President's Letter

At Commerce, corporate social responsibility means ensuring we're doing what's right for all of our stakeholders – our customers, shareholders, communities and team members. It is a commitment we take very seriously, one to which we hold ourselves accountable every day. Our corporate social responsibility means we are committed to being stewards of the earth's natural resources and lessening the environmental impact of our business practices; to giving back to our communities, fostering growth and opportunity where we live and work; to creating an engaging and collaborative workplace for our team members where teams can thrive and do their best work; to conducting business and performing with the highest standards of governance and ethics; and to remaining agile and innovative in today's ever-evolving banking industry.

These commitments are demonstrated through our company values. At Commerce, we embody these values by living them in the work we do each and every day. We value longevity by always taking a long-term view and ensuring that our decisions today will sustain us for the future. We value unity and collaboration as one team of diverse individuals. We seize opportunities to leverage the diverse perspectives of our team members. We value accountability and act with integrity, recognizing our first duty is to do business in a manner that merits trust and confidence. We value relationships and maintain our customer focus in all that we do, and we value strong financial performance while striving for continuous improvement and excellence.

In the pages that follow, we share highlights that reflect our efforts to bring these values to life and our commitment to being a responsible, forward-thinking and philanthropic corporate citizen.

Thank you for your continued trust in our company and for the privilege to serve you.

John Kemper
Commerce Bancshares, Inc.
President and CEO

About This Report

At Commerce Bank, we believe in enriching the lives of our customers, neighbors, shareholders and employees. To achieve this, we invest in ideas, programs and technology that strengthen communities, help people tackle complex financial challenges and support a healthy environment. To ensure our efforts are making a difference, we make it our mission to get to know people and build strong relationships. It is through these relationships that we’re able to celebrate continued strong performance, invest in communities to strengthen our region and be a force for good in our industry.

Our culture, which dates back more than 150 years, holds us accountable to our mission on a daily basis. In this report, you’ll learn about our core values and how they guide our decisions and behaviors. This report highlights our ongoing efforts to be a valued and trusted financial partner for the communities across our footprint as well as our customers, shareholders and employees.
Who We Are

At Commerce Bank, we know life's best moments can come with some financial complexity. That's why we help people and businesses solve for challenges, so they can get back to what's important. We do this through a unique combination of high-touch customer service and innovative product solutions. Our rich 150-year culture is what enables us to deliver on our promise to our stakeholders: our customers, team members, shareholders and the communities we serve.

Starting with our core values as the foundation, we continually build a culture that makes them a part of our everyday. Through the tools we use to work together, the programs through which we engage, and the ways we communicate with each other, we are living and strengthening our culture in all that we do. This, we believe, is our greatest asset and how we continue to achieve results for our stakeholders.

Through our branch network and online platforms, we support people, businesses and communities throughout the Central Midwest; at our commercial offices in Texas, Ohio, Tennessee, Michigan, Iowa and Indiana; and through national healthcare and payments processing partnerships.

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$25.1 billion in assets
$20.1 billion in total deposits
$51.5 billion in Trust assets
47th largest U.S. bank based on asset size¹
371 ATMs
172 branches
444 thousand active online banking customer
244 thousand mobile customers

Data as of September 30, 2018 unless noted.
¹ SNL Financial data, ranking as of June 30, 2018
We value forward thinking.

Since our founding in 1865, we’ve always looked to the future. Our team members, customers and the communities where we live and work are the foundation of a strong and lasting business. As we look ahead to the next 150 years, we are committed to investing in ideas, people and communities for the long term.

Building strong communities.

Our investment in the communities we serve spans all areas of the bank, through charitable giving by the Commerce Bancshares Foundation, volunteering and community reinvestment efforts. We support a wide range of charitable organizations, and they’re all focused on improving the lives of people in the communities where we are located. We believe everyone should have access to economic opportunities, affordable housing, education and culture. Working alongside our community partners, we are helping to build a strong future for the communities we serve.

In 2017, the Commerce Bancshares Foundation made 652 grants and payments totaling $1,532,836.

Focus on community development.

We not only comply with the Community Reinvestment Act, we make it a priority. Our branches work to meet the financial needs in the communities we serve, including low- and moderate-income neighborhoods, and we engage customers in those communities to understand their needs as we develop products and services. As a result, we have earned an “Outstanding” rating consistently for more than 24 years.

Casa de Salud recognizes Commerce Bank

Casa de Salud (House of Health), a nonprofit organization that provides low-cost, primary care for patients who are uninsured, with a special emphasis on immigrants and refugees, recognized Commerce Bank with the Casa Community Champion Award.

In addition to supporting Casa de Salud, Commerce is a member of the Hispanic Chamber of Commerce, has a major presence at the International Institute’s Festival of Nations and encourages its team members to welcome new arrivals to St. Louis through the Mosaic Project’s Professional Connectors Program.
Commerce team members in the community.

