



COMMERCE BANCSHARES, INC.

INVESTOR UPDATE

FEBRUARY 2017

Charles G. Kim
Chief Financial Officer

Paul Steiner
Assistant Controller

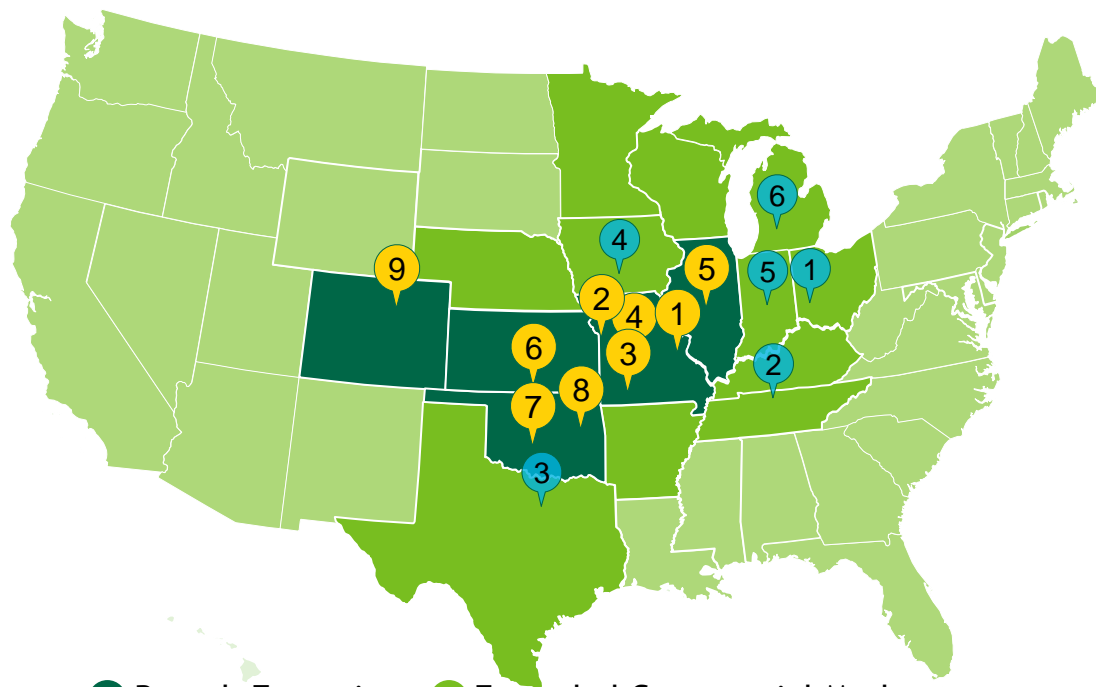


Commerce Bancshares, Inc.

CAUTIONARY STATEMENT

This presentation may contain “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 2016 3rd Quarter Report on Form 10-Q and the Corporation’s Current Reports on Form 8-K.

ABOUT COMMERCE BANCSHARES



● Branch Footprint ● Extended Commercial Markets

●●● Commercial Payment Services

● Nine key markets

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

● Commercial offices

- | | | |
|--------------|--------------|----------------|
| ① Cincinnati | ③ Dallas | ⑤ Indianapolis |
| ② Nashville | ④ Des Moines | ⑥ Grand Rapids |

Super-Community Bank
founded in 1865

39th largest U.S. bank based
on asset size¹

\$25.6 billion in assets

\$21 billion in total deposits

\$43 billion in Trust assets

184 branches and **378** ATMs

152 thousand mobile customers

396 thousand active online
banking customers

Source: ¹SNL Financial as of 09/30/2016

SUPER-COMMUNITY BANK PLATFORM

A CONSISTENT STRATEGY WITH A LONG TERM VIEW

Community Bank



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

Customer relationship-based
We ask, listen and solve.

High performing teams and engaged workforce

Investment in distinctive, high-return businesses

Long history of top quartile credit quality metrics

Disciplined approach to acquisitions

Focus on operational efficiencies

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



Commerce Bancshares, Inc.

A STRONG EMPHASIS ON CULTURE

Giving **VOICE** to our **VALUES**

We have a
long term
View

We
collaborate as
One team

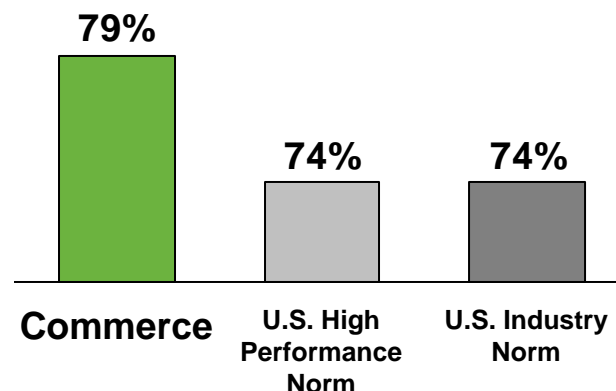
We act with
Integrity

We are
Customer
focused

We strive for
Excellence

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

2016 Employee Engagement¹



- Provided almost \$4 million in community support²
- Rated “outstanding” from the Federal Reserve for community reinvestment
- Employees performed more than 150 community service acts in 2015

ENABLES EXECUTION OF CORPORATE STRATEGIES

¹The Hay Group – 2016 survey results

²Commerce and its related foundation

STRONG FINANCIAL PERFORMANCE IN 2016

1 year TOTAL RETURN ON COMMON STOCK ↑45%

**Growth in Earnings
per Share**

↑7%

**Market
capitalization**

\$5.9B

Revenue growth

↑7%

**Deposit growth
\$1.1 billion**

↑6%

**Growth in loans
\$983 million**

↑8%

**Net loan charge-
offs to loans**

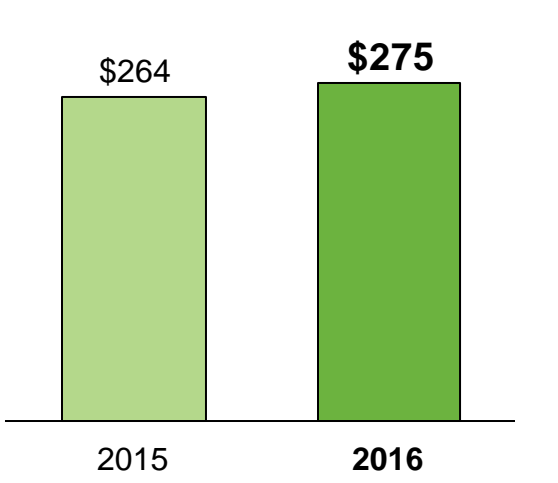
.25%

Long term performance remains strong

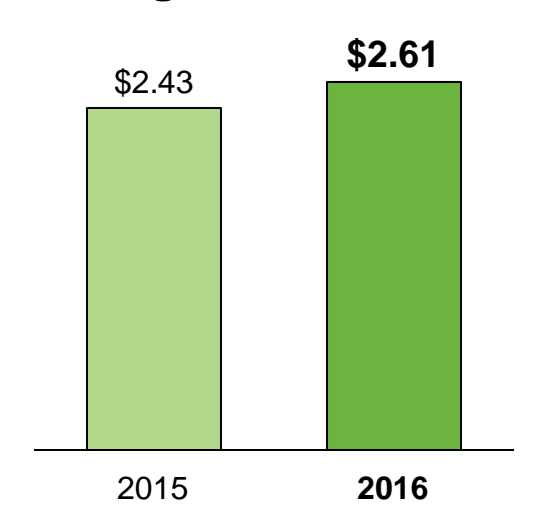
10 year TOTAL SHAREHOLDER RETURN @ 9.66%

FINANCIAL PERFORMANCE VS. PRIOR YEAR

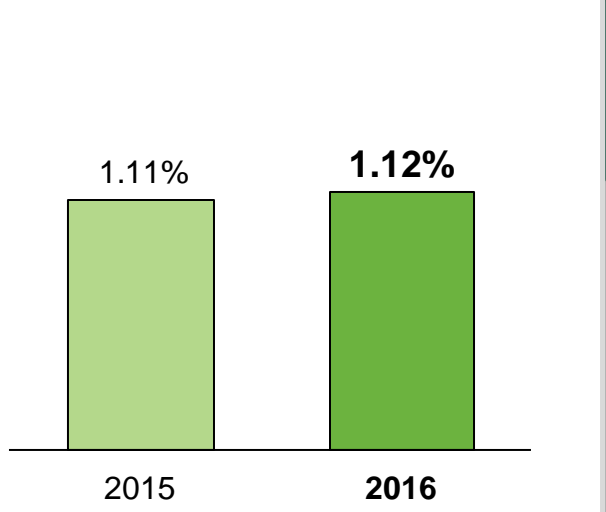
Net Income Attributable to CBI
\$ millions



