operating hours in select branches; alternating schedule for branch staff

April 2020

- ✓ Rolled-out SBA Loan program
- ✓ Implemented premium pay for hourly team members who cannot work remotely
- ✓ Upgraded IT systems, processes & equipment for an improved remote-working experience
- ✓ Ongoing communication with our team and customers
- ✓ Continue to monitor legislative changes & stay-at-home orders

DISPERSION OF KEY OPERATING FUNCTIONS

Safeguarding our operational resiliency



Data as of April 9, 2020
*Working from home or alternate sites; excludes branch employees who cannot work from home

Commerce Bancshares, Inc.

HELPING **OUR TEAM** FOCUS ON WHAT MATTERS MOST

For our Team Members and their Families

- Providing **Premium Pay** for hourly team members working on-site
- Established **Pandemic time off**
- Committed to **covering the costs of approved and authorized COVID-19 testing** for team members and their dependents who are covered by our medical plans
- Implemented **new policies for team members who cannot come to work** due to personal circumstances (lack of childcare, stay-at-home orders) to accommodate their individual needs

For our Team Members in their Workplaces

- **Limited access** to the interior of our branches to minimize exposure of our customers and teammates
- Making additional efforts to **disinfect work areas and equipment** and help our team safely handle cash
- **Distributed our workforce to various locations**, including 82% who are working from home or at an alternate location
- **Replaced in-person meetings** with alternative means of communication like web, video or teleconferencing
- **Eliminated all business travel** for team members

HELPING **OUR CUSTOMERS** FOCUS ON WHAT MATTERS MOST

Relief programs for our consumer customers

Loans

- **Payment deferments**
- Unsecured installment loan with flexible income requirements and loan terms, **first payment due date extension** with fixed rate and fixed payment options
- **Payment plans and temporary forbearance options for mortgage loans.** Payment relief plans can be in the form of a reduced payment amount, or a suspension of payment in full, for the payment relief period.
- **Foreclosure sales** have been **cancelled or postponed** and **new foreclosure referrals** have been **halted**
- All **automobile repossession** activity has **temporarily ceased**.

Credit Cards

- Opportunity to **skip payments** with **refunded or waived late fees**
- Permanent workout payment plan with **reduced payments and fees** for long-term financial impact customers

Deposit Accounts

- Refund requests can be made for **overdraft fees** or fees associated with using a non-Commerce ATM
- Requests can be made to **waive early withdrawal penalties for redeeming a CD early** due to financial hardship, or for missing the grace period due to inability to get to the bank

For existing / eligible Consumer customers; requires Bank approval and must be requested by the customer.

HELPING **OUR CUSTOMERS** FOCUS ON WHAT MATTERS MOST

Relief programs for our commercial customers

Loans

- **Payment deferments** for existing clients
- Small Business Administration **(SBA) loan** with the new Paycheck Protection Program

Deposit Accounts

- Requests can be made to have **overdraft fees refunded**

Prepaid Cards

- **Implementation fees waived** for DirectCheck Card solution, an alternative to paper checks*
- **Implementation fees waived** for Prepaid Expense Card solution, an option to help back offices in disseminating per diem and handling employee travel expenses*

Credit Cards

- **Payment deferment and late fees refunded or waived**

Merchant Services

- Monthly **minimum fee and regular monthly fee waived** for the months a business is closed temporarily

For existing / eligible Commercial customers; requires Bank approval and must be requested by the customer.
*Implementation fees waived until June 30, 2020.

Commerce Bancshares, Inc.

PROVIDING RELIEF TO OUR CUSTOMERS

Paycheck Protection Program (PPP)

Began taking applications on April 3, 2020

$1.5B loans secured from the Small Business Association

4,529 clients in our communities

~375 nonprofit organizations

80,000 employees (estimate)

$65K median loan size

Payment Relief Requests[1]

Loan Type	Number of Requests	% of Portfolio (by # of notes)	Total Amount of Requests
Commercial[2]	**428**	**3.3%**	**$285MM**
Over $500M	78	2.9%	$241MM
Under $500M	350	3.4%	$44MM
Consumer[3]	**6,245**	**1.5%**	**$114MM**
Mortgage	209	1.8%	$51MM
Consumer Card	1,614	0.6%	$10MM
Installment	2,315	2.8%	$46MM
Med/HSF	2,107	2.9%	$6MM
Mortgages Serviced for Others[4]	**90**	**2.0%**	**$17MM**

[1]Requests are defined as modifications, payment deferrals, forbearance agreements, or change in terms, Data through April 20; [2]Includes booked requests only; [3]Includes all requests, including those in process; [4]Not included in total consumer numbers above.