From festivals to food drives, Commerce team members are active participants in the communities where we live and work. We're willing to captain a cardboard boat, flip burgers for hungry ball players and ride a bike in a Santa costume – as long as it's for a good cause. Commerce-sponsored volunteer opportunities are a popular way for employees to get involved, but our teams often plan activities on their own. Thanks to our employees, we can truly say we have a spirit of participation and service.

Commerce team members attend the International Institute’s Festival of Nations held in Tower Grove Park in St. Louis.

Commerce team members participate in St. Louis Pridefest.

Commerce team members Kirk Ross and Rebecca Forsyth attend the LGBTQ Career Fair in St. Louis during pride month.

Commerce Operations team members volunteer at Harvesters, a regional food bank serving a 26-county area of northwestern Missouri and northeastern Kansas.

Commerce team member Sara Larsen (right) volunteers with the Salvation Army in Illinois.
Innovating in ideas for the long-term.

Throughout our history, we’ve maintained an innovative mindset. This is valuable for launching new products and services, but it’s also crucial for solving existing and emerging business challenges. At Commerce, all employees are encouraged to be innovative, no matter their role. There are several channels for submitting ideas, from discussing with managers to participating in semi-annual hackathons.

Innovation Spectrum

Incremental  Significant  Breakthrough

Our innovation efforts are managed across three areas: Incremental, Significant and Breakthrough. While we appreciate the value of breakthrough ideas that can transform our business and industry, we also encourage our employees to make incremental daily improvements to our processes and significant developments in our products and services.

New Commerce Bank Mobile App

The Commerce Bank Mobile Banking App received a fresh look and new, updated features. With a new interface and straight-forward navigation, the updates help users in their day-to-day banking. Users can now:

• Lock and unlock debit cards instantly
• View check images
• Customize their experience by adding a profile photo and arranging how accounts appear
• Card controls – this key feature allows cardholders to temporarily lock their card if it is misplaced or misused. Manage my Cards started as an idea that was submitted as a Hackathon entry in July 2015 with the team rallying to design and deliver a prototype in only 3 days! It’s designed to engage and empower our cardholders – not to mention provide peace of mind.
EZ Cash

The Developer Acceleration Program (DAP) is a rotational program with a specialized training curriculum to better attract and retain new developer talent within IT. In January 2017, the recent college graduates accepted into DAP began their Commerce Bank careers. Just 10 weeks later, the DAP Team including Lincoln Brown, Travis Weidenbenner and Zach Zastrow delivered a new cash vault ordering solution, EZ Cash. Using Agile techniques to rapidly build the new web-based system, the DAP team solved a real business problem and delighted customers and users across the bank.

EZ Cash is a web-based cash and coin ordering solution to supply branches and commercial customers with currency from the Kansas City vault. The solution was the outcome of the DAP’s Onboarding Project – the first project that the newly hired Associate Developers complete before moving to department rotations throughout IT.

The EZ Cash solution is available to branch users in the Kansas City market.

Donuts & Discussion

After introducing the Innovation Spectrum to Commerce Bank employees, the Strategic Planning Office (SPO) has been working to keep the innovative spirit alive. This year, the SPO hosted an “Innovate on the 8th” breakfast. Leadership Development program graduates were invited to a morning of brainstorming and donuts before settling into their daily roles.

Six facilitators shared their innovation ideas with small groups to gather feedback. Topics hit each category on the innovation spectrum: Incremental, Significant, and Breakthrough and all ideas discussed are in various stages of execution.

Semi-Annual Hackathons

Each year, our IT department hosts two Hackathons to encourage exploration and development of new ideas. The events bring together cross-functional groups from IT, retail banking, commercial banking and several other departments to tackle challenges in a multi-faceted way. Teams have 48 hours to build out their idea, potentially paving the way for cutting-edge solutions. Each group presents their idea and is connected to an executive that can help develop or implement the project as appropriate. The winning ideas from the 2017 Hackathons addressed issues ranging from cleaning up transaction data so it can be used to provide internal and external users better information and insights to designing a Commerce Bank Smart Watch Application.
Innovation Workshops

Outlook on the Future: a Team Exercise in Futuristic Thought

This workshop, led by Commerce Bank’s strategic Planning Office (SPO), was designed to help teams thinking more innovatively by keeping an eye out for signals – outside influences that could have an impact on the Bank’s strategy – for better or for worse. Signals can be identified by reading newspapers, watching the news or even just observing the public.

The SPO led and facilitated sessions to encourage teams to think with a futuristic mindset. The workshops provided opportunity to discuss how signals could impact the bank and collaborate and build upon other’s ideas.