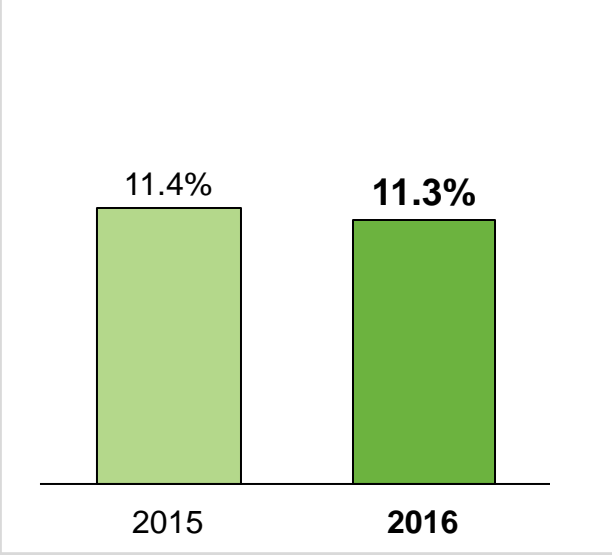
Earnings per Common Share



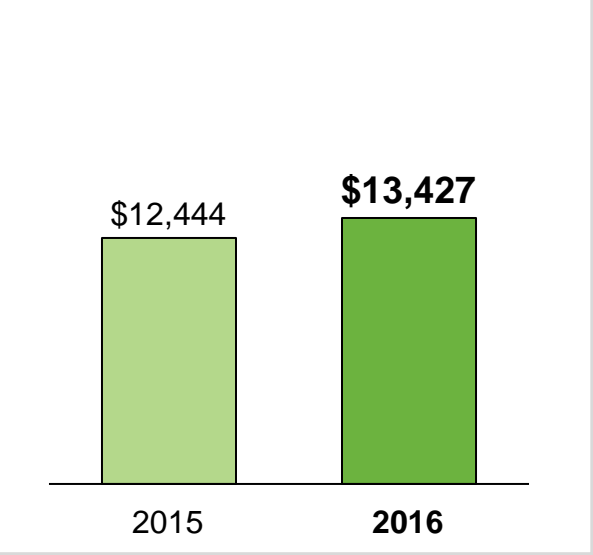
Return on Total Assets



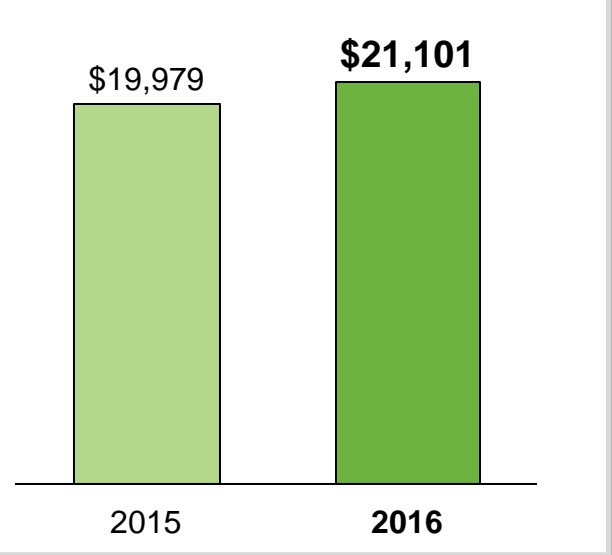
Return on Average Common Equity



Period End Loans (\$ in Billions)

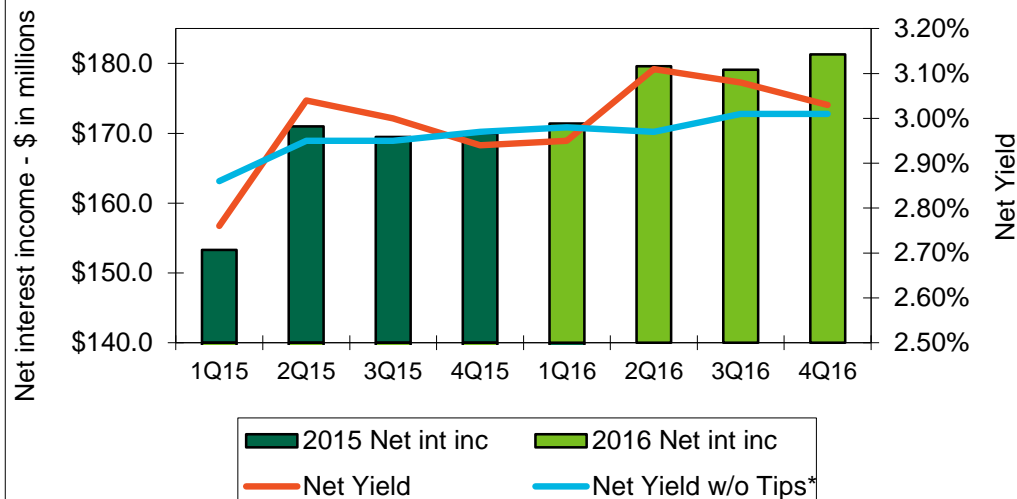


Period End Deposits (\$ In Billions)



NET INTEREST INCOME: YTD - December 31, 2016

Quarterly Net Interest Income

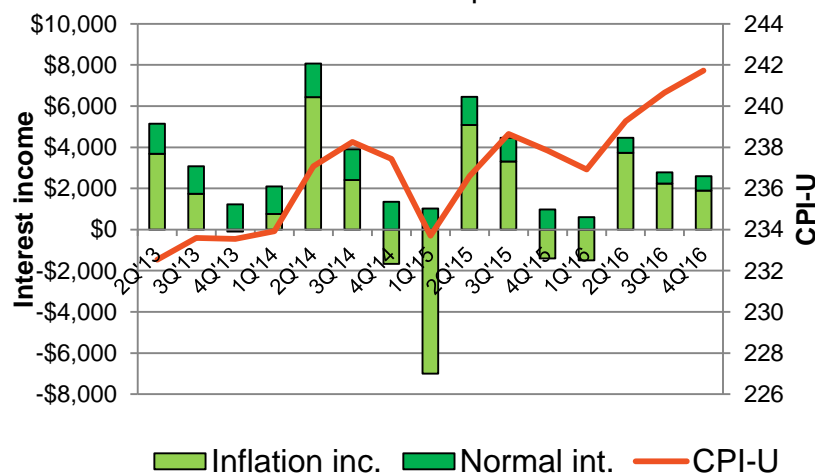


- Net interest income grew \$46 million vs the prior year resulting from loan growth, increased securities yields and stable funding costs.
- TIPs inflation income totaled \$6.4 million vs \$0 in 2015.
- In 4Q16 (excluding TIPs & non-recurring) NIM was 3.00% vs 2.97% in 2015.

Tax equivalent – YTD

	2015	2016	Change
Rates earned – assets	3.06%	3.18%	0.12%
Rates paid – liabilities	0.20%	0.22%	0.02%
Net yield – earning assets	2.94%	3.04%	0.10%

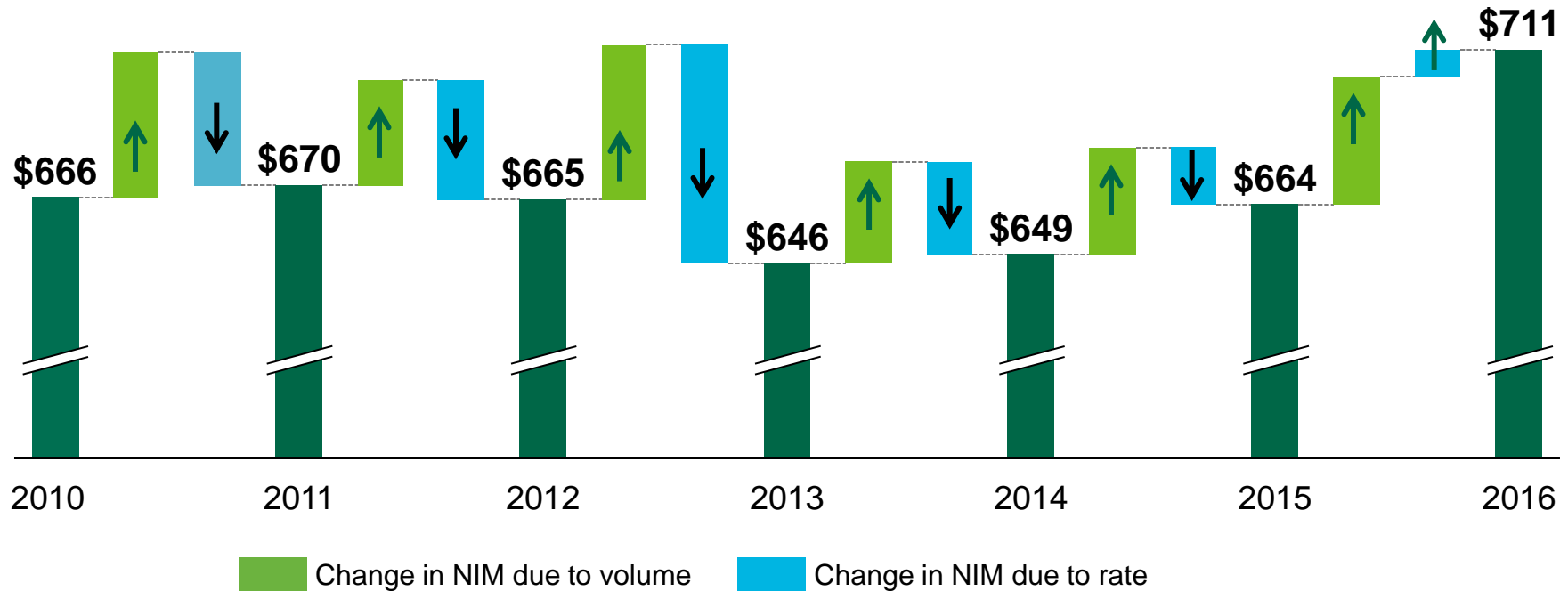
TIPs Interest - \$ in 000s



*Excludes inflation income on TIPs & \$938 thousand in NA interest in 3Q16.

