



# CORPORATE SOCIAL RESPONSIBILITY REPORT

2014 - 2015

We ask, listen and solve.



**Commerce Bank**<sup>TM</sup>  
Member FDIC

# ABOUT THIS REPORT

Corporate Social Responsibility reflects Commerce Bank’s commitment to our customers, shareholders, employees and to the communities we serve. Our commitment impels us to perform with the highest standards of governance and ethics; provide products and services that meet the rising expectations of our customers; attract and retain quality employees; provide support in our communities; and lessen the environmental impact of our business practices.

This report reflects 2014-2015 data and information as it relates to our efforts in the areas of corporate social responsibility.

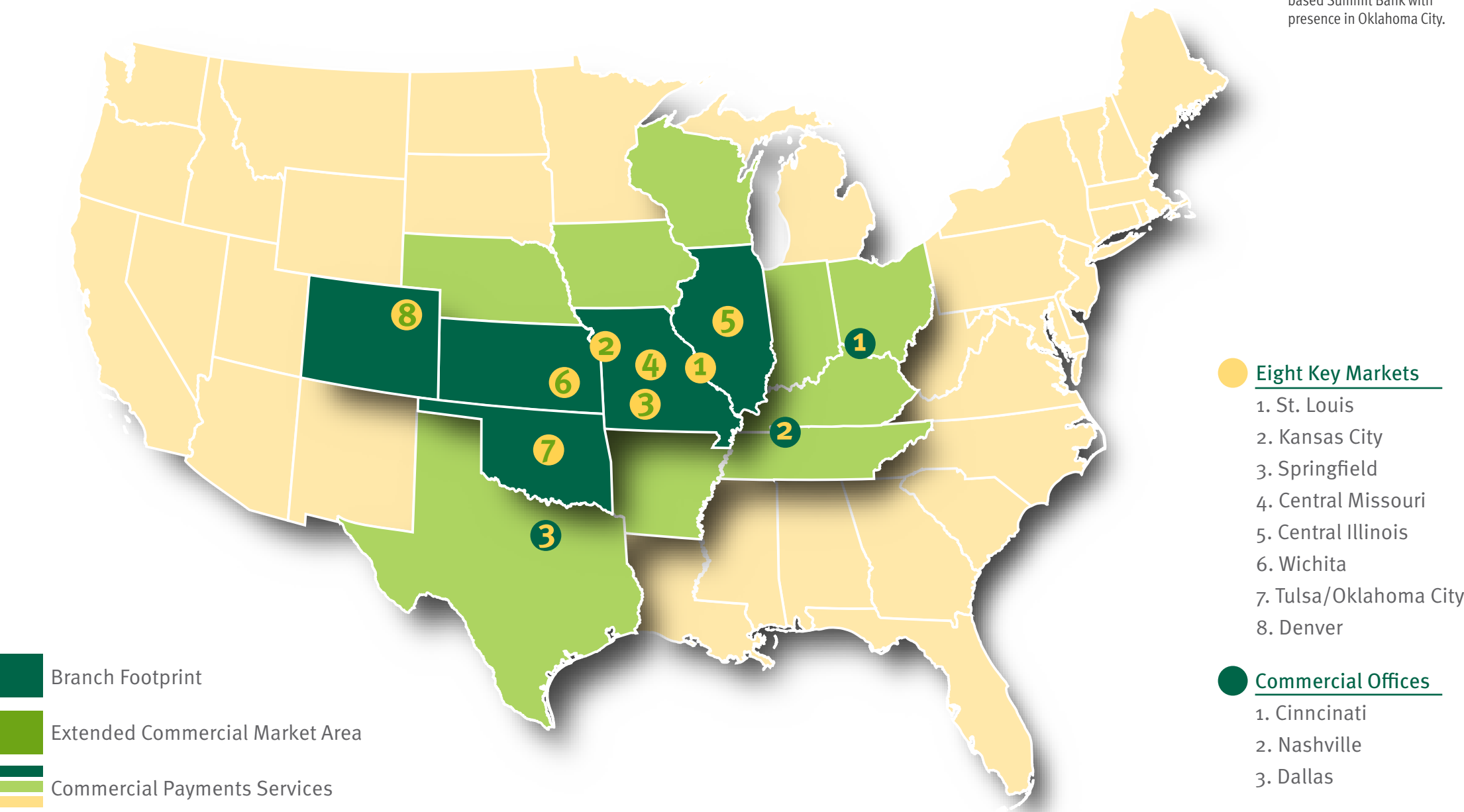
## COMMERCE BANCSHARES COMPANY HISTORY 1998 - 2015



# COMPANY PROFILE

Commerce Bancshares, Inc. operates as a super-community bank offering an array of sophisticated financial products delivered with high-quality, personal customer service. The Company’s customer promise *we ask, listen and solve* is not just its brand, but also its corporate focus. With this platform, Commerce is continually building its long-term franchise while paying strict attention to asset quality and expense management.