Capture More Value Workshop

This workshop sought to identify and bring about game-changing ideas to our teams. Commerce’s SPO led and facilitated the workshop through a collaborative experience, endorsed by Harvard Business Review, that uses an innovative framework designed to uncover hidden value. Teams walked away with dozens of new ideas to get more value from work that was already being done and a new framework that can be used for innovation brainstorming on future projects. A win – win – win!

Blue Chips

To help reinforce long-term thinking, we identify our long-term goals as “Blue Chips.” These are the priorities we work toward even in the midst of day-to-day responsibilities, and they help the entire bank align in a strategic direction. In addition to bank-wide blue chips, each department, team and individual identifies their own. We’ll even acknowledge each other’s blue chip progress by rewarding them with (you guessed it) a blue chip when the project is completed or significant milestones are achieved. Companywide, our blue chips help us stay accountable and motivated as we work toward our long-term goals.

Employees in the IT department are recognized with Executive-Level blue chips after earning five blue chips.
**Temenos**

In 2016, Commerce selected Temenos, the world’s leading software specialist for banks and financial institutions, to provide its world-class core deposit banking system. With the selection of the Temenos platform, Commerce will acquire an innovative, real-time core processor to drive strong customer relationships and faster speed-to-market of consumer and commercial products.

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**Investing in a sustainable future.**

In our branches, headquarters, operations centers and offices throughout the Midwest, we pay close attention to the impact our business has on the environment. We aim to be as efficient as possible in our use of the Earth’s resources and measure our consumption and waste each year to ensure we’re being mindful stewards.

**The Green Team**

The Green Team is a Project Green effort through which members identify opportunities to improve recycling at Commerce and "green" their floor or their team. They help:

- Ensure we have appropriate recycling bins
- Put up posters labeling what can be recycled
- Lead your floor/team in the Earth Day Green Challenge
- Identify additional incremental ideas for Commerce to be more green

**Being Green at Commerce**

So how are we putting this into practice at Commerce? We track various metrics including utility consumption, paper usage, recycling and other factors. We continually explore green technology – for example:

- We've installed solar systems at 12 Commerce locations since 2010 and we incorporate LEED principles in all new construction projects.
- We've completed a comprehensive energy analysis and plan for the data center and eliminated multiple servers and air conditioning units.
- We're working toward a long-term goal of using 100% Green Seal certified cleaning companies and cleaning supplies.
- We've designated all Commerce facilities and vehicles as "smoke free."
- We've provided centralized recycling bins for paper, plastic and aluminum cans and we've recently started a new initiative to make our recycling efforts more consistent in all locations.

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Commerce invests in our people and technology to deliver innovative solutions and convenience for our customers. **The Temenos solution will enable Commerce to bring innovative products to market more quickly and efficiently.** The modern software architecture and real-time features will provide the foundation for our digital business.

- Dave Roller  
  Chief Information Officer,  
  Commerce Bancshares, Inc.
We value forward thinking.

Celebrating the earth with some friendly competition.

For the third year in a row, the Commerce Bank Green Team called on employees to participate in the Earth Day Challenge. Competing in three categories, team members shared how they help reduce, reuse, and recycle in a weeklong event on Bonfyre. Winners were selected based on overall impact plus Bonfyre participation and engagement. This year’s winners include:

**Individual: Rachel Condra**
Rachel does her part by biking to work. She reduces the amount of CO2 in our air and gets her exercise in every day. Way to go, Rachel!

**Team: Columbus Branch**
The Columbus branch committed to using reusable cups for the week and beyond! This team effort diverted unnecessary waste from our landfills.

**Community: St. Louis Credit Department**
This group dedicated their time to clean up a local stream. Their dedication reduced waste and immediately impacted their local community.

**Honorable Mention: Clayton Mailroom**
After learning that shredded paper is used for litter boxes and cages, employees in the Clayton mailroom collected their own personal mail for the week to shred and donate to local animal shelters. Way to recycle your junk mail and put it to good use!

*St. Louis credit department team members clean a community stream for Go Green Week.*

*Commerce team members from the Clayton mail room shred papers to donate to the Animal Protective Association.*
A bank you can trust: Challenge Accepted.

From getting married to starting a business, life is full of big and exciting moments that can also come with some financial complexity. When it comes time to pay the florist or buy a storefront, our customers know they can rely on their bank. At Commerce, we care about being there for our customers when they need us – to help them anticipate and solve for challenges as well as achieve their goals.

Our customers’ needs are therefore the center of our service and solutions. In 2017, we focused on providing care that is increasingly comprehensive, real-time and personal. As you’ll learn in this section, we increased customers’ 24/7 access and control of their accounts, continued the work to optimize our branch network and empowered bankers’ personal interactions with customers.