GROWTH IN VOLUME DRIVING \$46million INCREASE IN NIM

Tax Equivalent Net interest Income: 2010 – 2016
\$s in millions

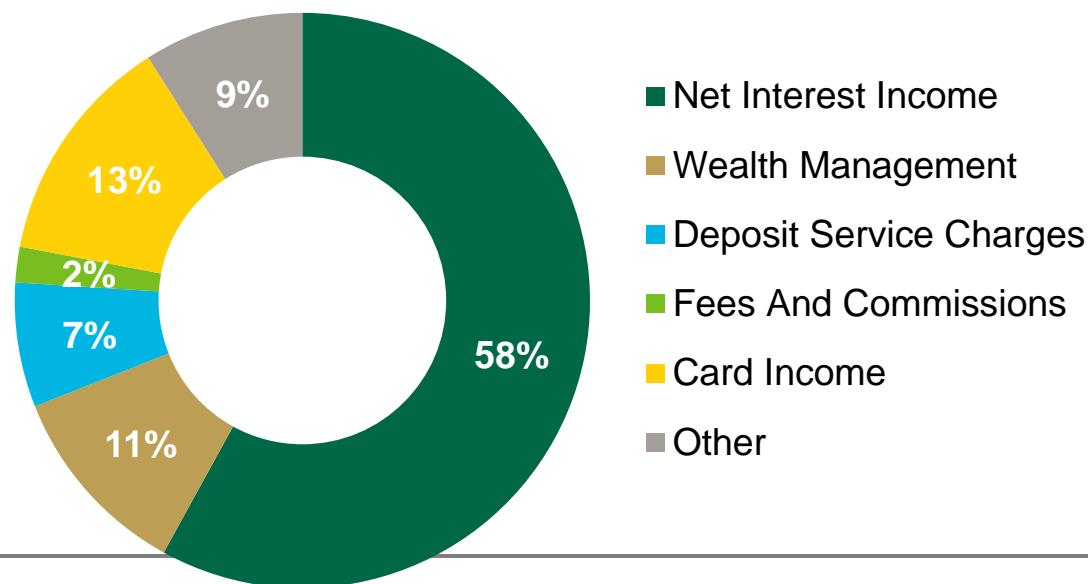


- Lower rates have been pushing the net interest margin lower since 2008
- A larger balance sheet mitigated some pressure from lower rates
- Looking forward, the net interest margin has room to expand when rates move noticeably

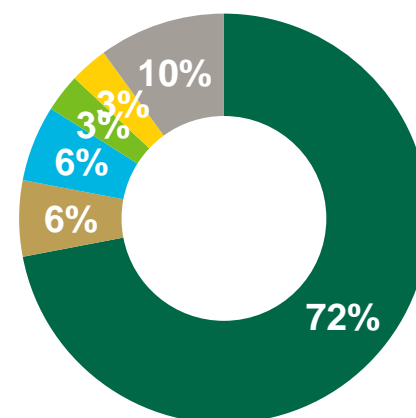
FEE INCOME REACHES 42% OF TOTAL REVENUE

Balanced mix of interest and non-interest income

Commerce*

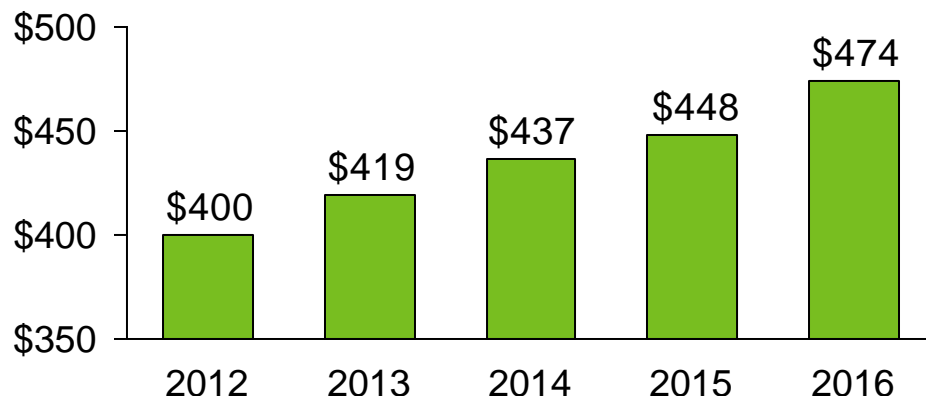


Peer Banks*



Non-Interest Income

\$ - millions



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

Examples:

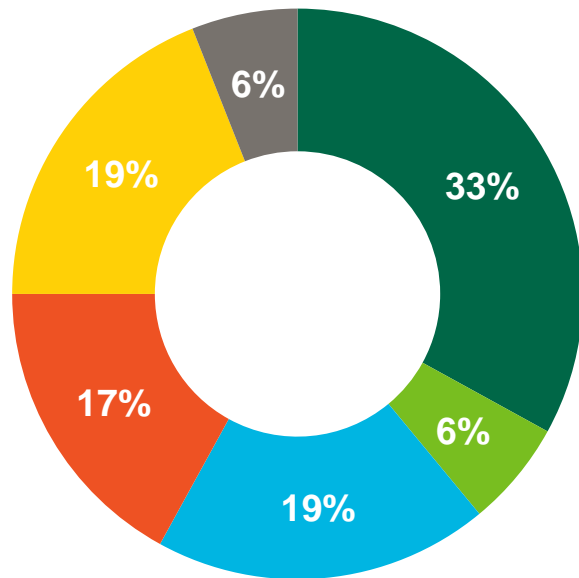
- Toggle™
- Remitconnect™
- Supply chain finance
- Insurance claims payment processing
- Accounts Payable automation
- Swaps

Peer Banks include: ASB, BKU, BOKF, CFR, FCNCA, FHN, FNB, HBHC, IBKC, ISBC, PB, SBNY, SNV, TCB, UMBF, UMPQ, VLY, WBS, WTFC

*Source: SNL & FIS as of 09/30/2016

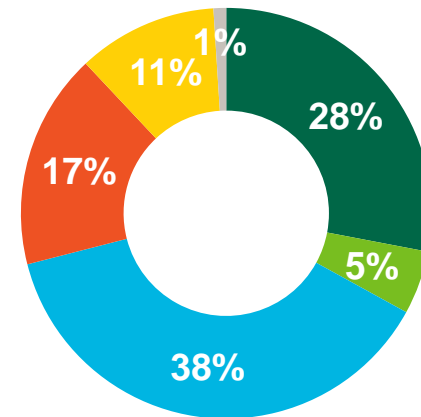
WELL-DIVERSIFIED LOAN PORTFOLIO

Commerce*



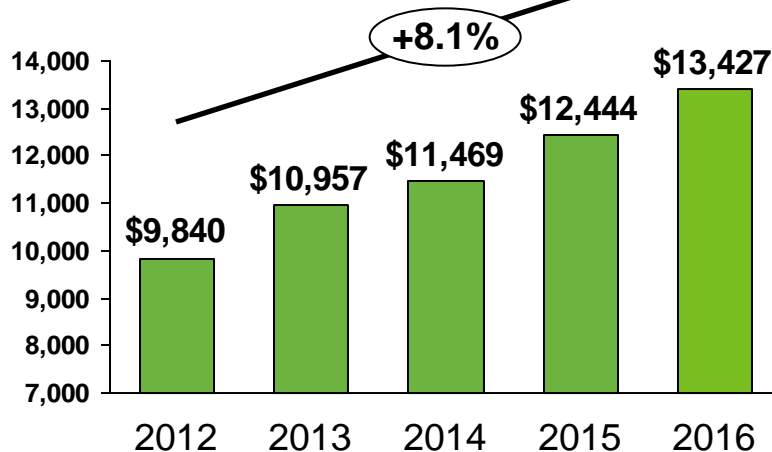
- Business Loans
- Construction
- Business RE
- Residential RE
- Consumer/HELOCs
- Credit Card
- Loans Held for Sale

Peer Banks*



Period End Loan Growth

\$s in millions



2016 Loan Growth came from...

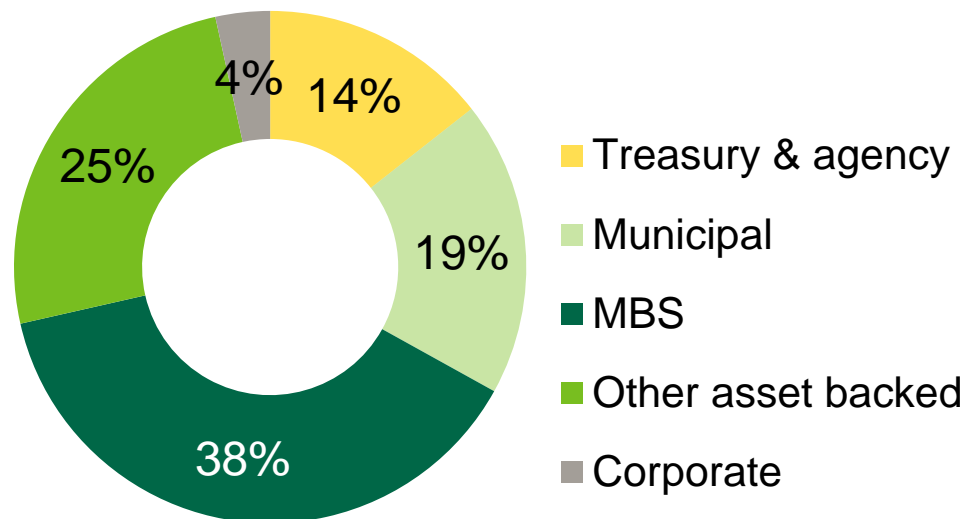
	DOLLARS	%
Business RE	\$ 288	12%
C&I	263	9%
Construction	167	28%
Personal RE	96	5%
Lease	61	13%
Auto/consumer	54	2%
Tax-free	54	7%