General Program Guidelines

Commercial – 90-day deferral of interest, principal or principal and interest. Interest continues to accrue, but interest is not charged on the deferred interest amount.

Mortgage - Forbearance up to 180 days, consistent with CARES Act. A few situation-based options are available to borrowers.

Consumer - Deferral of two monthly payments for consumer credit cards – balances continue to accrue interest at the applicable APR. 90 days for all other consumer revolving lines.

Installment - Deferral of payments up to 90 days – balances continue to accrue interest at the applicable APR.

HSF – Upon request, deferral of payments up to 90 days – balances continue to accrue interest at the applicable APR.

WHAT OUR CUSTOMERS ARE SAYING

"I wanted to let you know what a **huge help your team has been this week/weekend in helping us apply for paycheck relief.** This would be a HUGE deal, and I appreciate all that Commerce is doing to help."

"Thank you for all your efforts to secure the SBA loan for us. **It will support jobs for over 200 people. We are very grateful.**"

Branch Customer Relationship Score at an all-time high of 94%

"I wanted to let you all know that since early March, when we realized there would be significant economic disruption, we've said, **"Thank goodness we're with Commerce!"**

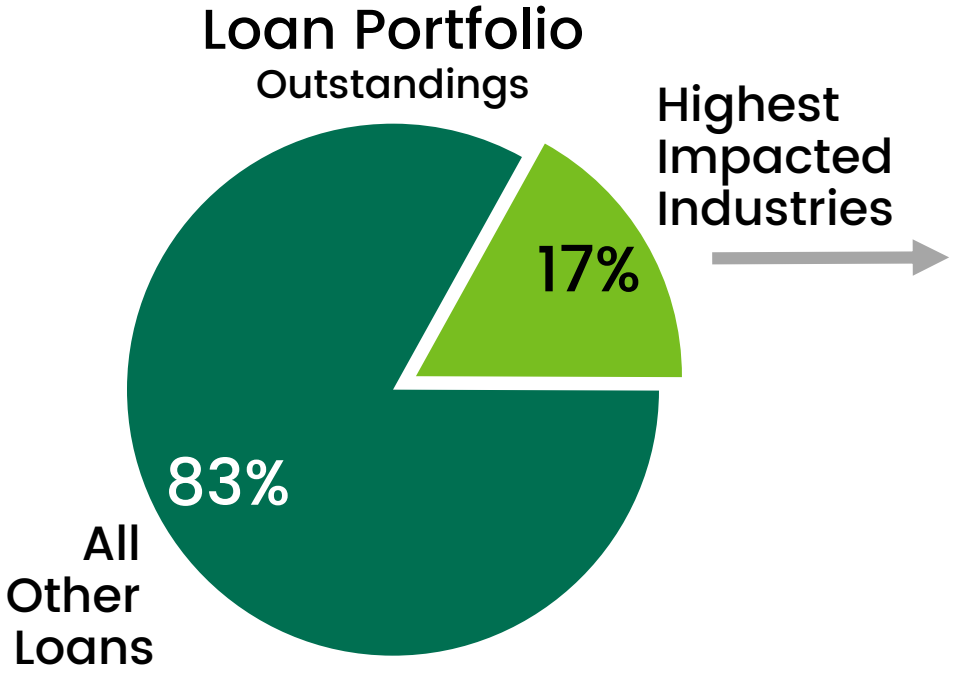
"This could not have been a better experience! Angie was terrific, and the entire process was simple, painless and expeditious. **Truly one of the best experiences I've had working with a bank.** Plus all of this at a time when folks are working remotely. Impressive."

"Thank you for all the work you're doing today. **You've been the only day of light in this mess."**

"It's times like this, I learn to truly appreciate the great business partner Commerce Bank has become over the decades. You have obviously built an incredible group of professionals at the bank. Bringing your entire support staff together, **working nearly 24/7 to help your customers** in such unprecedented times; words can't describe what it means to me."