94% customer satisfaction rating
74% of our customers view us as their primary bank
91% customer retention

Ranked 14th for consumer credit card programs
Ranked 20th for debit card program

12,528,115 in-person experiences provided by our bankers in 2017
9,786,032 ATM transactions completed at 376 Commerce ATMs

1. Deposit Performance Benchmarking Report, May 2017
2. Nilson Report, February 2017
3. Nilson Report, April 2017
Ready to take on any challenge.

A couple visited a Commerce Bank branch with big goals and an ambitious timeline: Get married, buy a house with more space the next year, have two kids, and pay off their credit card debt in six years. But they were overwhelmed by significant high-interest credit card debt they’d accumulated when they were younger and didn’t know where to start. Ashley Stageman, a personal banking specialist, was up to the challenge of helping them hit their financial goals. She reviewed their full financial situation, which included a mortgage and home equity line of credit, and found a way for them to not only repay their credit card debt on time, but even pay off their home equity line of credit entirely and their mortgage early. They were shocked, and then ecstatic, to have a plan to confidently move forward.

Bank how you want, when you want.

Every customer has unique preferences for when and how they like to bank. We ensure customers can access quality, consistent service, whether it’s over the phone, in a branch, online or in our mobile application. Here are the some of the ways we increased convenience for our customers in 2017:

- Through the updated mobile application, customers can now deposit checks using image auto-capture.
- Opening an account is now more streamlined thanks to an improved online application.
- We made our account offerings more straightforward, making it easier for customers to find the right account for their needs.
- If a friend’s looking for a bank, Refer-a-Friend now allows customers to share their love of Commerce with others quickly and easily online.

Keeping customers in the know.

It’s important to us that customers are kept up-to-date. Whether they’re running errands or catching an international flight, we work to increase customer’s access to information to give them better control of their financial life. From timely notifications to hands-on support, we have increased access for customers in several areas.

- With Account Alerts, customers can choose to be notified of certain status changes to their account, like if their balance falls below an amount they’ve specified.
- Along with other updates to the mobile application, we added the ability to view check and statement images from within the app.
- The new tool CashFlow Complete helps small business customers manage their accounts and improve cash flow through an automated platform.
- For customers with more complex needs, newly-launched Premier Banking provides tailored service and support.
We have your back, 24/7.

With last year’s data breaches, account security is top-of-mind for our account holders. Security is a top priority for us, and in 2017 we added additional resources to help people monitor and protect their information. Behind the scenes, teams at Commerce are also working around the clock to monitor for fraud attempts and help resolve them as quickly as possible.

- If they misplace their card, a customer can use the new Card Lock feature to temporarily “turn off” their credit or debit card in our mobile application or online. And if they find it later, they can easily unlock it.
- Customers are now able to notify us of travel plans through the mobile application.
- Added Security Alerts give customers the option of being notified of changes to their account information or suspicious activity on their credit or debit card.

The employees are always friendly, knowledgeable and eager to help customers. We feel confident that Commerce is keeping close watch on our accounts, and is there to answer any questions we have.

- Anonymous customer comment from online survey, 2017

CommerceBank.com gets a refresh.

In 2017, we launched a new website with a streamlined, mobile-responsive design. The website makes it easier for customers and future customers to find the information they need. The new site also provides articles to help people make the most of their home, family, future and business.

The new CommerceBank.com has turned heads and received several awards for user experience and design in 2017:

- Recognized for Best Digital Experience in Banking by Extractable. We were ranked #3 for having the highest average score across several categories, including user experience, visual design and digital marketing.
- W3 Silver Award in the categories of General Website – Financial Services and Website Visual Appeal & Utility. The W3 awards recognize creative excellence on the web and are judged by the Academy of Interactive and Visual Arts.
Branching out with a new look.

Visitors to several Commerce Bank branches in our markets were met with a new look and feel in 2017. Beyond cosmetic, branch remodels and builds are designed to meet the needs of surrounding communities and to allow branch teams to provide real-time, holistic customer care. Last year, we invested $6.6 million in improving physical locations across our markets.

Roeland Park

What was once a tiny branch inside a grocery store has moved and expanded to support a growing community of young families and young professionals. At the new branch, which opened in early 2018, customers can speak one-on-one with a banker to get advice and support on the spot.

Metropolitan Square

Located on a busy corner in downtown St. Louis, the Metropolitan Square branch has long been frequented by professionals working in the area. A remodel of the space, completed in January of 2017, increased functionality, established a vibrant and welcoming design and added new video chat capability for quickly reaching specialists in other branches.

Network Presence

<table>
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<th>Branch locations</th>
<th>45</th>
<th>50</th>
<th>81</th>
<th>176</th>
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| ATM locations   | 108 | 115 | 153 | 376 |

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<th>Regional Markets</th>
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<td>STL</td>
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Branch Technology by the Numbers

- 163 automatic cash recyclers across 139 branches
- 45 branches with Exploration Centers
- 104 process improvements to digital product brochures
- 42 branches with video chat capability
The faces of Commerce Bank.