Period end December 31, 2016
 Peer Banks include: ASB, BKU, BOKF, CFR, FCNCA, FHN, FNB, HBHC, IBKC, ISBC, PB, SBNY, SNV, TCB, UMBF, UMPQ, VLY, WBS, WTFCC

*Source: Financial Information Systems data as of 09/30/2016

INVESTMENT PORTFOLIO: HIGH QUALITY, DIVERSE, SHORT DURATION

Composition of AFS Portfolio



AFS Portfolio as of 12/31/2016

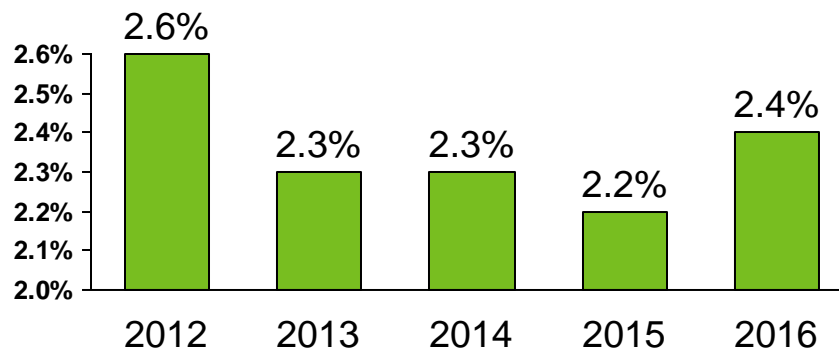
Total investments	\$9.6 billion
Unrealized gain	\$49 million
12 month maturities / pay-downs	\$1.7 billion

Duration

December 2013	2.9 years
December 2014	2.4 years
December 2015	2.9 years
December 2016	2.9 years

December 31, 2016	Weighed Avg. Rate	Weighted Life (years)
Treasury & agency*	1.4%	4.0
Municipal - TE	3.7%	5.2
MBS	2.5%	3.6
Other asset-backed	1.6%	2.1
Corporate	2.5%	5.1

YTD TE Rate - Investments

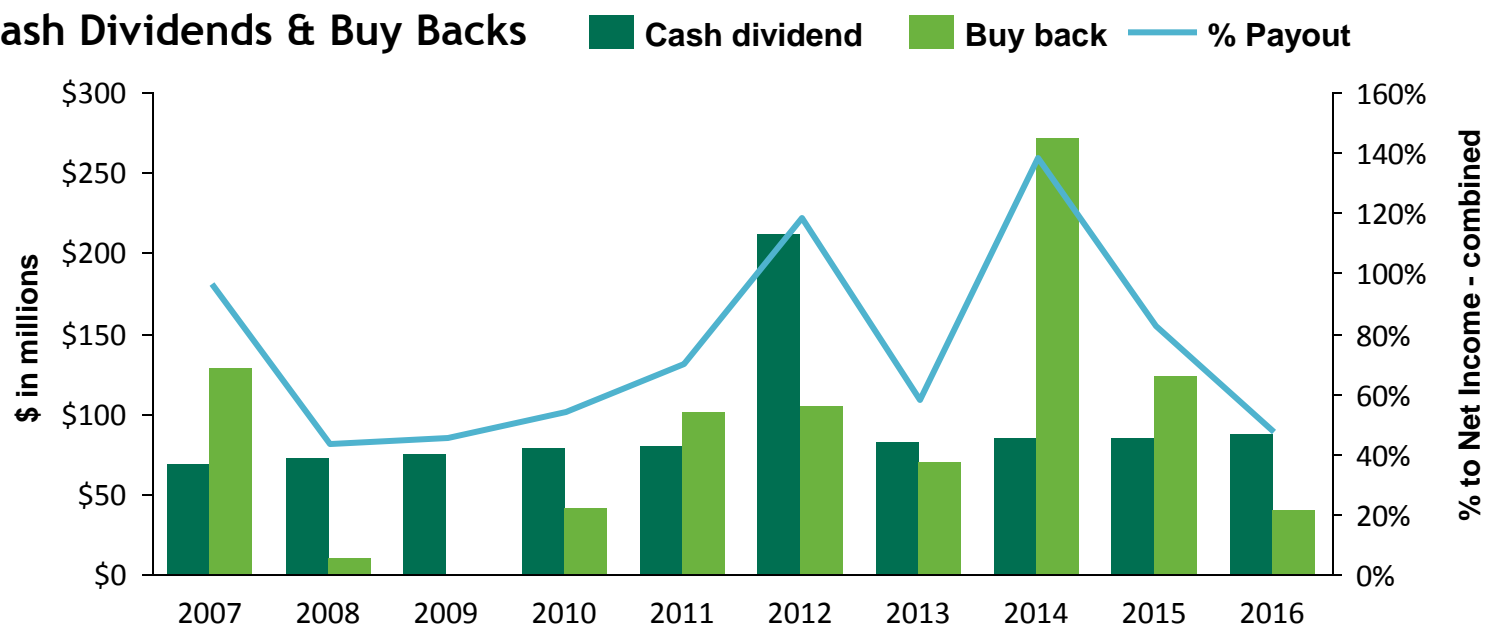


*Excludes inflation effect on TIPs
Sources: InTrader, AFS portfolio

STRONG CAPITAL POSITION

FLEXIBILITY IN CAPITAL PLANNING

Cash Dividends & Buy Backs



Year-end capital ratios

Tier 1 common risk-based capital	11.6%
Tier 1 risk-based capital	12.4%
Total risk-based capital	13.3%
Leverage ratio	9.6%

- ASR transactions totaled \$200 million in 2014 and \$100 million in 2015.
- Market transactions totaled \$39 million in 2016.
- 2012 included a special cash dividend of \$212 million.

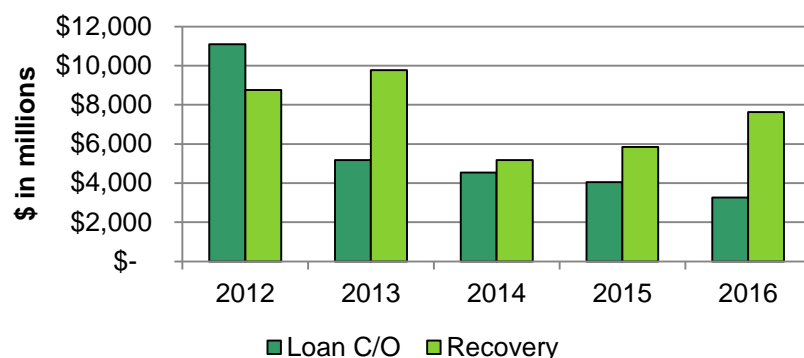
49 consecutive years of regular common cash dividend increases

NET LOAN CHARGE-OFFS YTD - December 31, 2016

\$ in 000s	2015A	2016A	Actual \$ Change	2016 Loss Rate
Business	\$ (400)	\$ 616	\$ 1,016	0.02%
Leases	12	-	(12)	0.00%
Overdraft	1,350	1,339	(11)	28.42%
Construction	(1,262)	(3,712)	(2,450)	(0.48%)
Business R/E	(133)	(1,281)	(1,148)	(0.05%)
Personal R/E	441	(6)	(447)	0.00%
Consumer	8,278	9,047	769	0.46%
HELOC	402	485	83	0.12%
Credit card	25,039	25,430	391	3.39%
Total	\$ 33,727	\$ 31,918	\$ (1,809)	0.25%

- Net recoveries on construction loans in 2015 drove commercial loan losses lower last year. Overall commercial loan loss rates are very low.
- Consumer credit card losses declined in the current quarter; credit quality remains strong.
- Growth in consumer loan losses reflective on growth in auto portfolio; losses on marine/RV continues to decline as portfolio runs off.

