



CORPORATE SOCIAL RESPONSIBILITY REPORT 2015 - 2016

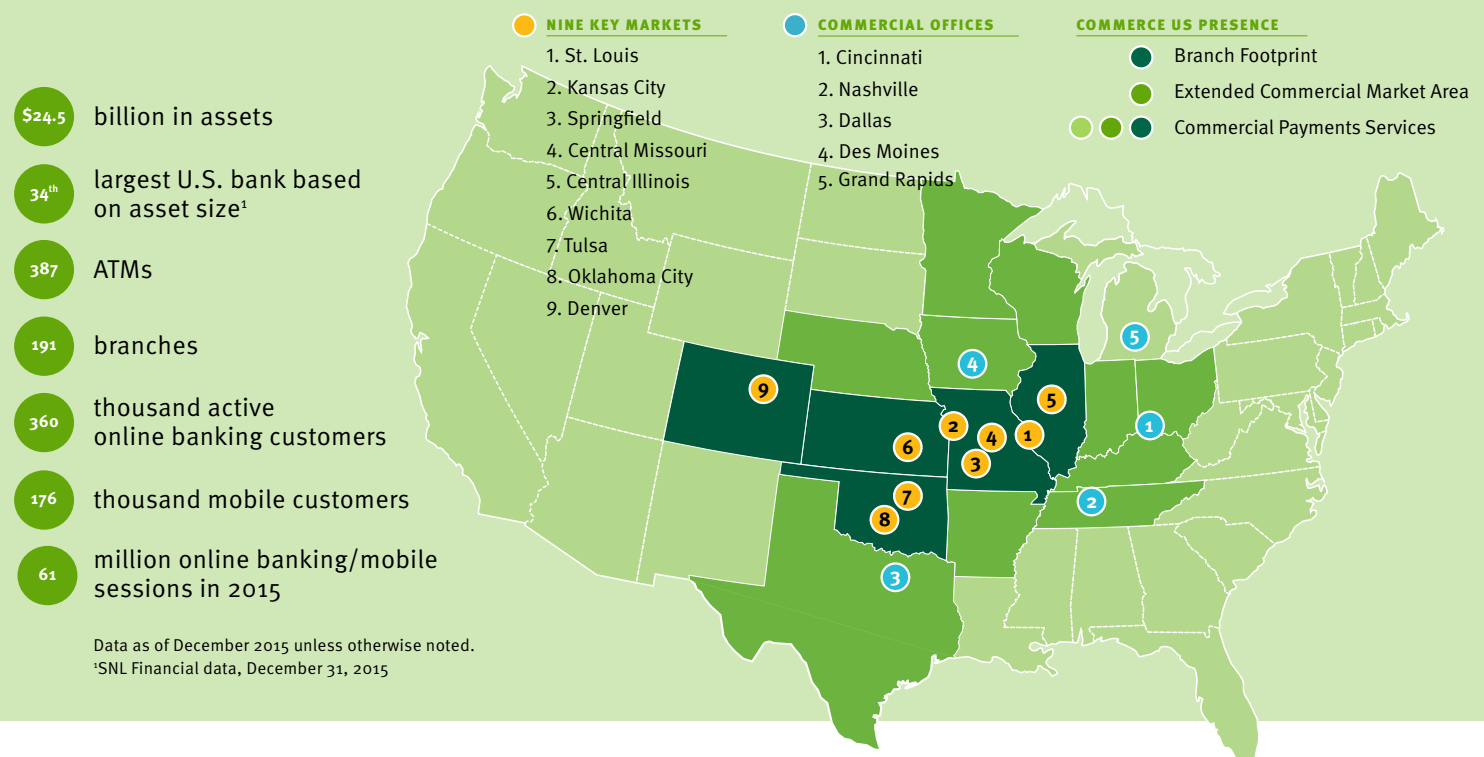
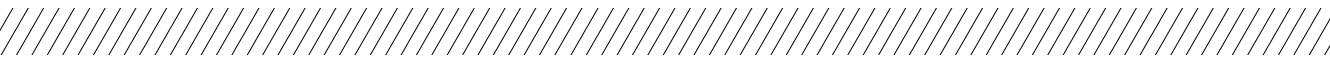


Commerce BankTM
Member FDIC

ABOUT THIS REPORT

Corporate Social Responsibility reflects Commerce Bank's commitment to our customers, shareholders, employees and to the communities we serve. Our commitment compels 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 2015-2016 data and information as it relates to our efforts in the areas of corporate social responsibility.