Commerce provides a full range of financial products to consumer and commercial customers including: lending, payment processing, trust, brokerage and capital markets services. Serving its customers from more than 190 locations in Missouri, Kansas, Illinois, Oklahoma and Colorado and commercial offices throughout the nation’s midsection, Commerce uses a variety of delivery platforms including an expansive ATM network, full-featured online banking, a central contact center, and has a nationwide presence in the commercial payments industry.





## CUSTOMER PROMISE

Our promise to you - **We ask, listen and solve.**

They are not just words. They’re our way of doing business. We **ask** about your needs, the ways you like to do things, your financial goals. And we **listen**. Closely, and not because we’re nosey. And, not because we want to “sell” you something. But because in order to **solve**, we must understand your banking needs and sometimes even your life needs. Only then can we help find personalized solutions for you. At Commerce, it’s our promise to you. **We ask, listen and solve.**

## MISSION STATEMENT

Commerce Bank will be the preferred provider of targeted financial service in our communities based on strong customer relationships. We will strengthen these relationships by providing the right solutions that combine our technology, expertise and financial strength. Our goal is to create customer loyalty, shareholder value and employee satisfaction.

**Be Accessible, Offer Solutions, Build Relationships.**



“OUR STRENGTH LIES NOT ONLY IN THE HISTORY THAT WE HAVE BUILT, BUT OUR EMPLOYEES, WHO THROUGH THE GENERATIONS HAVE BEEN A PILLAR OF GROWTH YEAR OVER YEAR. WE ARE DEDICATED TO BUILDING AND SUPPORTING STRONG COMMUNITIES IN WHICH WE SERVE, AND OUR STRATEGY AND INNOVATION WILL LEAD US TO FUTURE SUCCESS.”

DAVID KEMPER, CHAIRMAN & CEO



## 150<sup>TH</sup> ANNIVERSARY

2015 is the 150th anniversary of Commerce Bank — a milestone that should be a source of pride for the entire Commerce family, employees, shareholders and customers alike. This year we celebrate the culture, agility and planning which have allowed us to serve our customers and communities where we do business for a century and a half. Commerce is committed to understanding and adapting to our customers’ changing needs, while maintaining our culture of stability and intelligent risk-taking.







## COMMUNITY INVOLVEMENT

Because we believe we're only as strong as the communities in which we do business. Giving back is ingrained in our culture.



## CHARITABLE GIVING

Through the Commerce Bancshares Foundation, we provide direct grants to not-for-profit organizations in each of our markets based on priorities identified by the market president.

## EMPLOYEE VOLUNTEER EFFORTS

In everything we do, we strive to be a good corporate citizen and encourage all employees to volunteer for organizations/causes of their choosing.

There are numerous grassroots efforts throughout the company. Examples of volunteer efforts pursued by Commerce employees include:



WALKS AND RUNS FOR  
VARIOUS CAUSES



BLOOD DRIVES



FOOD DRIVES



SUPPORT FOR  
MILITARY PERSONNEL

THE LEUKEMIA & LYMPHOMA SOCIETY'S **LIGHT THE NIGHT WALK** FUNDS RESEARCH TO FIND CURES AND ENSURE ACCESS TO TREATMENTS FOR ALL BLOOD CANCER PATIENTS. LAST YEAR, 101 RETAIL EMPLOYEES IN KANSAS CITY PARTICIPATED IN THE EVENT AND RAISED A TOTAL **\$31,286.89**.

We also support the United Way in our various markets and encourage employees to do the same by allowing contributions by way of payroll deductions.

Commerce managers at all levels are encouraged to take active roles in civic initiatives and to serve on boards in their communities.

## RECOGNITION AWARDS FOR COMMUNITY VOLUNTEERS

The Commerce Community Recognition Award is a great way to reward individuals from within our communities for their volunteerism. Commerce recognizes individual volunteers who have gone above and beyond in providing time and talent to those in need throughout our markets.

Our advisory board members play an active role in nominating and selecting individuals in our communities for this recognition. For those selected, a contribution to a charitable organization chosen by the recipient is provided in their honor.