Commercial Loan Charge-offs & Recoveries



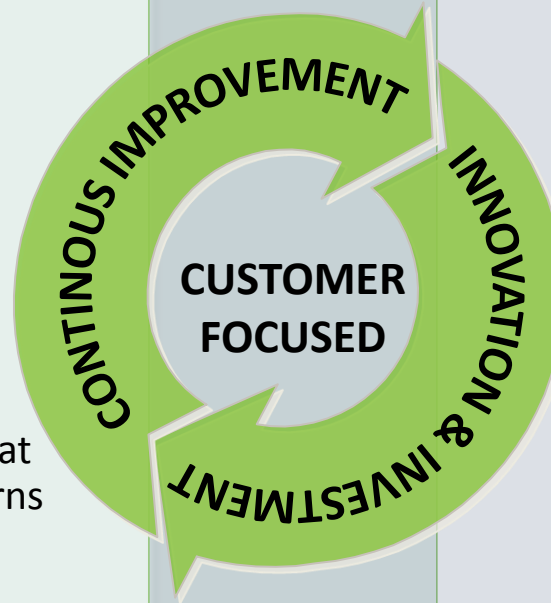
\$ 000s	2015	2016
Non-accrual loans	\$ 26,575	14,283
Foreclosed assets	2,819	366
Total	\$ 29,394	14,649

MAINTAINING THE BALANCE



Strong performance; 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 workforce
- Focus on profitability and shareholder return



Disciplined focus on priority blue chip investments

-  Funding Future Growth
-  Expansion Market Growth
-  Transform the Retail Model
-  Enhance Private Client Model
-  Health Services Financing
-  Claims Payments
-  Supply Chain Finance
-  Commerce Bank Mortgage
-  Enterprise CRM
-  Succession Planning

THE

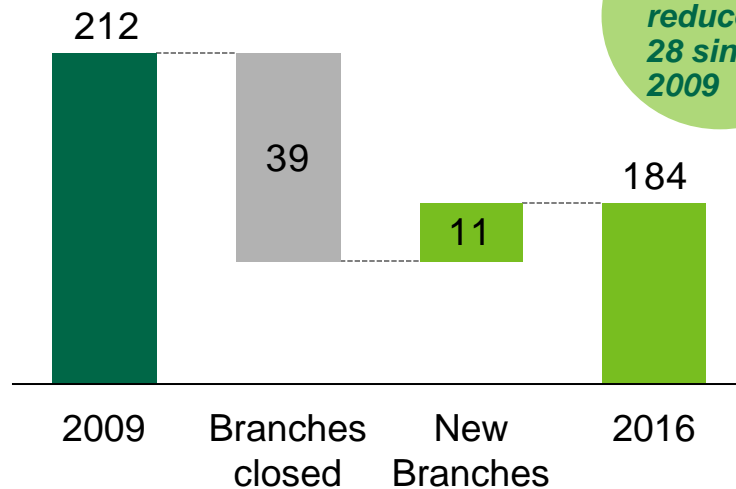


Commerce
EDGE

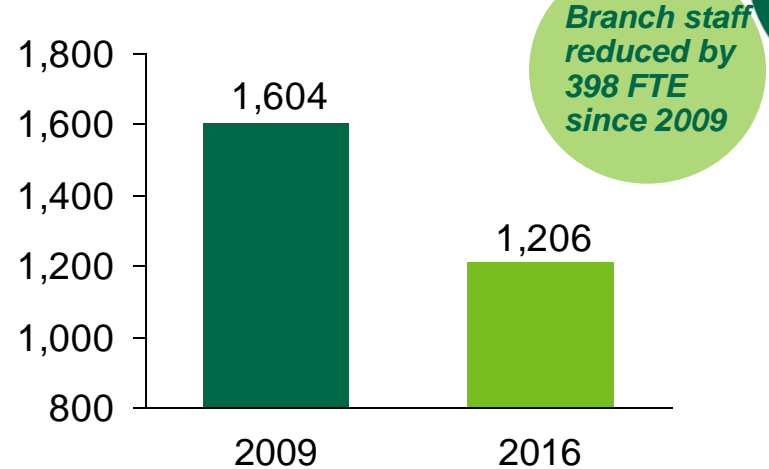
...emphasis on culture, collaboration & core values

COMMERCE BANK: CORE RETAIL BRANCH & COST HISTORY

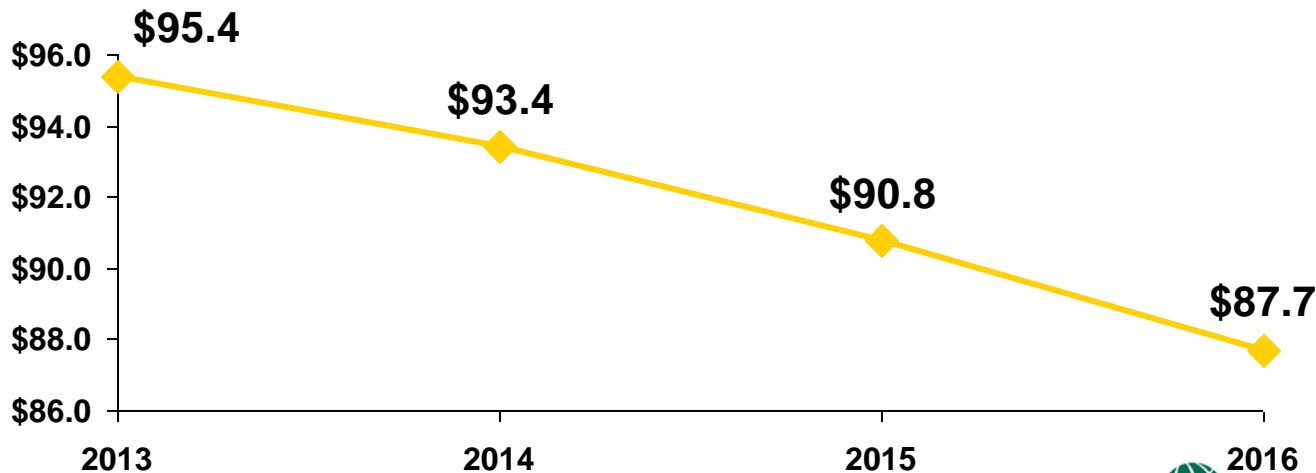
Branch Locations



Total Branch FTEs



Branch expense
\$s in millions



Expense reduction efforts continue

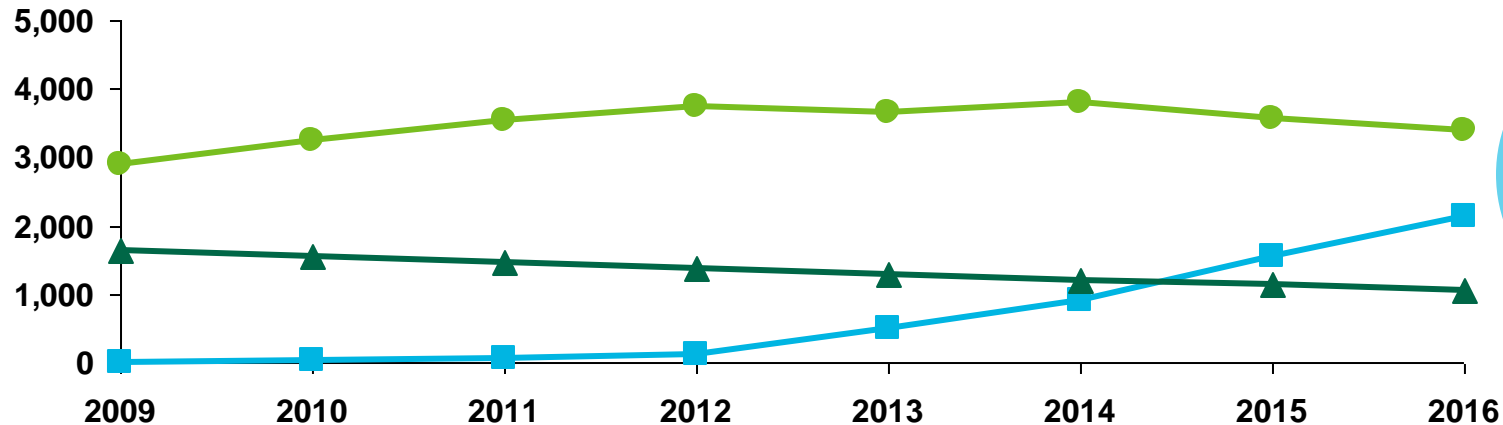
Over \$17 million in savings since 2009.

TRANSFORMING THE RETAIL MODEL

Banking channel preferences

#s in thousands

■ Mobile ● Online Banking ▲ Branch



Customer channel preference shifting to mobile

Key retail objectives

- Grow priority mass affluent segment
- Invest in digital channels / Improve digital sales & client experience
- Develop new fee income programs
- Develop innovative product offerings and marketing approaches

Grow Revenue



Optimize Cost



Retain Customer and Employee Engagement





The Commerce Trust Company

A division of Commerce Bank

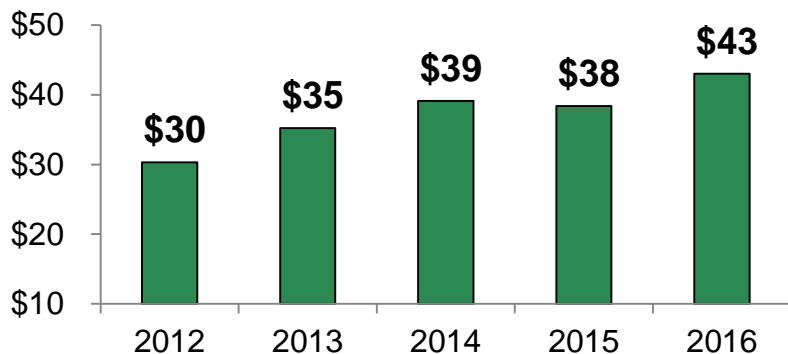
For high net worth individuals who are looking to simplify their complex financial life, The Commerce Trust Company provides a full-service approach to wealth management.