LOAN PORTFOLIO: LIMITED EXPOSURE TO PANDEMIC-SENSITIVE INDUSTRIES

While we expect nearly every industry to be impacted to some degree by Coronavirus-related disruptions, we have identified nine industries that will be most impacted.

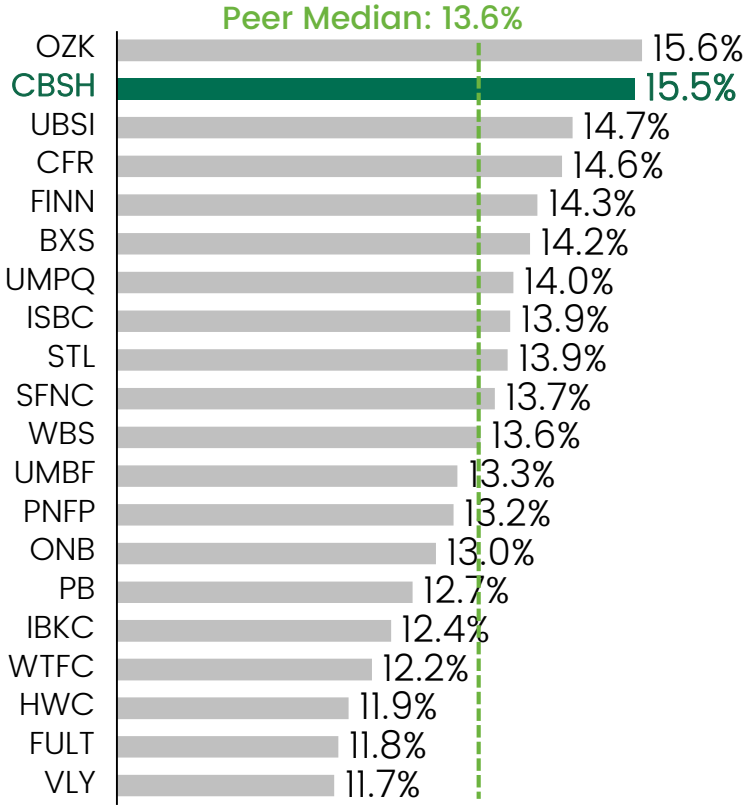


Highest Impacted Industries	$ in millions	% of Loan Portfolio
Multifamily / Student Housing	$544	3.6%
CRE Retail	404	2.7%
Auto Dealers	315	2.1%
Senior Living	297	2.0%
Hotels	278	1.8%
Beer Distributors	225	1.5%
Retail Stores	217	1.4%
Energy	201	1.3%
Restaurants	84	0.6%
Total	**$2,565**	**17.0%**

Industry breakdowns represent outstanding balances as of March 31, 2020, segmented by NAICS codes.

SOUND CAPITAL AND LIQUIDITY POSITION

Total Risk-Based Capital Ratio[1]



Loan to Deposit Ratio

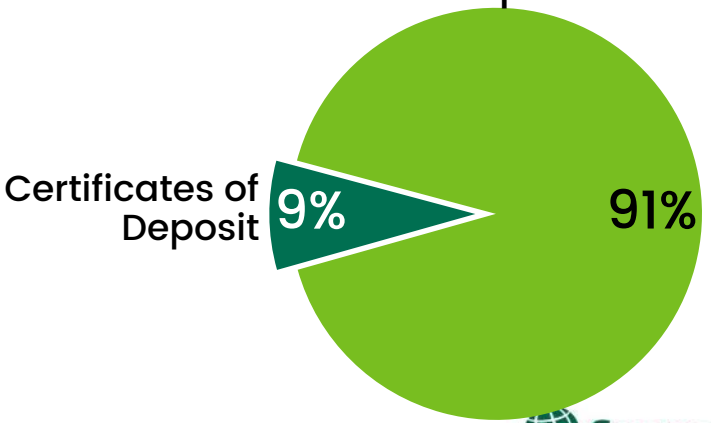
Large, stable deposit base and low loan to deposit ratio

Core Deposits
$19.0 Billion[2]

73% Commerce — Average Loan to Deposit Ratio[3]

90% Peer Average — Average Loan to Deposit Ratio[1]

Total Deposits



Core Deposits
- Non-Interest Bearing
- Interest Checking
- Savings and Money Market