EMPLOYEES FROM WICHITA REPRESENTING MORTGAGE, COMMERCIAL, TRUST, RETAIL AND THE EXECUTIVE OFFICE PACKAGED NUTRITIOUS MEALS FOR **NUMANA MEALS ON THE MIDWAY**. NUMANA IS A NON-PROFIT PUBLIC CHARITY FORMED AS AN INTERNATIONAL HUNGER RELIEF ORGANIZATION. COMMERCE VOLUNTEERS DONATED **16 HOURS** OVER THE TWO-DAY EVENT AND HELPED PACKAGE **200,000 MEALS**.



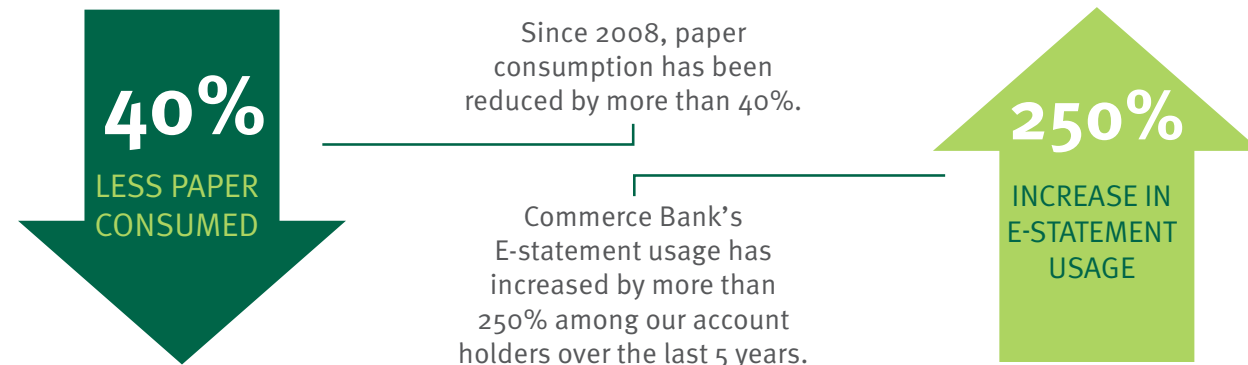




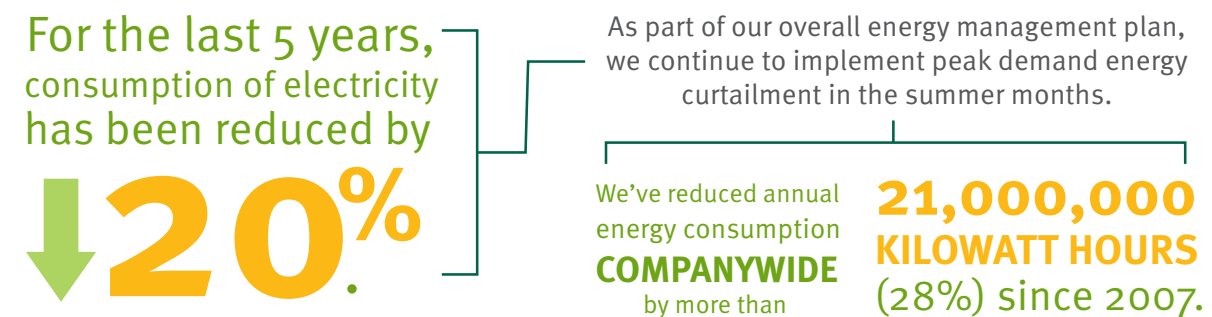
## ENVIRONMENTAL SUSTAINABILITY

Commerce strives to do business sustainably by reducing our energy and paper consumption and implementing companywide practices that protect our environment.