If it weren’t for our passionate team members, we wouldn’t be able to provide the unique level of service that we do. We understand they’re at the heart of our relationships with customers, and in 2017 we made significant investment in our teams, through training, process improvements and more.

Commerce Culture 101.

In 2017, we piloted a comprehensive onboarding program in St. Louis for newly-hired branch team members. Each day of the week-long process covers a different aspect of Commerce – from our history to our values – to give team members a thorough understanding of Commerce culture and the customer experience we strive to provide. The pilot was such a success that it is being rolled out to all markets.

2017 Retail Team Achievements

- Improved turnover and engagement metrics
- Made 104 improvements to operations processes
- 387 newly hired retail staff
- 20% reduction in time to fill open positions
- 344 internal moves
- 15% reduction in turnover

“Nancy has been my personal banker for years and is always a treat to visit. She is always friendly and extremely knowledgeable. She is genuinely concerned that I have the best type of accounts to fit my needs and that I am informed of all bank products. But more than that, I enjoy banking with Nancy because she has become more of a trusted friend than just my banker.”

- Anonymous customer comment from online survey, 2017
We value teamwork.

At Commerce, we believe in the power of collaboration. Working together, we’re able to connect our diverse skills and perspectives to innovate new solutions and meet customers’ unique needs. We are dedicated to fostering an inclusive and supportive environment where all 4,800 of our team members feel their voice is heard.

2017 Engagement and Enablement

We believe team members who have high levels of engagement and enablement are more effective because they feel supported, committed to the organization and motivated to do their best work. To ensure we continue to help our teams feel supported, we measure employee engagement and enablement every year through a confidential survey. In 2017, we were proud to have maintained industry-leading engagement and enablement scores.

**Forbes names Commerce a Best Midsize Employer**

Of 500 companies recognized on Forbes’ annual Best Midsize Employers list, Commerce Bank ranked #68 overall, seventh among other banks and financial services companies and fourth among employers headquartered in Missouri. The ranking is based on anonymous feedback from team members gathered by the research firm Statista. We are honored by the recognition and see it as a marker of our commitment to creating a positive environment for our team members.

- Felecia Hogan, Deposit Operations Group Manager
Our culture is our EDGE.

"Be Here Now" is one of the core tenets of EDGE, the culture "curriculum" each team member at Commerce learns when they join the bank. Be Here Now reminds people to leave work behind when they’re at home, put their phones down during meetings and generally be present – whether they’re with their team members, friends or family.

Be Here Now is one of several concepts forming the structure of EDGE and Commerce’s culture. By going through the EDGE program, team members are grounded in a shared understanding of the culture and values.

It also gives everyone a common language to talk about some of the more challenging aspects of teamwork, like accountability, feedback and differing viewpoints.

Beyond initial EDGE training, we keep our culture alive through a variety of ways, including incorporating EDGE activities in team meetings and presenting team members with VOICE Chips. A VOICE chip is a token of appreciation given to someone living our values. Team members who demonstrate a passion for EDGE are nominated – company-wide – to support their teams by coordinating EDGE programming and connecting individuals with EDGE resources.

EDGE in Action Awards

To celebrate teams demonstrating Commerce’s values, we award EDGE in Action awards each quarter.

The Quarter 1 EDGE-in-Action award winners, the BankCard/Installment Loan Servicing & Enterprise Operations team, seized an opportunity to increase efficiency and cut down on costs for the bank. They identified three departments that would be better served in a different area of the bank and worked closely to ensure a smooth transition.

BankCard/Installment Loan Servicing & Enterprise Operations: (top right) Maureen Schwartz, Group Servicing Manager; Craig Cook, Consumer Group Servicing Manager; Greg Nickle, Director Bank Operations; Debbie Housh, Deposit Operations Group Manager

Always looking for ways to save the bank money, the General Services team, which handles the mail for the entire bank, found a way to further save on mail delivery. They removed a step in their process by setting up an after-hours drop-off site on campus to remove an unnecessary extra delivery step.

General Services: (right) Sandy Yahl, Senior General Services Supervisor; Robert Conway, General Services Lead; John Christenson, Physical Security & Safety Representative
The "Felony Lane Gang" was defrauding banks in the Springfield, Missouri area and Justin Buford, the supervisor of the Glenstone Branch, was on high alert. When a customer came through the drive-thru lane with a suspicious request, Justin kept asking questions and made note of her information. It turned out she had stolen a Commerce customer’s ID. A notice was put out to other branches, further preventing her from committing fraud, all thanks to Justin.