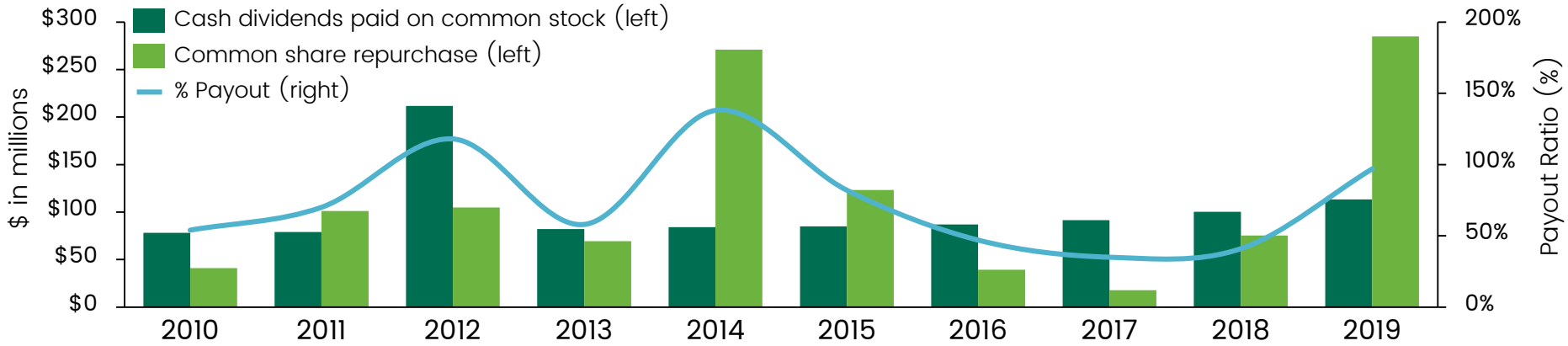
Commerce Bancshares, Inc.

[1]S&P Global Market Intelligence, Information as of December 31, 2019
[2]Period-end balances, as of March 31, 2020; [3]Includes loans held for sale, as of March 31, 2020

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.
- 2019 included a $150 million accelerated share repurchase.
- Common cash dividends increased 10% in 2018, 16% in 2019 and 9% in 2020 (based on 1Q2020 declared dividend).

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

STRATEGIC POSITION

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

GROWTH MINDSET: CONSUMER BANKING

Enhancing the Customer Experience

Engaging with customers through the channels they prefer.

- Technology investments
- New engagement programs
- Enhanced product offerings
- Improved operating model



CommercePremier



Branch Design



Advanced ATMs



Video Advisors



CARA



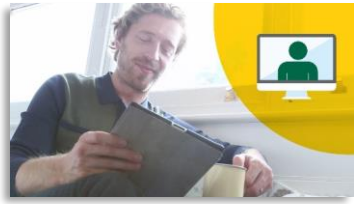
Exploration Centers

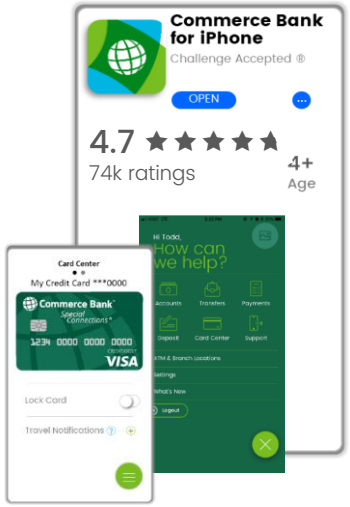
Consumer Digital Business

Evolving our digital experiences to meet our customers' expectations.

- Digital Mortgage application
- CommercePremier user interface
- Mobile push notifications, improved alerts management
- Pilot Appointment setting solution







GROWTH MINDSET: INTERNAL INNOVATION AT COMMERCE

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.