### PAPER CONSUMPTION

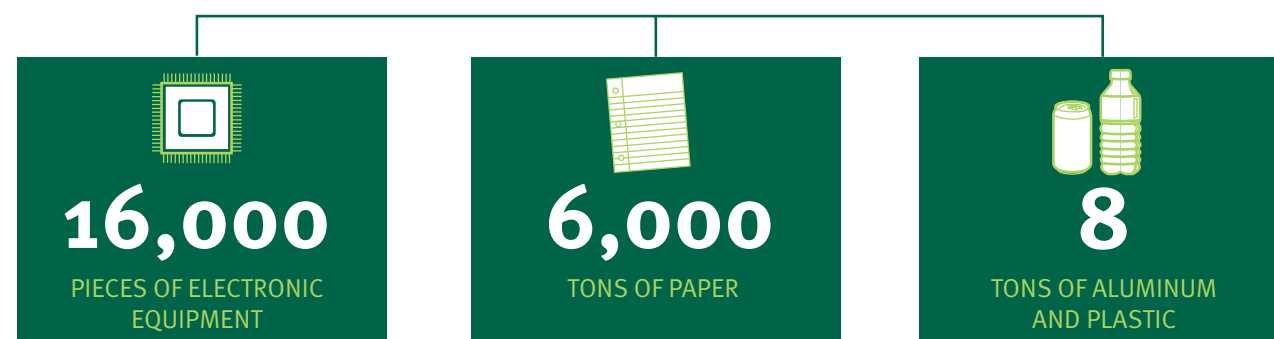


### ENERGY CONSUMPTION



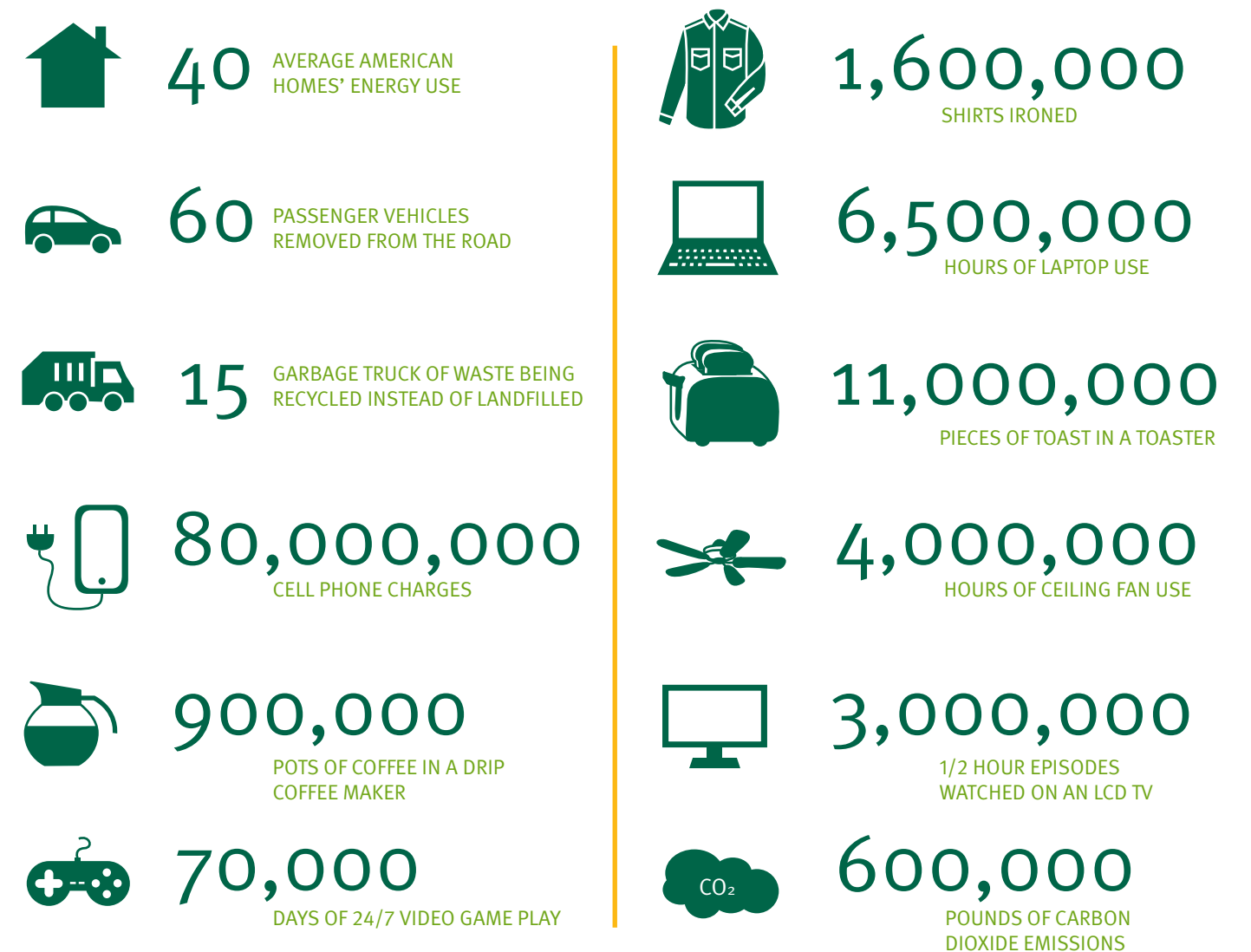
### RECYCLING

Since 2008, we have recycled more than:



### GREEN TECHNOLOGIES

Commerce now has 11 branches with solar technologies. The annual electricity production of these solar installations is 350,000 kWh per year, which equates to an annual savings of approximately \$35,000. The annual energy production is equivalent to any one of the following:



The environmental impact of our solar installations is equivalent to approximately 22,000,000 miles not driven or 115 acres of trees planted over 25 years. The CO<sub>2</sub> reduction is 6,735 tons of CO<sub>2</sub> over 25 years.