- **\$43.1 billion** in total client assets¹
- **\$25.4 billion** in assets under management
- **22nd** largest bank-owned Trust Company in the United States²
- **Record sales in Asset Management up 7% over prior year**



Trust Assets

\$s billions



Key Priorities

- Enhanced Private Client model
- Asset Management sales growth
- Institutional Trust Asset Management sales growth
- Implement Marketing strategies
- Enhanced sales partnerships from Commercial & Retail channels

¹Assets under Administration

²SNL Ranking as of 9/30/2016

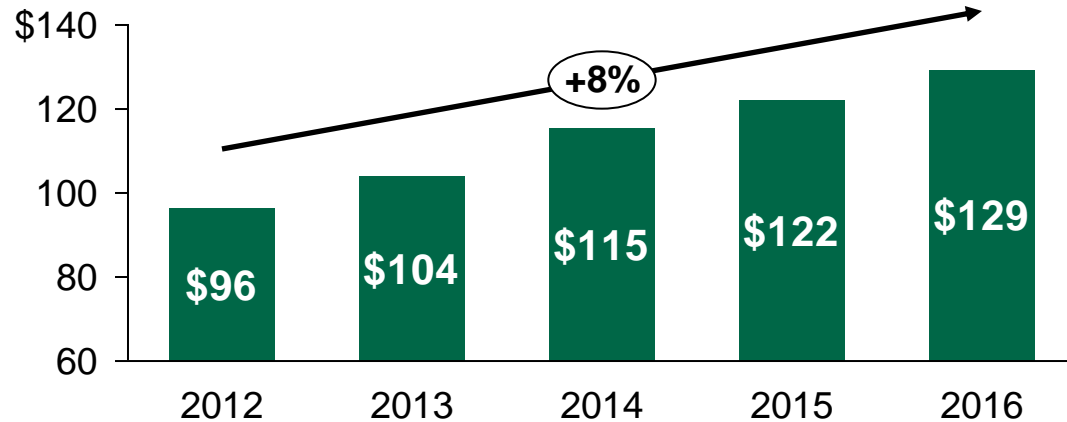


Commerce Bancshares, Inc.

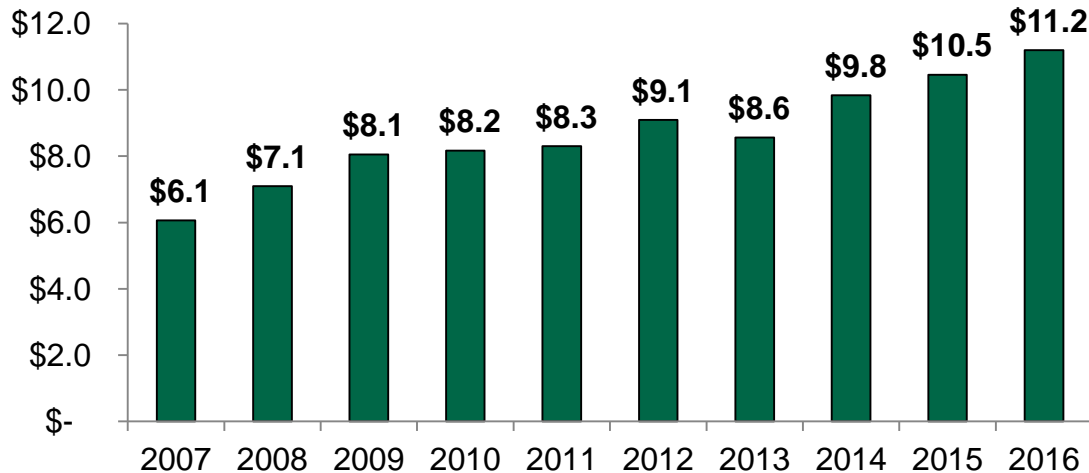
TRENDS IN TRUST REVENUE AND SALES

Asset Management Revenues

\$s in millions



Asset Management Sales - \$ 000's



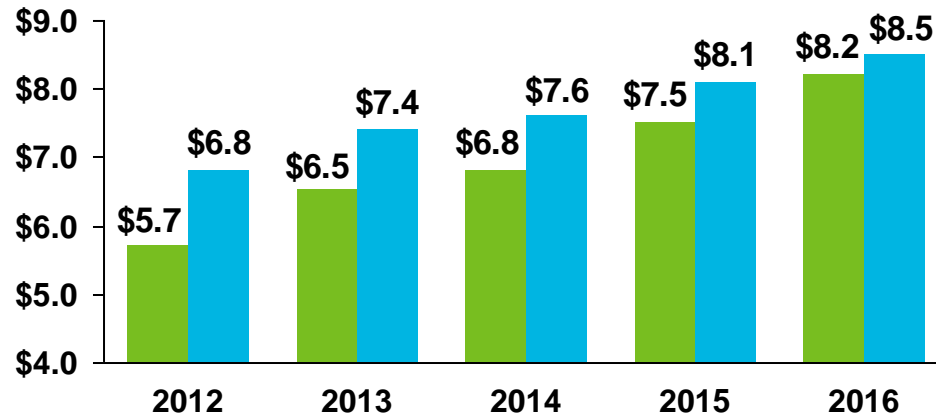
- Solid growth in fee continues; profit margins reach 40% in 2016.
- Attrition rates remain below industry results.
- Demand continues for asset management services.
- Record sales of \$11.2 million achieved in 2016.

COMMERCIAL - REVENUE GROWTH OPPORTUNITIES

Commercial Banking - Total Loans and Deposits

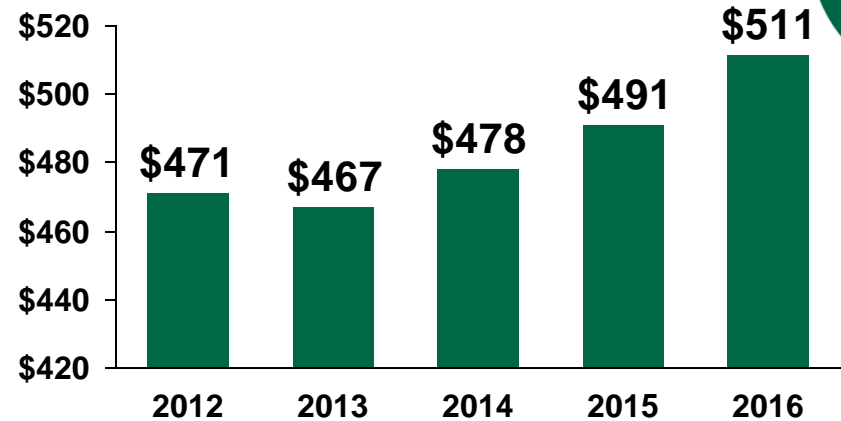
\$s in billions

Loans Deposits



Commercial Banking Revenue

\$s in millions

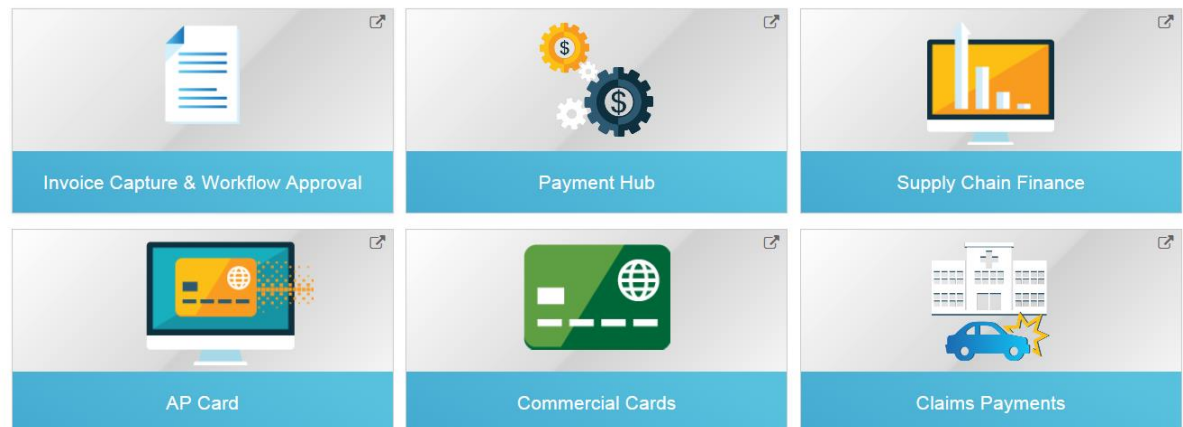


Key Priorities:

- Build out capabilities in Expansion Markets
- Refine Healthcare Banking strategy
- Embrace innovation in the Payments Systems