20TH Largest Among Bank-Managed Trust Companies[1]

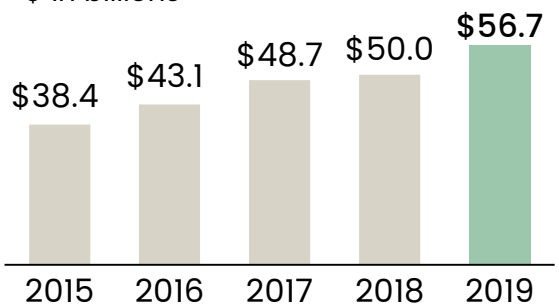
$57 BILLION Total Client Assets[2]

$34 BILLION Assets Under Management

$539 MILLION Managed Brokerage Assets

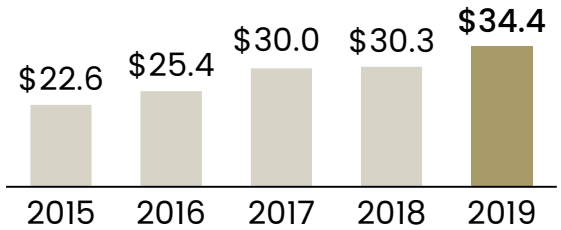
Total Client Assets[2]

$ in billions



Assets Under Management

$ in billions



Key Growth Initiatives

- Implement new Private Banking Lending Program
- Accelerate growth of Mass Affluent households
- Implement enhanced sales process with new Client Relationship Management system
- Expand the CTC brand
- Enhance the digital client experience
- Invest in team training and onboarding resources

Period end balances, information as of December 31, 2019

[1]S&P Global Market Intelligence ranking as of 12/31/2019, 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*