## EXCEEDING CUSTOMER EXPECTATIONS

Our business is you. And our promise is to ask, listen and solve because we believe that, in order to solve, we must first understand your needs. Only then can we offer personalized solutions that help you achieve your goals.



## ENSURING THE COMMERCE CUSTOMER PROMISE

Commerce continues its commitment to high customers satisfaction levels by focusing on our customer promise to meet our customers' needs using "We ask, listen and solve."

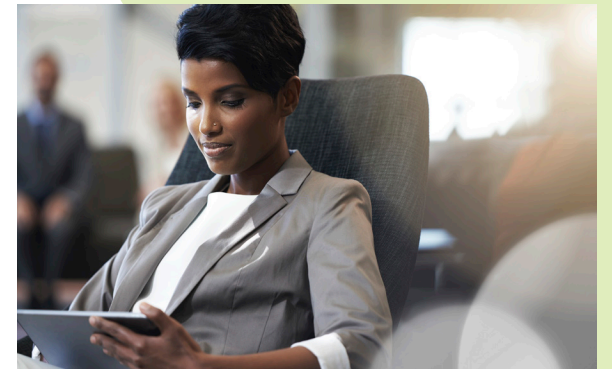
COMMERCE  
ACHIEVED  
A SCORE OF **95%**

ON A SURVEY OF CUSTOMERS IN THREE MAJOR AREAS:

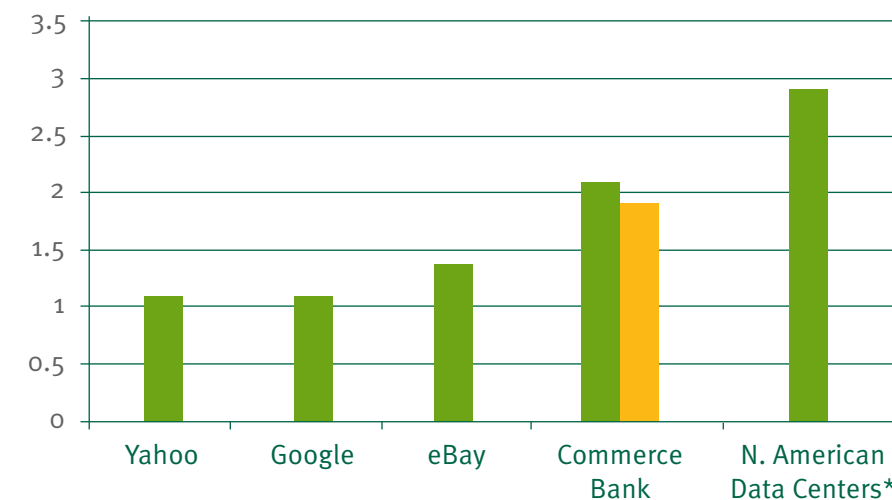
overall satisfaction, likelihood to recommend  
and likelihood to open next deposit or loan  
with Commerce Bank.

## INVESTING IN TECHNOLOGY

We will introduce a number of initiatives in 2014 that will enhance productivity and our customer experience, including the latest self-service technology at our branches and improved communications capabilities.



## POWER USAGE EFFECTIVENESS as of January 2013



■ PUE  
■ Projected

\*N. America Campos Survey of companies with 1.0+ billion in revenue or 5000+ employees

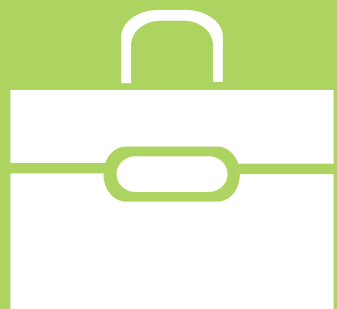
## OUR DATA CENTER IS "GOING GREEN"

Power usage effectiveness (PUE) is a measure of how efficiently a data center uses energy; specifically, how much energy is used by the computing equipment (in contrast to cooling and other overhead).