COMPANY PROFILE

In the industry for more than 150 years, Commerce offers a super-community banking experience that pairs large bank products and services with deep local market knowledge and experience.

The company's focus on local markets is supported by regional advisory boards comprised of local business professionals and community representatives who assist Commerce in responding to local banking needs. Our customer promise **We ask, listen and solve** means we are dedicated to servicing our customer's needs with solutions, including:

- ▶ A broad array of consumer products and services
- ▶ Sophisticated commercial lending, equipment financing and international banking services
- ▶ A national presence in commercial payment and merchant solutions
- ▶ Innovative payment products including claims processing, supply chain finance and accounts payable processing
- ▶ Wealth and asset management for individuals, businesses and institutions

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

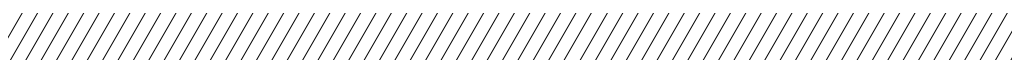
Commerce Bank will be the preferred provider of targeted financial service in our communities based on strong customer relationships. We will strengthen these relationships by providing the right solutions that combine our technology, expertise and financial strength. Our goal is to create customer loyalty,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

Be Accessible, Offer Solutions, Build Relationships.

COMPANY VALUES

Commerce is focused on enhancing our services, being responsive to customer needs and adopting new technologies to address these needs. We continue to put great emphasis on culture – working as a team to deliver the right solutions for our customers. Our core values shape our culture and guide how we do business. In this way, we give VOICE to our values:

- V** We have a long-term **View**
- O** We collaborate as **One** team
- I** We act with **Integrity**
- C** We are **Customer** focused
- E** We strive for **Excellence**



“WE WILL CONTINUE TO BUILD ON THE VERY SOLID PLATFORM COMMERCE BANK HAS ESTABLISHED OVER THE PAST 150 YEARS. OUR COMPANY HAS SURVIVED AND PROSPERED BECAUSE OUR TEAM HAS BEEN STRATEGIC AND HAS ALWAYS INVESTED FOR THE LONG RUN.”

DAVID KEMPER, CHAIRMAN & CEO



COMMUNITY INVOLVEMENT

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



CHARITABLE GIVING

Through the Commerce Bancshares Foundation, we provide direct grants to non-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:



FOOD DRIVES



BLOOD DRIVES



WALKS AND RUNS FOR
VARIOUS CAUSES



SUPPORT FOR
MILITARY PERSONNEL

We also support the United Way in our various markets and encourage employees to do the same through contributions made by payroll deduction.

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 in 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.



150 ACTS OF COMMERCE

Our dedication to the communities we serve is evident when looking back over the last 150 years. In celebration of our milestone anniversary, our employees participated in the 150 Acts of Commerce. Throughout 2015, employees set and met the challenge to give back and take part in 150+ community service projects, including:

- ▶ Food drives to benefit local food banks & shelters
- ▶ Habitat for Humanity projects and Junior Achievement fundraising events
- ▶ Donations to Happy Bottoms, an organization that supplies diapers to mothers
- ▶ School supplies, food and clothing collections for children; and blankets, coats and basic necessities for the homeless
- ▶ A financial literacy curriculum was presented to Housing and Urban Development (HUD) officials to be implemented with low-income, housing authority tenants
- ▶ Volunteer work at Mitzvah Garden, a sustainable garden providing organic, fresh vegetables for those in need
- ▶ Bedding plants were purchased for EPIC Harvest, a non-profit program whose participants (many with developmental disabilities) plant seasonal flowers and grow vegetables to sell. In addition to the donation, Commerce volunteers got their hands a little dirty by planting flowers at the Goodwill Home for Veterans