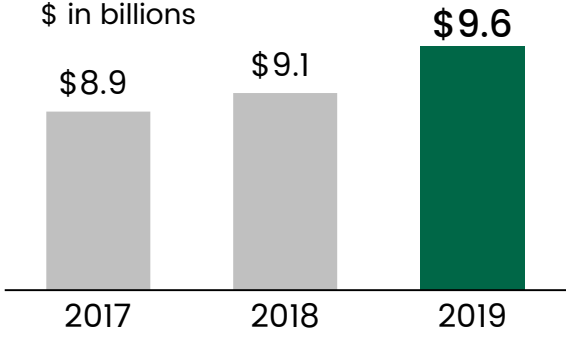
$9.6 BILLION Commercial Loans

$8.1 BILLION Commercial Deposits

$547 MILLION Commercial Revenue

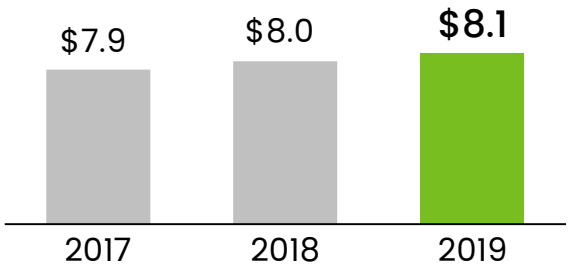
Commercial Loans

$ in billions



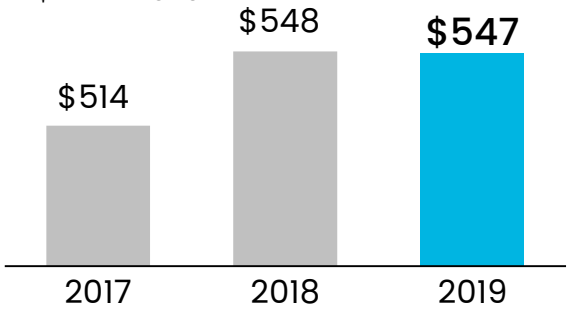
Commercial Deposits

$ in billions



Commercial Revenue

$ in millions

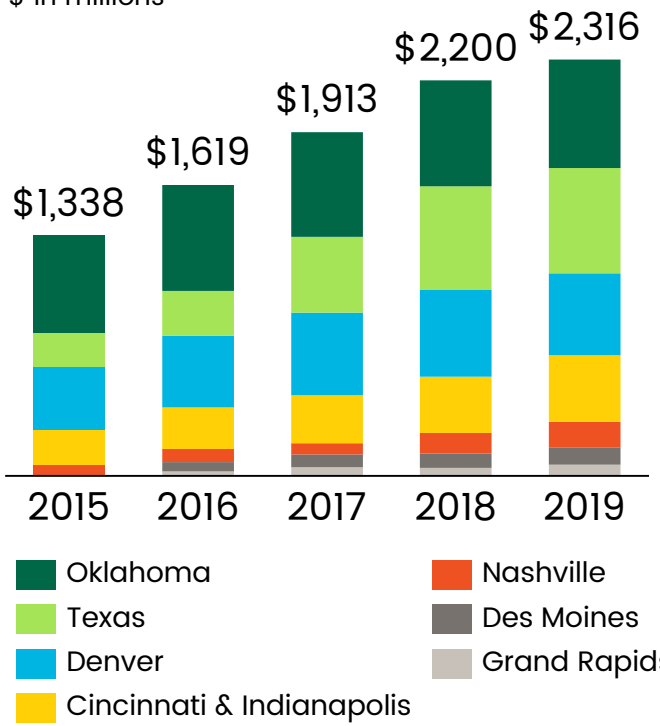


Commercial segment as of December 31, 2019

COMMERCIAL BANKING – EXPANSION MARKETS OFFER GROWTH OPPORTUNITIES

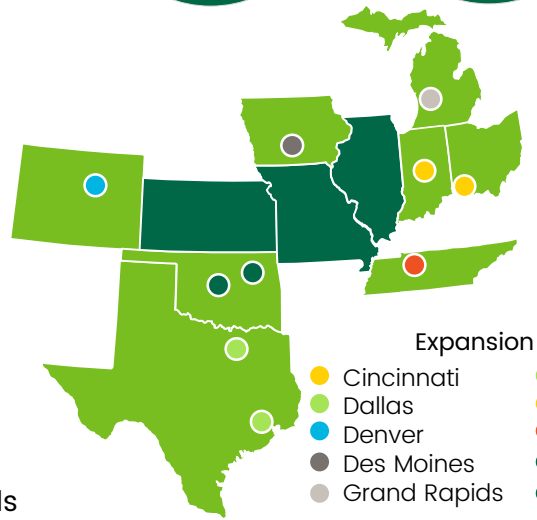
Expansion Market Loan Growth

$ 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
$47.7 MILLION	Treasury Management Revenue
$9.1 BILLION	Commercial Card Volume
$6.2 BILLION	Merchant Volume

Key Verticals

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.

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	#7	#12	#12	#19	#14
Commercial Card Issuer	Purchasing[1] Card Issuer	Bank Acquirer	Consumer Card	Debit Card	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 2019; 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

CAPITAL FOR BUSINESS®

A middle-market private equity firm focused on the success of industrial growth companies

Quick Facts:

- Small Business Investment Company (SBIC) founded in 1959
- Nationwide footprint with Greater Midwest Focus
- 31 Portfolio Companies Representing
  - $500MM in Revenue
  - 1,900 Employees
- Net Book Value as of March 31, 2020: $81.2MM

Investment Criteria

- Manufacturing, distribution and certain service companies
- Cash flow positive
- Good management
- Consistent financial performers
- Operate in niche markets
- Significant and defensible market positions
- Differentiated products and services
- Scalable business platforms

Financial Parameters

- Revenues - $10 million to $100 million
- EBITDA - $2 million to $7 million

Transaction Types

Management buyouts
Leveraged buyouts
Succession plans
Recapitalizations
Corporate divestitures

Investment Structures

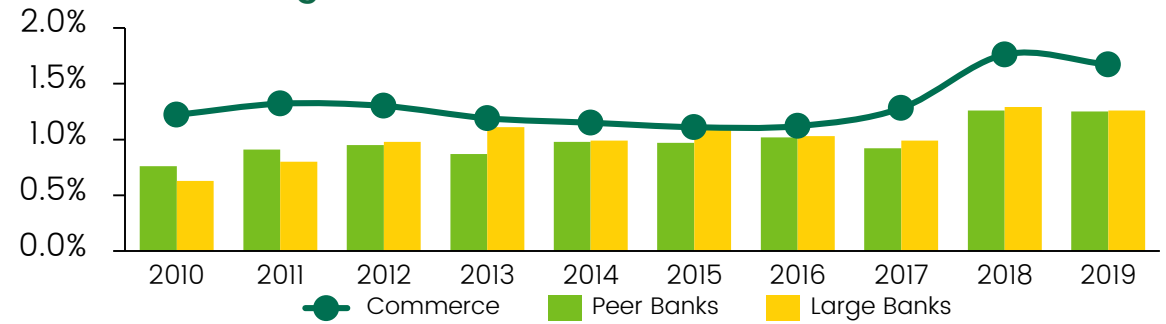
Subordinated debt
Preferred stock
Common stock
Warrants

Other Information

Co-investors
Majority control
Target 5-7 year hold period
Management participation