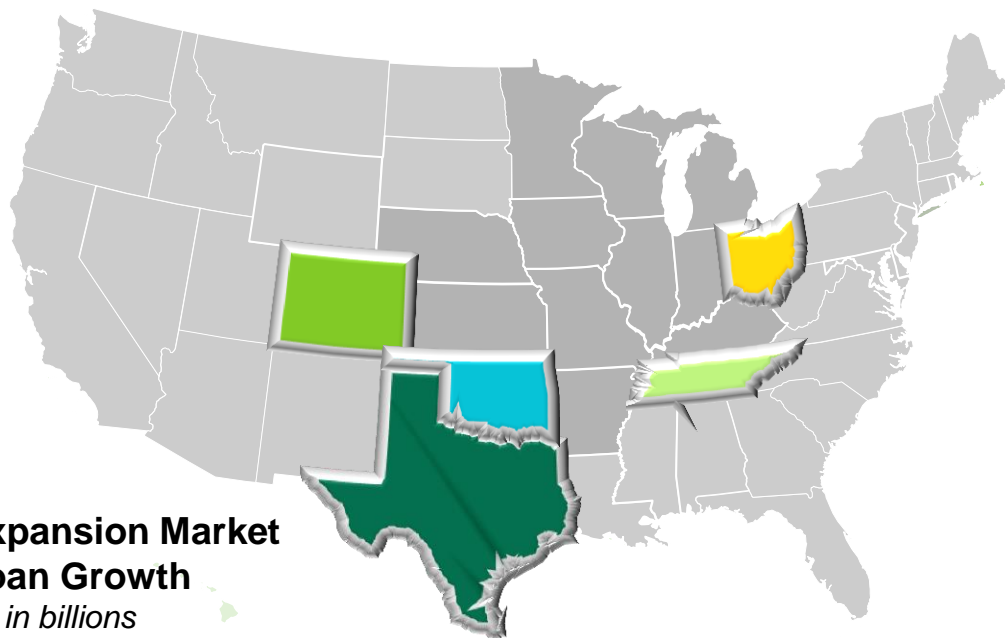
EMBRACING INNOVATION IN THE PAYMENTS SYSTEMS

Our full suite of products and services brings real value to client relationships

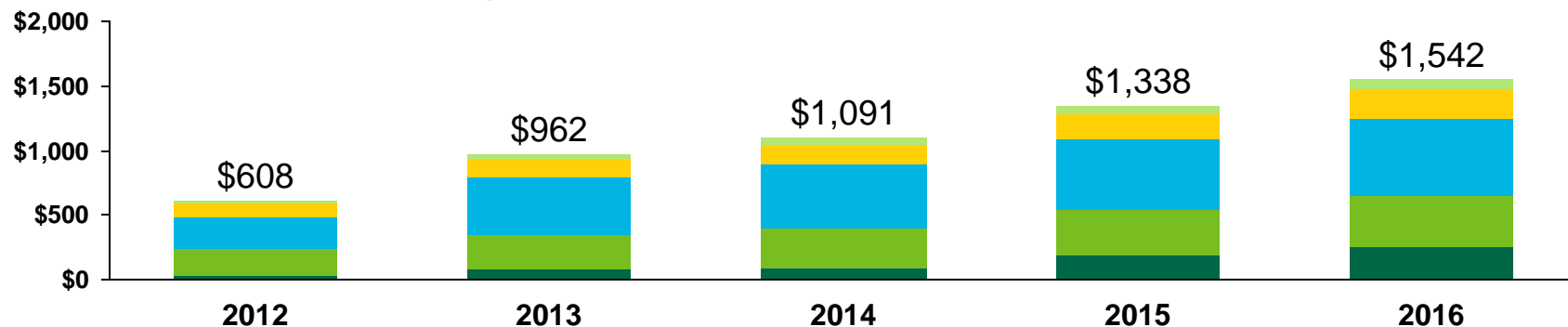


COMMERCIAL BANKING - EXPANSION MARKETS

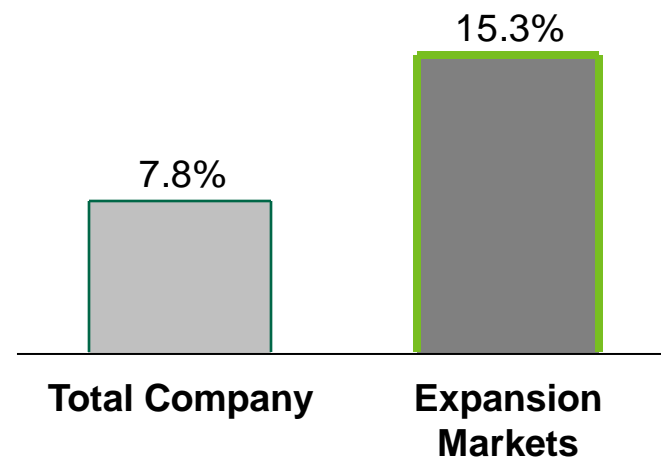
■ Nashville
 ■ Cincinnati
 ■ Oklahoma
 ■ Denver
 ■ Dallas



Expansion Market Loan Growth
\$s in billions



Loan Growth 2016 vs 2015
\$s in billions



EXPANSION MARKETS OFFERING GROWTH OPPORTUNITIES

CARD PRODUCTS - A LEADER AMONGST U.S. BANKS

CONSISTENTLY RANKED AMONG THE TOP ISSUERS IN THE NILSON REPORT

Commercial
Card Issuer

#11

Purchasing
Card Issuer

#7

Bank
Acquirer

#10

Consumer
Card

#13

Debit Card

#19

Prepaid Card

#13

A FULL SUITE OF INNOVATIVE CARD AND PAYMENT PRODUCT OFFERINGS

Supply
Chain
Finance

Health
Services
Financing

Claims
Payments

Multi
Account
Chip

Co-Brand

toggle®

Prepaid
Expense



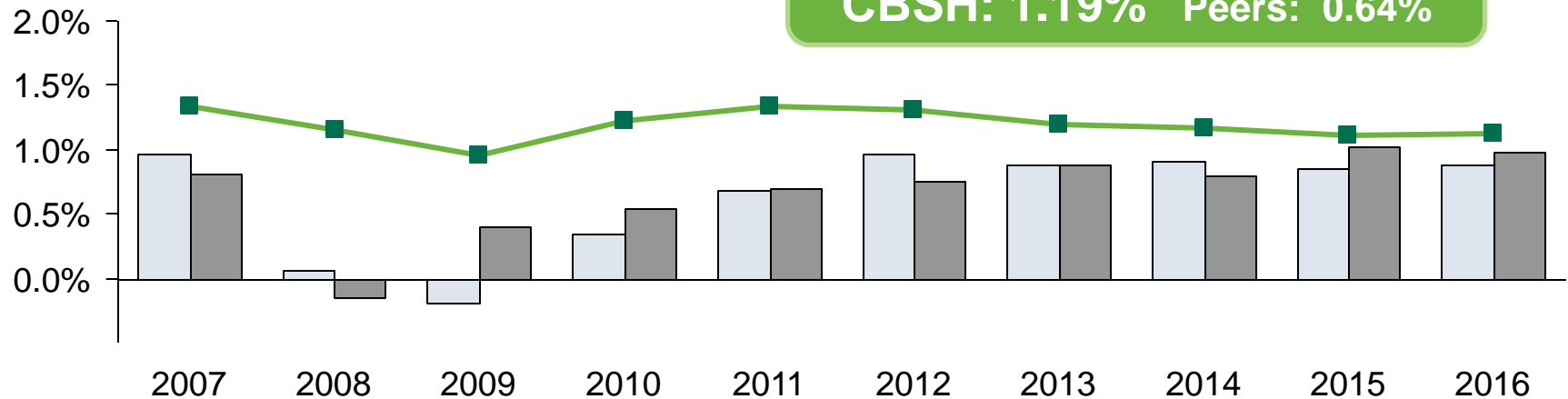
Source: Nilson Reports (Debit: April 2016; Consumer Card: February 2016; Prepaid: July 2016; Merchant: March 2016; Purchasing: June 2016; Commercial Card June 2016), based on the top 50 U.S. banks ranked by total assets as of 12/31/2016, SNL Financial