Anything that isn't considered a computing device in a data center (i.e. lighting, cooling, etc.) falls into the category of facility energy consumption.

We're in the process of consolidating the physical location of computer equipment on the data center floor to further enhance our energy efficiency.





## POSITIVE WORKPLACE ENVIRONMENT

At Commerce, we realize our people represent us and set us apart from our competitors. Our employees are the principal reason why we have been recognized as one of the best banks in America. We're proud of what others are saying about us and our position in the financial services industry.



## EMPLOYEE ENGAGEMENT

Our goal is to track employee engagement regularly and attain survey results greater than the U.S. financial services industry norm.

Our 2015  
EMPLOYEE  
ENGAGEMENT  
score index is **90%**,  
OUTPERFORMING THE U.S. FINANCIAL SERVICES  
COMPANIES BENCHMARK OF **83%**.

## CEO QUARTERLY MESSAGE TO EMPLOYEES

David Kemper, CEO of Commerce Bancshares, Inc. sends a quarterly e-mail to all employees to discuss company performance and other important information about the company.

Commerce will continue to provide regular communication from our CEO regarding important company information and performance.

## EMPLOYEE ANNUAL REPORT

The Employee Annual Report is a key element in Commerce's communication efforts with employees and is produced and distributed each spring to all employees via email. Commerce will continue to provide this report via email and make it accessible online.



## PROFESSIONAL DEVELOPMENT AT COMMERCE CURRICULUM

The newest addition to Commerce Bank's learning and development resources is the Professional Development at Commerce curriculum. This new development opportunity will help all levels of employees sharpen and grow in their careers in these key areas of focus: coaching, communication and presentation skills, general development, Managing at Commerce, and professional presence.

Learning resources are available on Learning Connections and the Professional Development at Commerce curriculum site, which can be found on the People Place.







## CORPORATE ETHICS AND GOVERNANCE

We recognize that our first duty to our customers, to our stockholders, and to the public in general, is to conduct all matters in a manner that merits public trust and confidence.



### ETHICS TRAINING

An online ethics training class was completed by all Commerce employees in 2013. Additionally, all Commerce officers certified that they were in compliance with our Code of Ethics.

### ETHICS COMMITTEE

Commerce Bancshares, Inc. maintains an ethics committee to provide employees an easily-accessible means to raise questions about ethical issues.

### ANONYMOUS REPORTING

Commerce offers employees a 24-hour dedicated phone line through a 3rd party vendor to anonymously report unethical, illegal or unsafe behavior.

### CORPORATE GOVERNANCE GUIDELINES

Commerce maintains corporate governance standards designated to ensure compliance with all laws and regulations. We believe that sound corporate governance practices are vital in order to be considered an ethical and socially responsible business.

In addition to the by-laws, various resolutions and the charters of its various committees, Commerce Bancshares, Inc has adopted guidelines on significant corporate governance matters. The Board of Directors believes that these guidelines should be made available to the company's shareholders and investors. They can be found here:  
<https://www.commercebank.com/about/investor-relations/governance.asp>





## SHAREHOLDER VALUE

In 2014, Commerce Bancshares continued to deliver on our strategic plan to provide a superior value proposition to both our customers and investors. Investors continue to value our consistent, strong financial performance, unique product mix, investment in growth opportunities and targeted geographical expansion.