Glenstone Branch Supervisor Justin Buford (right)

Their bank may be the last thing people want to hear from on social media. The award winners for the fourth quarter set out to change that – and increased Facebook engagement and saved the bank money in the process.

Social Media Team: (below) Lily Huxhold, Business Line Systems Analyst; Maura Ritter, Public Relations, Investor Relations & Content Solutions Manager; Anthony Atencio, Marketing Specialist; Savannah Davis, Content Solutions Specialist; Theresa Wildhaber, Graphic Design Specialist
When your coworkers have your back.

Sometimes, accidents happen. And, unfortunately, so do medical emergencies and national disasters. At Commerce, when one of our own experiences a sudden and/or overwhelming challenge, they don’t have to go through it alone. The Employee to Employee (E2E) foundation, formed in 2016, distributes funds from Commerce employees to team members in need.

A sigh of relief.

When you wake up at 2 a.m. to learn a wildfire is bearing down on your house, there’s barely time to think, let alone pack what you need. This was the situation Jeff Morin, senior account executive for commercial card sales, and his family found themselves in when wildfires ripped through their neighborhood in Santa Rosa, California. “You feel a sense of loss, but also gratitude because you’re safe,” Jeff recalls. “I remember not knowing where to start to get back on track.”

He had only started his job at Commerce a month ago, so he was surprised – and relieved – to learn he qualified for financial assistance. His manager called to tell him he had submitted a request to E2E on his behalf, and that he’d be receiving funds for buying clothes and other supplies while they waited to learn what happened to their home. Luckily, Jeff’s house was among the few still standing after the fire. “Having E2E makes you really grateful for where you work,” reflects Jeff. “People truly care about each other at Commerce; it’s like family.”

In recent years, Commerce team members have experienced tornadoes, flooding and, in 2017, hurricanes and wildfires. When bank employees living in Texas and Florida suddenly found themselves in the middle of hurricanes Harvey and Irma this past year, they could apply for assistance from E2E.

Of course, when disaster strikes someone may not have time to log onto their company account and submit a request. With the introduction of the Instant Issue feature, team members can submit requests on behalf of others on their team to help them receive the funds they need more readily.

In 2017, E2E exceeded fundraising goals and raised over $141,550 among Commerce Bank team members. Of the 33 grant requests submitted, the board approved and distributed funds to 28 team members who applied for assistance. For the 2017 fundraising campaign, Commerce Bank matched each “new” dollar donated – either by a new donor or through an existing donor increasing their payroll contribution – with a contribution of two dollars, for a total additional donation of $50,000.

E2E Foundation Grants:
Inviting diverse perspectives.

When it comes to teamwork, we believe we are made stronger by diversity of perspectives, backgrounds and experience. For that reason, we strive to foster an inclusive environment where all team members feel empowered to have their voice heard. From how we recruit to how we engage employees, we have several programs dedicated to increasing representation at all levels and fostering an inclusive environment for all perspectives.

Recruiting for diversity.

At Commerce, we are dedicated to recruiting to increase representation at all levels for people of color, women, veterans, individuals with disabilities and members of the LGBTQ (lesbian, gay, bisexual, transgender, queer or questioning) community. We also emphasize diversity of industries, education and economic background.

We work with many recruitment partners on outreach:

- Cardinal Ritter
- Urban Financial Services Coalition
- National Association of Black Accountants, Inc.
- Hispanic Chamber of Commerce of Metropolitan St. Louis
- Mid-America Gay & Lesbian Chamber of Commerce
- National Black MBA Association, Inc.
- St. Louis Mosaic Project

Commerce Employee Demographics*

* As of March 31, 2018
Promoting development of diverse leaders.

When we say we’re working to expand representation, that means at all levels of experience. To that end, we annually nominate emerging leaders to participate in leadership development programs designed to address the interests and challenges of professionals of color. Through holistic professional development programming, Commerce team members gain valuable experience to help advance their career.

- In 2017, two Commerce team members completed the St. Louis Business Diversity Initiative Fellows Program. Robyn Montoya-Kroesen (prepaid card sales manager) and Annette Davis (contact center customer service supervisor) gained valuable professional development, relationship building and civic engagement experience during the one-year program.

- Alejandra Berra, a portfolio manager with Commerce Trust Company, and Arielle Edwards, a portfolio manager associate, broadened their leadership skills and professional network through the Hispanic Leadership Institute hosted by the Hispanic Chamber of Commerce in St. Louis.

From caravan to cubicle.

When Mike Moore chose Counter-Intelligence Agent as his career path in the Army, he didn’t expect to ever work at a bank. And yet, when Mike returned from five years of service in Germany and Bosnia Herzegovina in 1999, Commerce Bank caught his eye.