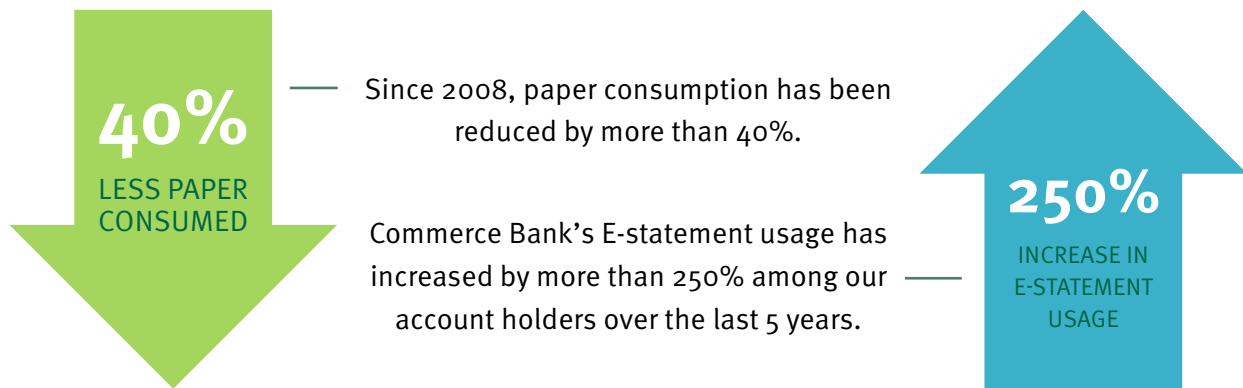




ENVIRONMENTAL SUSTAINABILITY

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

For the last five years, consumption of electricity has been reduced by

↓ 20%

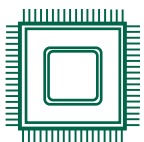
As part of our overall energy management plan, we continue to implement peak demand energy curtailment in the summer months.

We've reduced annual energy consumption **COMPANYWIDE** by more than **23,000,000 KILOWATT HOURS.**

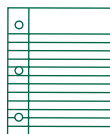
enough energy to power 2,000 average U.S. households for a year

RECYCLING

Since 2008, we have recycled more than:



18,000
PIECES OF ELECTRONIC
EQUIPMENT



7,500
TONS OF PAPER



8
TONS OF ALUMINUM
AND PLASTIC

GREEN TECHNOLOGIES

Commerce now has 12 branches with solar technologies. The annual electricity production of these solar installations is 450,000 kWh per year, which equates to an annual savings of approximately \$45,000. The annual energy production is equivalent to any one of the following:



50

AVERAGE AMERICAN HOMES' ENERGY USE



2,000,000

SHIRTS IRONED



70

PASSENGER VEHICLES REMOVED FROM THE ROAD



8,000,000

HOURS OF LAPTOP USE



18

GARBAGE TRUCKS OF WASTE BEING RECYCLED INSTEAD OF LANDFILLED



13,000,000

PIECES OF TOAST IN A TOASTER



95,000,000

CELL PHONE CHARGES



5,000,000

HOURS OF CEILING FAN USE



1,000,000

POTS OF COFFEE IN A DRIP COFFEE MAKER



3,500,000

HALF-HOUR EPISODES WATCHED ON AN LCD TV



80,000

DAYS OF 24/7 VIDEO GAME PLAY



700,000

POUNDS OF CARBON DIOXIDE EMISSIONS

The environmental impact of our solar installations is a reduction of 8,000 tons of CO₂ over 25 years – the equivalent of approximately 26,000,000 miles not driven or 132 acres of trees planted.