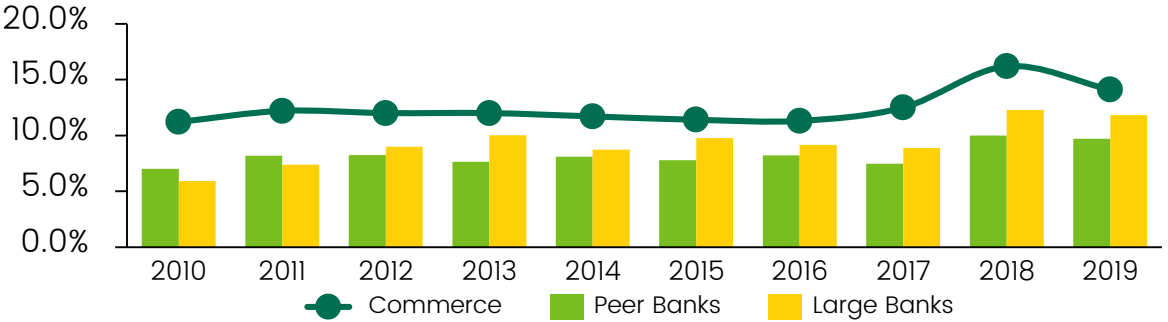
COMMERCE BANK MAINTAINS SOLID PERFORMANCE OVER TIME

Return on Average Assets



ROAA 10-yr average
CBSH: 1.31%
Peers: .99%

Return on Average Common Equity

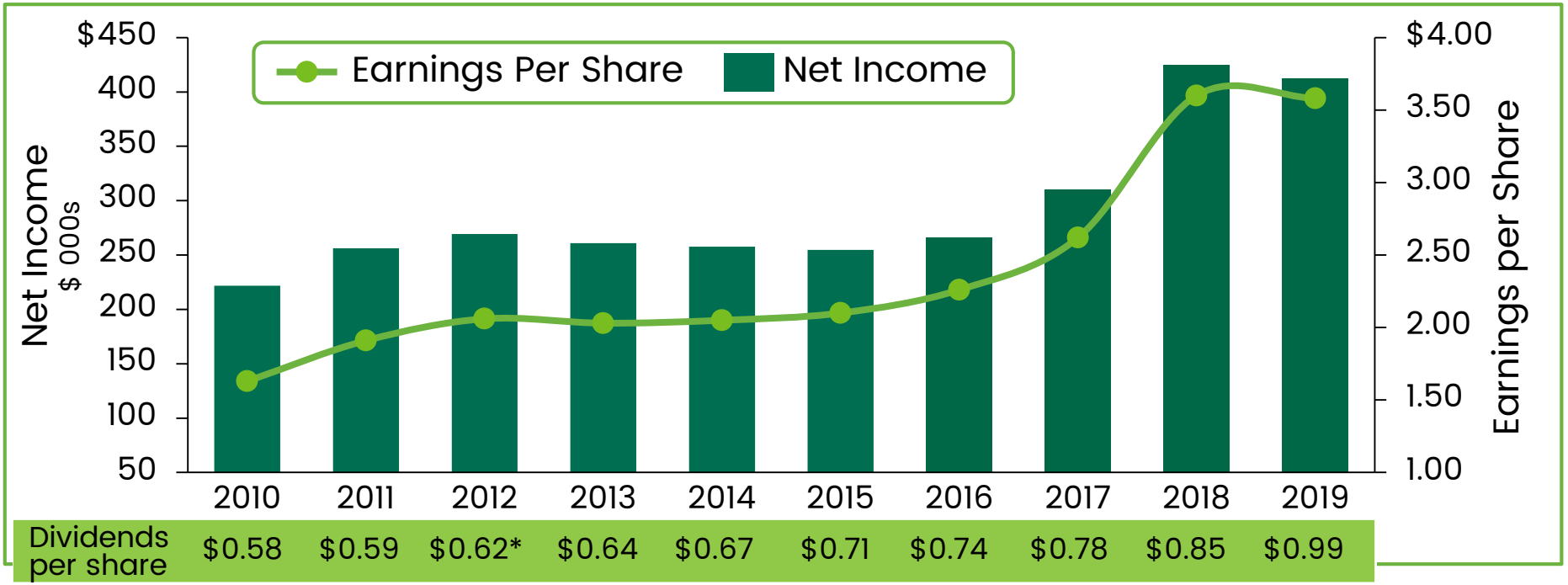


ROACE 10-yr average
CBSH: 12.4%
Peers: 8.2%

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

Commerce Bancshares, Inc.