"Commerce wasn't the place I thought I'd come back to. But I'd worked for the bank off and on through high school and college, so I gave it a try," Mike remembers. "I was surprised to find a lot of the people I knew still worked here. Something about that resonated with me, and I've been here ever since."

Team members like Mike demonstrate the purpose behind Mission: Hire, the recruitment program that helps veterans and part-time service members transition to a career at Commerce. He says the skills and confidence he gained in the Army have been crucial to his success at Commerce, where his unique experience is applied to solving challenges as an IT Group Manager.

When veterans and service members choose Commerce, we are the ones to truly benefit. Mike is just one example of the outstanding team members adding value to our business every day. Thank you for all you do.
From Rising Star to 5 Star.

In the last three years, Commerce Bank has progressed from a Rising Star to a 3 Star and then, in 2017, a 5 Star company in Mosaic’s Top Inclusive Workplace survey. Mosaic, the Tulsa Regional Chamber’s diversity business council, scores survey participants along five pillars: CEO commitment, community outreach, diverse suppliers, diverse people and internal policy.

Investing in future leaders.

Employees can develop leadership skills through three programs: the Leadership Development Program, Advanced Leadership Development Program and the Executive Development Program. Participants are given the opportunity to network with colleagues in different markets and areas of the bank, which also helps promote internal collaboration. On average, 70 leaders are accepted into the leadership development series each year, which can last up to eight months, depending on the program. Since its inception in 2004, 487 graduates have completed a Commerce leadership program.
Women’s group continues to RISE.

Launched in 2016, the employee resource group RISE (Respect, Inspire, Succeed and Empower) has made significant progress on its mission to empower women working at Commerce. After initially kicking off chapters in St. Louis and Kansas City, the group has since added chapters for team members in Central Illinois, Springfield and Central-East Missouri; has nearly doubled its membership; and has introduced robust programming to connect members to mentoring, career development and networking resources.

Say hello to EMERGE.

As of 2017, employees in the Millennial generation form the largest percentage of Commerce Bank employees. And, with the launch of our second employee resource group EMERGE, young professionals (and team members who are new to Commerce) can now access development resources to help them grow their career. In under a year, the group has already attracted over 400 members and established chapters in St. Louis, Kansas City, Columbia, Missouri and Southwest Missouri.
We value responsibility.

We act with integrity.

As a financial institution, we take our role as stewards of sensitive information very seriously. We believe that sound corporate governance, risk mitigation and security practices are vital to operating as an ethical and socially responsible business. Our corporate governance standards help ensure compliance with laws and regulations, and we proactively address potential sources of risk to help prevent issues. We work diligently to mitigate risk in order to continually earn the trust and confidence of our customers, vendors and shareholders. Ultimately, our sense of responsibility helps ensure a better experience for our customers. You can review our Corporate Governance Guidelines, Code of Ethics and governance committees’ charters on our website.

Customer Complaint Oversight

Customer complaints are a valuable source of feedback for our business practices. Complaints from across the bank are collected and reviewed by a cross-functional team. The information helps us identify areas we can improve to prevent similar issues from negatively affecting the customer experience.

Anonymous Reporting

If a Commerce employee observes unethical, illegal or unsafe behavior, they can report it through a secure, anonymous 24-hour phone line maintained by a third party vendor. It is important to us that employees feel safe should they need to report behavior that does not comply with our ethics standards.

Enterprise Risk Management

Our Risk Management policy helps guide our business decisions while maintaining appropriate risk appetite and tolerance. Strategic objectives across the bank must reflect and align with our established risk management framework.
Commitment to security.

Customer Education
We believe customers are a first line of defense against security risks. Customers are educated on security concerns so that they are better able to identify and avoid fraud and identity theft. They are encouraged to report phishing or other fraud concerns to the bank.

Protecting Customers’ Privacy
The security of our customers’ information is a top priority. We continually improve our security policies, standards, reviews and testing to help ensure customers’ personal information and accounts are protected.

Defense Against Fraud
Today, security threats are ever-increasing in number and sophistication. Getting ahead of emerging fraud schemes is a priority for us. We regularly evaluate, adjust and implement our technologies and programs to ensure the highest level of security possible. As a result, we continue to receive satisfactory reviews and compliance assessments by bank regulators.
We value accountability.

Striving for excellence.

We want to be at our best, so that we can be of the most service to our customers, shareholders and team members. In order to achieve results, we hold ourselves accountable and continuously measure our performance to make improvements as necessary. We show up, do the best job we can and try to be present in our work – whether that’s with customers or colleagues. The recognition we’ve received as a result is a nod to the hard work of our teams, and our commitment to holding ourselves accountable to our work.

Super-Community Bank Platform

Our super-community banking model gives us a competitive edge in the industry. We are able to provide high-touch service through long-standing relationships in the communities we serve, all while ranking among the top largest banks.