## AWARD-WINNING PERFORMANCE

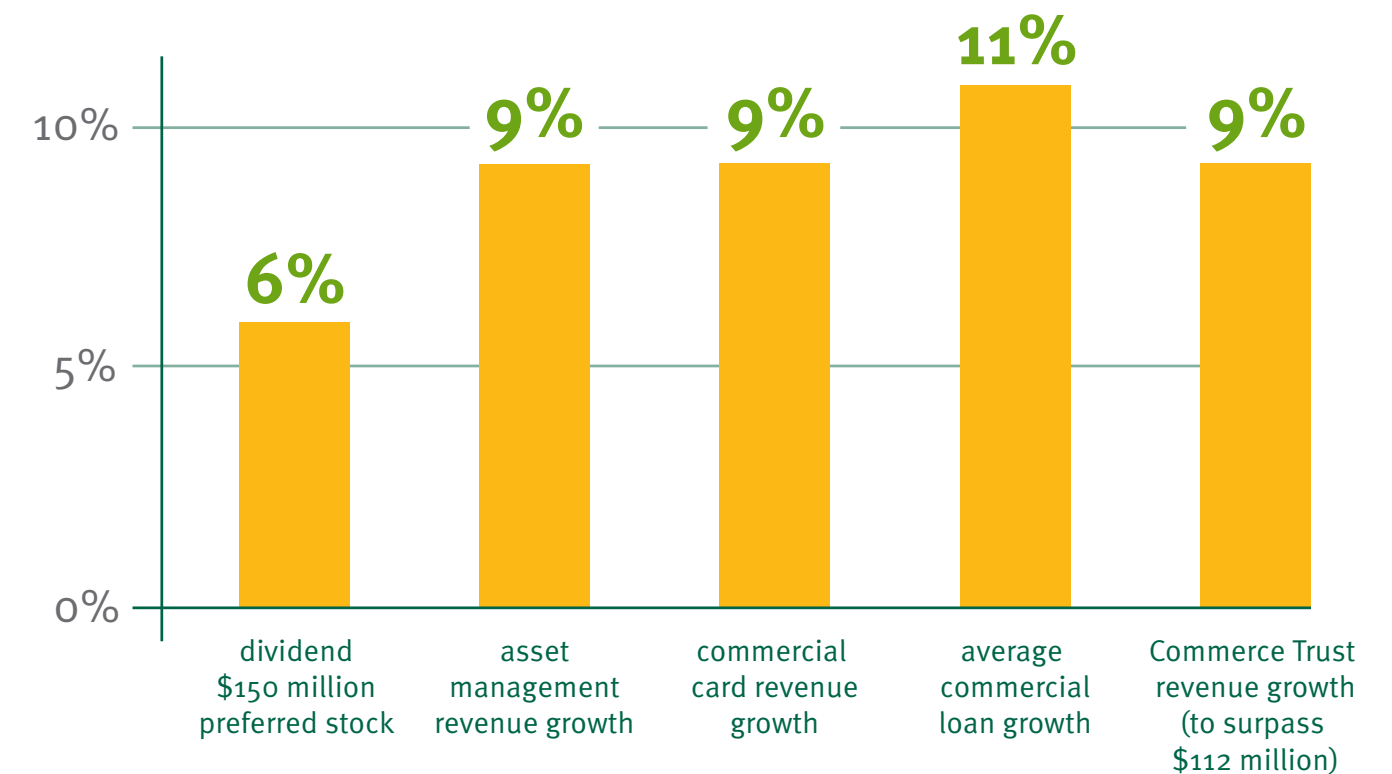
Commerce is proud to have been recognized for the following distinctions in recent years:

- With total assets of **\$24 billion**, Commerce ranks 37th among U.S. banks and had market capitalization of greater than \$4 billion as of March 31, 2015.
- Commerce paid a dividend of **\$0.857/share\***, making 2014 the 46th consecutive year regular cash dividends were increased. Additionally, Commerce paid a **5% stock dividend** for the 21st year in a row.
- For the **sixth year in a row**, Commerce Bank was ranked among the top ten on Forbes' list of America's Best Banks. Commerce ranked ninth on the list.

\*Restated for December 2014 5% stock dividend.

## GOING STRONG

Commerce enjoyed strong financial performance in 2014. Return on average assets totaled 1.2%, while return on average common equity was 11.7%. This compares favorably to the top 50 bank industry average of .8% for return on average assets and 7.5% for return on average equity in 2014. Some other highlights include:



### 2014 Key Results: RETURN ON AVERAGE COMMON EQUITY

Commerce: **11.7%**

Top 50 Bank Industry Average: **7.5%**

### 2014 Key Results: RETURN ON AVERAGE ASSETS

Commerce: **1.2%**

Top 50 Bank Industry Average: **.8%**





## SECURITY PRACTICES

We take the security of our customer's personal information very seriously. With the increasing number and sophistication of risks facing all financial institutions, Commerce Bank's risk policies are frequently evaluated, adjusted and enhanced.



## CONTINUING TO PROVIDE THE BEST PROTECTION FOR THE PRIVACY OF OUR CUSTOMERS

Commerce Bank continues to enhance our security policies, standards, reviews and testing to protect the privacy of our customer's personal information and accounts.

## ENHANCE AND UPDATE CUSTOMER EDUCATION

We are always working to improve customer education so that Commerce Bank customers are better equipped when it comes to identifying and avoiding fraud and identity theft.

## CONTINUOUSLY REVIEW SECURITY PROGRAMS

Evaluating, adjusting and implementing security technologies to combat against the increasing number and sophistication of security threats facing all financial institution is of utmost importance to us. We continue to review our programs and procedures to ensure that our customers are always protected. We continue to maintain satisfactory reviews and compliance assessments by bank regulators.