COMMERCE BANK MAINTAINS SOLID PERFORMANCE OVER TIME

—■ Commerce Bank ■ Peer Banks ■ Large Banks

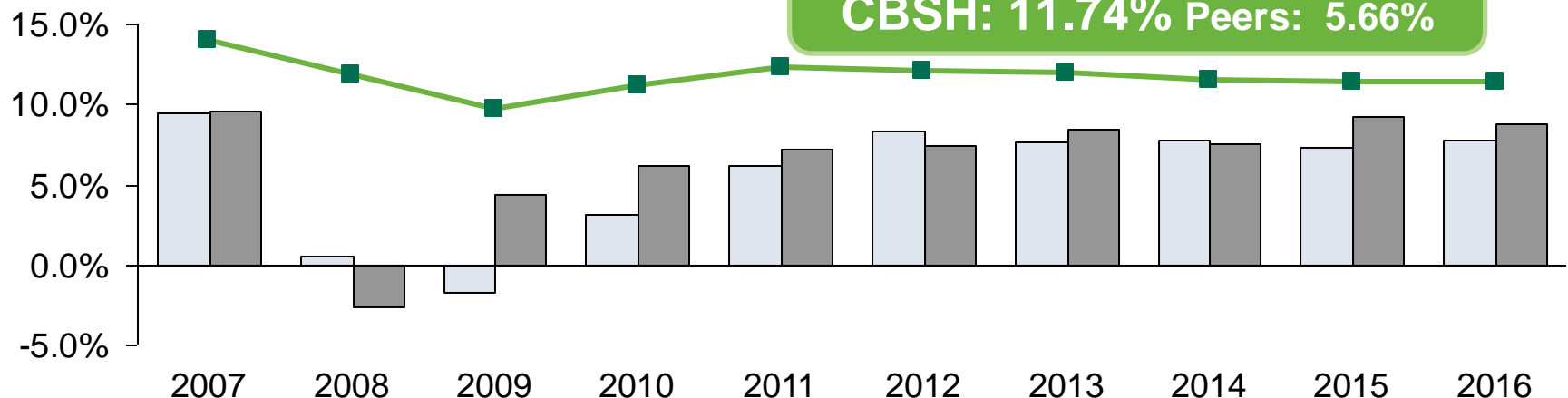
Return on Assets

ROA 10-yr average
CBSH: 1.19% Peers: 0.64%



Return on Equity

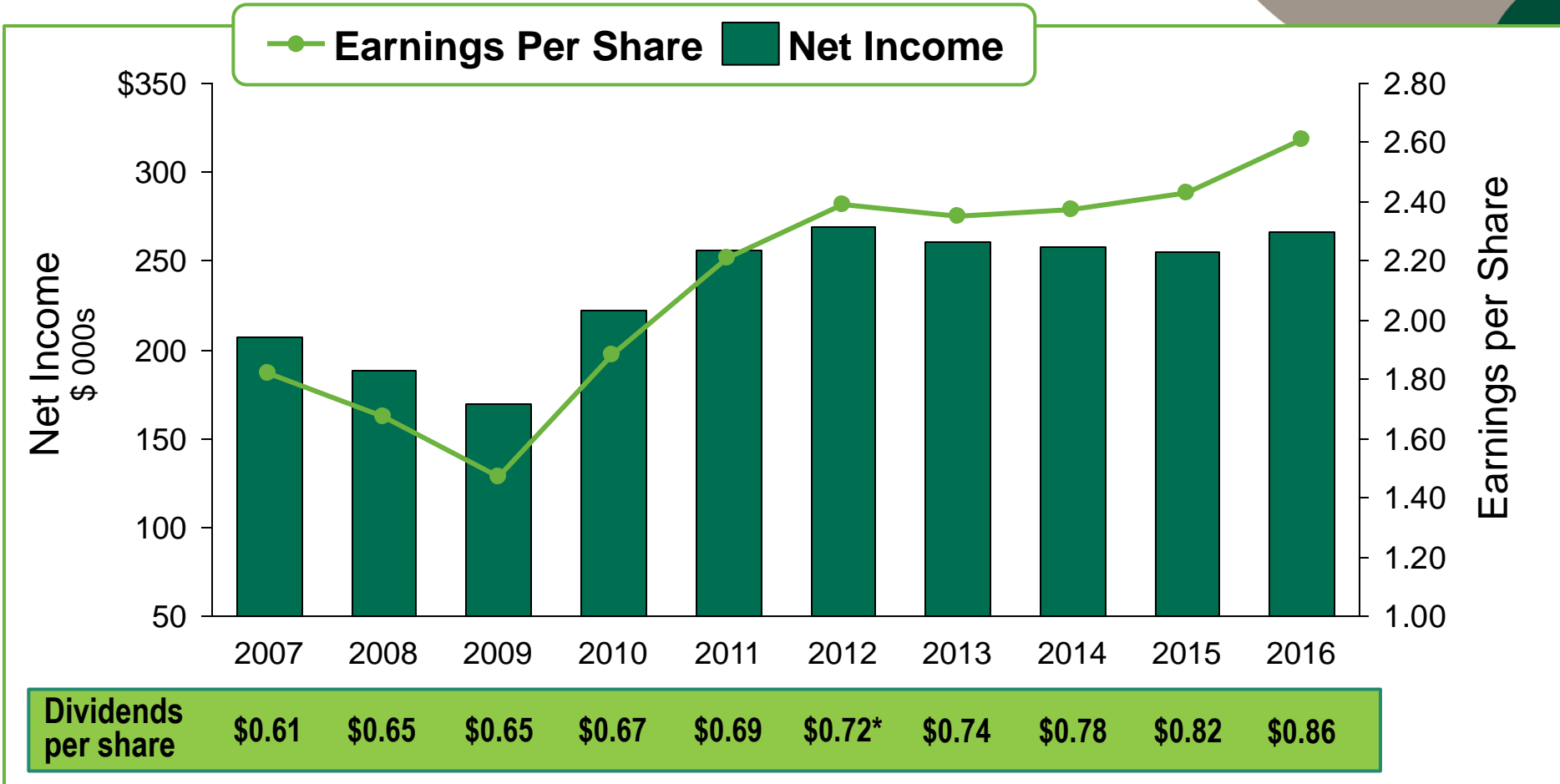
ROE 10-yr average
CBSH: 11.74% Peers: 5.66%



Peer Banks include: ASB, BKU, BOKF, CFR, FCNCA, FHN, FNB, HBHC, IBKC, ISBC, PB, SBNY, SNV, TCB, UMBF, UMPQ, VLY, WBS, WTFC; Large Banks include: JPM, BAC, C, WFC USB, PNC, FITH, RF

Source: SNL Financial; data as of 12/31/2016; CBI 2015 & 2016 numbers via internal reporting

LONG TERM VIEW: NET INCOME AND EARNINGS PER SHARE



EPS REMAINS STRONG

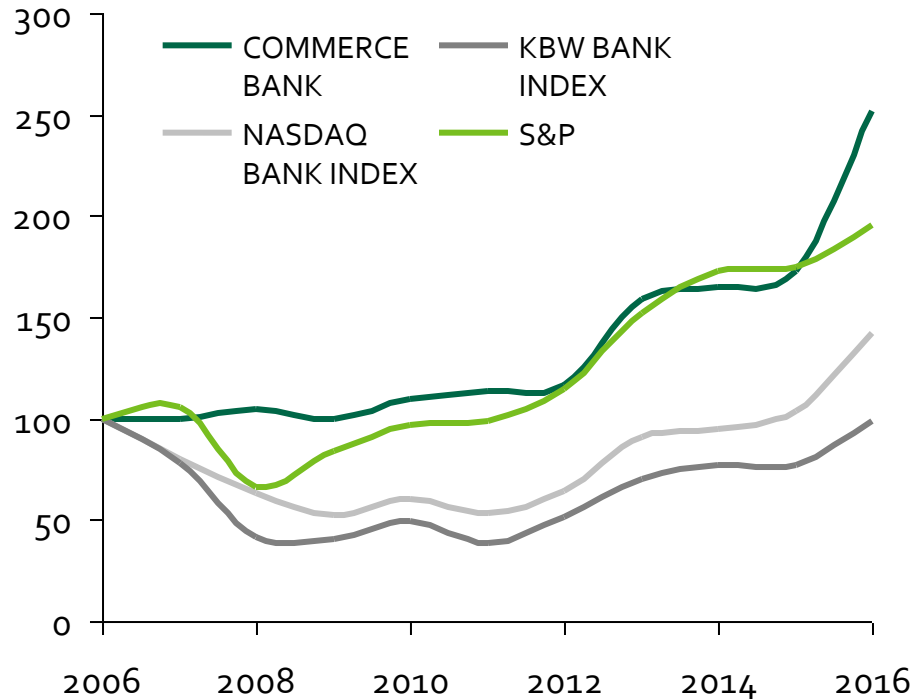
49TH CONSECUTIVE YEAR OF DIVIDEND GROWTH IN 2017

STEADY SHAREHOLDER RETURNS

(as of December 31, 2016)

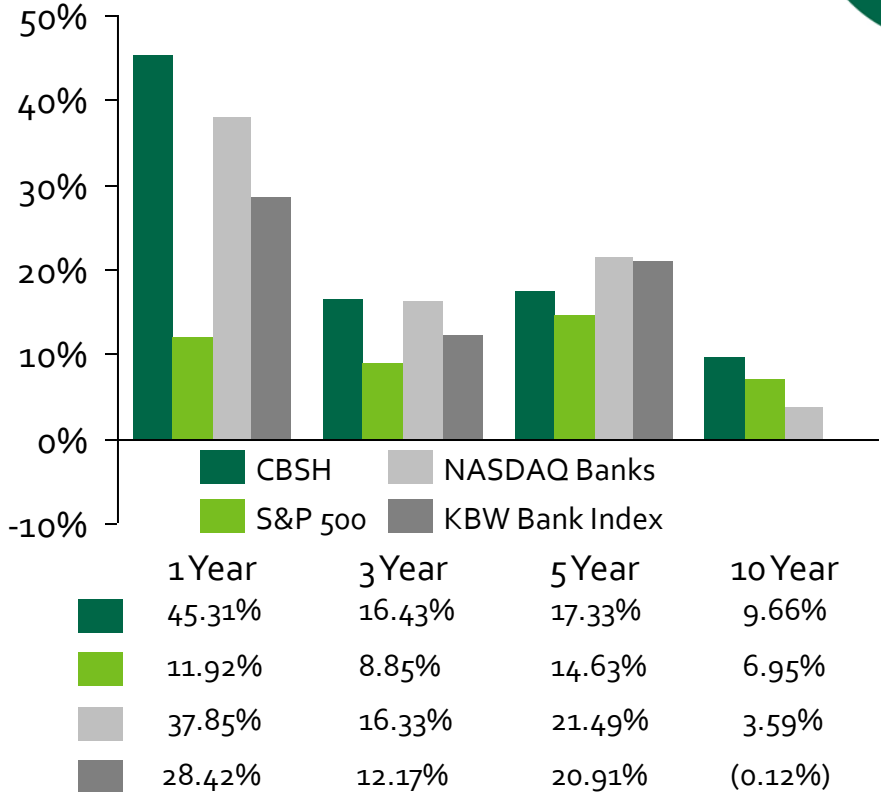
Total Shareholder Returns

Indexed, 12/31/2006 = 100



Annualized Comparison Total Shareholder Returns

Percent



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