Community Bank

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

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
Industry Rankings & Recognition.

Striving for excellence means we are personally accountable for achieving results. It also means we continuously measure and improve our performance. As we strive to be at our best, there are several rankings we keep a close eye on to monitor our industry performance.

- Among all U.S. banks, Commerce ranked as the 47th largest bank based on asset size1, with a market capitalization of $7.0 billion.2

- Commerce Trust Company* ranked as the 19th largest bank-owned trust company in the U.S. based on assets under management1

- Commerce consistently ranks among the top issuers of credit, debit and commercial cards, according to The Nilson Report. We were recently recognized as the 7th largest purchasing card issuer and the 15th largest commercial card provider in the U.S.3

- Forbes named Commerce a Best Midsize Employer in 2018 for the 2nd consecutive year. Commerce was ranked #68 among 500 companies and fourth among other banks on the list.

- Moody’s ranks Commerce among the top seven banks in the country with a baseline credit assessment of A1, reflecting our standalone credit strength.4

- Commerce Bank has been recognized by Greenwich Associates, the leading provider of global market intelligence and advisory services to the financial services industry, with eight 2017 Greenwich Excellence Awards5.

- Private Asset Management recognized Commerce Trust Company with the Best Private Wealth Manager award for wealth management firms with more than five billion in assets under management.

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1. SNL Financial data; ranking as of June 30, 2018
2. As of September 30, 2018
3. The Nilson Report, June 2018
5. As of February 2018

Unless otherwise noted, the sources for this Corporate Social Responsibility Report are internal Commerce reports and S&P Global Market Intelligence.

*Commerce Trust Company is a division of Commerce Bank.
2017 Performance Highlights.

At Commerce, we practice strong risk management, taking calculated risks and strategically investing in new products and technologies focused on improving our customers’ lives. In 2017, Commerce seized the opportunity to deliver record financial performance.

Our results were made possible by the concerted efforts of our 4,800 associates and reflect both the quality of our core super-community operating model as well as the maturation of a number of growth initiatives in specialty areas like payments and wealth management.

- Partly in response to the new tax legislation signed in December 2017, Commerce announced the payment of discretionary bonuses to all non-incentivized employees. In addition, contributions of more than $32 million were made in 2017 to the Commerce Bancshares Foundation, allowing the foundation to operate for many years in support of the communities in which we operate.
- Higher net income resulted from 8% growth in net interest income, steady growth in fee businesses and disciplined expense management.
- Total shareholders’ equity grew to $2.7 billion, and the Tier 1 common risk-based capital ratio reached 12.7%. The market value of our common stock totaled $6.0 billion at year end.
- We paid a regular cash dividend on common shares of $.857 per share (restated) in 2017, and announced a 10% increase in this dividend in 2018, marking the 50th consecutive year in which regular cash dividends were increased. We also paid a 5% stock dividend for the 24th year in a row in 2017.
- Total loans grew 4% to $14.0 billion. Over the past two years, we have increased our loan portfolio to $1.6 billion or 13%.
- Loan growth of 16% in our geographic expansion markets outpaced the company as a whole.
- Fee income from our wealth management business grew 9% to $158 million.
Return on Average Common Equity:

Commerce 10-year average: **11.6%** | Peer 10-year average: **5.6%**

Return on Average Assets:

Commerce 10-year average: **1.2%** | Peer 10-year average: **0.6%**

Earnings per Share:

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings per Share</th>
</tr>
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<tbody>
<tr>
<td>2015</td>
<td>$2.32</td>
</tr>
<tr>
<td>2016</td>
<td>$2.49</td>
</tr>
<tr>
<td>2017</td>
<td>$2.89</td>
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Net Income Attributable to Commerce Bancshares:

<table>
<thead>
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<th>Year</th>
<th>Net Income Attributable to Commerce Bancshares</th>
</tr>
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<tbody>
<tr>
<td>2015</td>
<td>$264</td>
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<tr>
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<td>2017</td>
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Cash Dividends per Common Share:

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<tr>
<th>Year</th>
<th>Cash Dividends per Common Share</th>
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<tbody>
<tr>
<td>2016</td>
<td>$0.816</td>
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<tr>
<td>2017</td>
<td>$0.857</td>
</tr>
<tr>
<td>2018</td>
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*Based on 1st quarter 2018 declared dividend
CONSUMER

Consumer Loans $2.5 billion
Consumer Deposits $10.3 billion

COMMERCIAL

Commercial Loans $8.9 billion
Commercial Deposits $7.9 billion

WEALTH

Record asset management sales $13% $475 million
Managed brokerage assets

Card Products
A Leader Amongst Top U.S. Banks

Consistently ranked among the top issuers in Nilson Reports.

Wealth Management Revenue

Client Assets Under Admin.