LONG-TERM VIEW: NET INCOME AND EARNINGS PER SHARE



EPS REMAINS STRONG

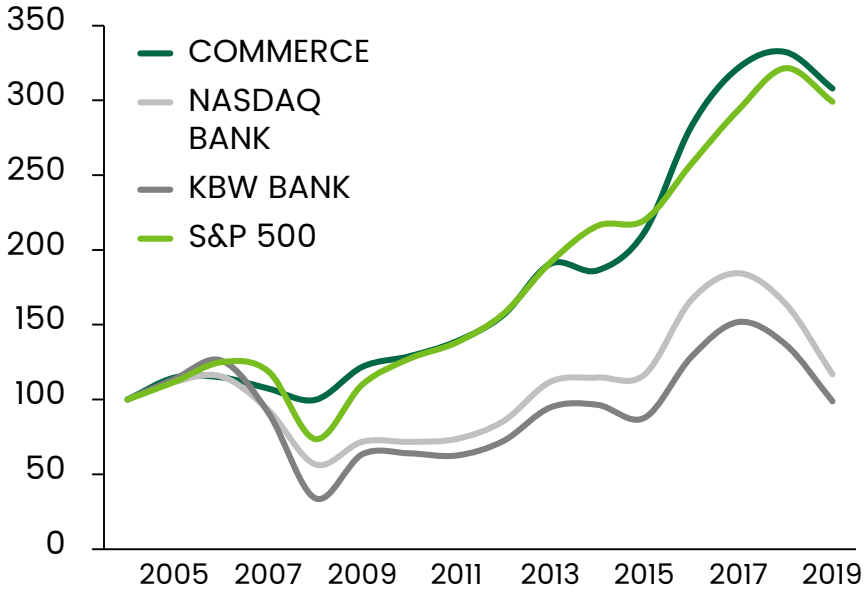
2020 MARKS THE 52ND CONSECUTIVE YEAR OF DIVIDEND GROWTH

*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

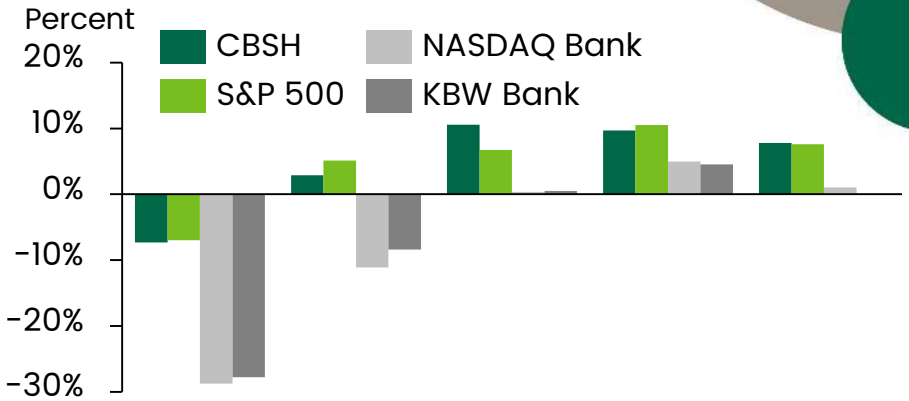
Commerce Bancshares, Inc.

STEADY SHAREHOLDER RETURNS
as of March 31, 2020

Total Shareholder Returns
Indexed, 03/31/2005 = $100



Annualized Comparison Total Shareholder Returns



	1 Year	3 Year	5 Year	10 Year	15 Year
CBSH	-7.3%	2.9%	10.6%	9.7%	7.8%
S&P	-7.0%	5.1%	6.7%	10.5%	7.6%
NASDAQ BANK	-28.7%	-11.1%	0.4%	5.0%	1.0%
KBW BANK	-27.8%	-8.4%	0.5%	4.5%	-0.1%

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

Source: Bloomberg; data as of 03/31/2020

Investor Relations

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Corporate Development and Investor Relations
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Matthew.Burkemper@commercebank.com

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

Commerce Bancshares, Inc.

Embracing a Growth Mindset

Commerce Bancshares, Inc.