Our Customers are also protected when they use their Commerce Bank Cards to shop online and



anywhere else. Commerce Bank works 24/7 to detect, prevent and resolve fraud, and if by chance an unauthorized transaction does occur, our customers will not be held liable with Zero Liability Protection. Our cardholder fraud prevention tools include:



**COMING SOON:** Chip Technology. Every time our customers use their Commerce Bank Chip Card at a chip terminal, the embedded chip generates a unique transaction code. This prevents stolen data from being fraudulently used.



**THREE-DIGIT SECURITY CODE** on the back of the card provides Internet and phone security by helping verify that our customer is in possession of their card.



**APPLE PAY™** When our customers use Apple Pay, their card information is NOT stored on the device, nor on Apple servers. Instead, a digital account number is used and passed to the merchant.



**VISA CHECKOUT** When our customers use Visa Checkout, their card information is stored behind multiple layers of security.





## INCLUSION AND DIVERSITY

At Commerce, we are committed to being an employer of choice in the communities we serve. We recognize that our workplace diversity makes us a stronger company. We value, embrace and leverage a variety of perspectives that our individual differences in - experience, thought, culture, ethnicity, gender, sexual orientation, age, veteran status, religion and ability, among others - provide in strengthening the Commerce culture.



## MISSION: HIRE

Whether it's a member of the Armed Forces transitioning to civilian life or a reservist looking for flexibility to honor their military commitment, Commerce Bank recognizes the leadership potential, skills and integrity that we look for in all of our employees as well as some unique strengths and perspective. We are dedicated to providing the veterans we hire the training and resources necessary to position them for success.

## RECRUITING AND REPRESENTATION

Commerce continues to create and utilize intentional, sustainable strategies to ensure meaningful representation of diverse talent in candidate/applicant pools, such as partnering with diverse organizations and targeted schools.

## BUILDING AN INCLUSIVE WORKPLACE

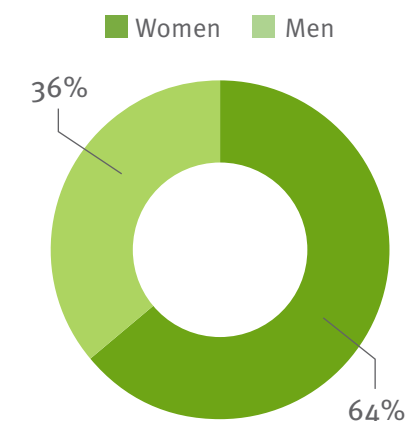
Commerce Bank strives to create strong relationships with a variety of organizations to find and retain the talent we need to make us successful both now and in the future. We are intentional about ensuring that our candidate pools not only represent the communities in which we do business but that they support our efforts to create and maintain a diverse workforce across all levels of the organization.

Commerce Bank leverages relationships with a number of organizations and schools to build its inclusive workplace, some of which are:

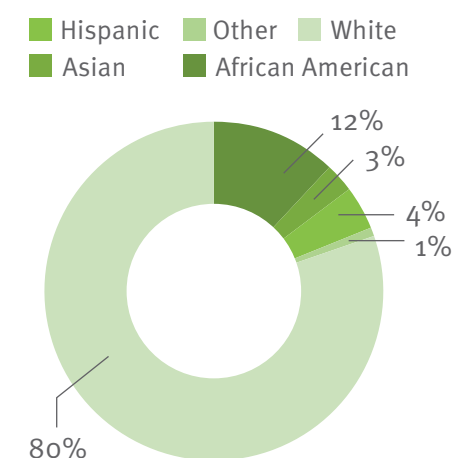


## DEMOGRAPHIC MAKEUP OF COMMERCE EMPLOYEES

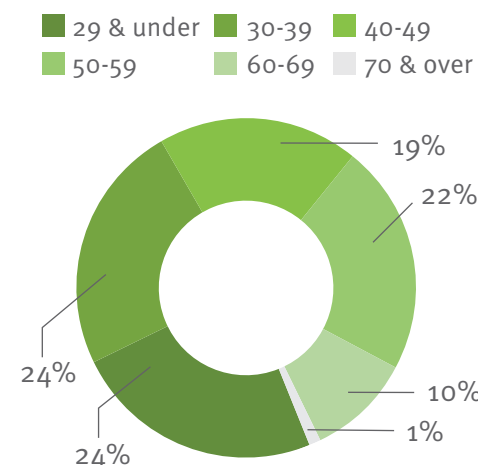
### GENDER



### RACE



### AGE







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