GREEN TEAM

The Commerce Bank Green Team is a group of employees tasked with identifying opportunities to improve recycling and helping to “green” their respective floor or team. Some of the Green Team’s initiatives include:

- ▶ Ensuring we have appropriate recycling bins on every floor
- ▶ Providing signage for break rooms that label what can be recycled and in what bins
- ▶ Leading teams in the Earth Day Green Challenge
- ▶ Identifying additional opportunities for Commerce to be more sustainable



EXCEEDING CUSTOMER EXPECTATIONS

We 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

93%

on a survey of customers in three major areas:

- 1 Overall satisfaction
- 2 Likelihood to recommend
- 3 Likelihood to open next deposit or loan with Commerce Bank

INVESTING IN TECHNOLOGY

Throughout our 150-year history, Commerce has been a strong innovator, developing products and services to meet customer needs.

- ▶ Late in 2014 we introduced Apple Pay™ to many of our mobile customers.
- ▶ In 2015, we introduced a new credit card service called toggle® that allows users to determine how quickly they pay for different types of credit card purchases.
- ▶ Our new health services financing product generated strong interest from hospitals dealing with a growing portion of self-pay receivables.
- ▶ A new claims payment product we developed for the insurance industry enables more efficient claims processing, and a new supply chain financing product provides buyers and suppliers a faster and more efficient way to make payments.
- ▶ We also offer our merchant customers ROAMpay™, an industry-leading application for mobile payment processing. ROAMpay enables businesses to transform mobile phones and tablet devices into secure point-of-sale terminals capable of processing major credit cards, such as Visa®, MasterCard® and Discover Network®.

We continue to look for product opportunities and innovations made possible through the intersection of finance and technology.



The Data Center dry box as it is about to be craned into position. The dry box is a critical component in the cooling system of our I.T. equipment and allows Commerce to reduce energy consumption.

DATA CENTER MAXIMIZES ENERGY EFFICIENCY

The Data Center continues to deploy more power efficient computer equipment and strategies such as server virtualization, equipment consolidation, and solid-state data storage to reduce power consumption. However, the cooling of this equipment still represents a significant portion of the data center power consumption. To address this challenge we have recently completed the Computer Room Air Conditioning (CRAC) replacement project to continue the investment in long-term green strategies.

The newly installed CRAC units are capable of taking advantage of outside environment conditions to cool I.T. equipment. This technology can reduce energy consumption so much that is often referred to as “free cooling.” We are in the process of tuning this new equipment to our Data Center environment for maximum efficiency. The new units are also utilizing a newer EPA-certified refrigerant that is free of ozone-depleting potential.

This new cooling technology positions us to more efficiently handle the ever-changing demands of advanced computer hardware while managing and reducing energy usage.



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.



EMPLOYEE ENGAGEMENT

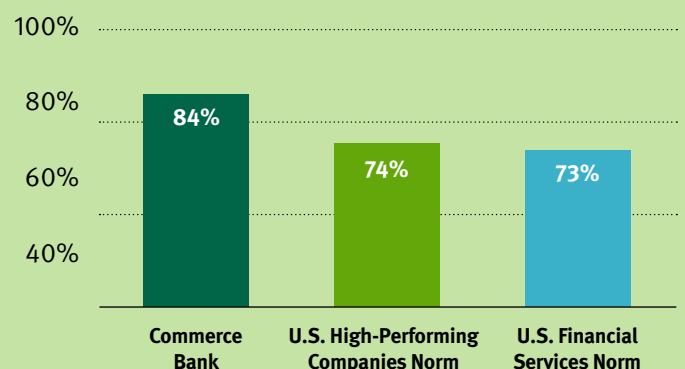
Our goal is to track employee engagement regularly and attain survey results greater than the U.S. financial services industry norm.

OUR 2015 SUSTAINABLE
EMPLOYEE ENGAGEMENT
SCORE INDEX IS

84%

We continue to outperform the financial services industry average and other high-performing companies.

2015 EMPLOYEE ENGAGEMENT



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 also provides this report via e-mail and makes it accessible online.



NEW CURRICULUM EMPOWERS PROFESSIONAL DEVELOPMENT

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.



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 2015. 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](#).



SHAREHOLDER VALUE

Commerce Bank celebrated its 150th anniversary in 2015 with solid execution and performance in a challenging banking environment. Our long-term focus continues to be on making innovative investments in people and technology to grow the company and provide shareholder returns.



COMMERCE BANCSHARES, INC. 2015 ANNUAL REPORT

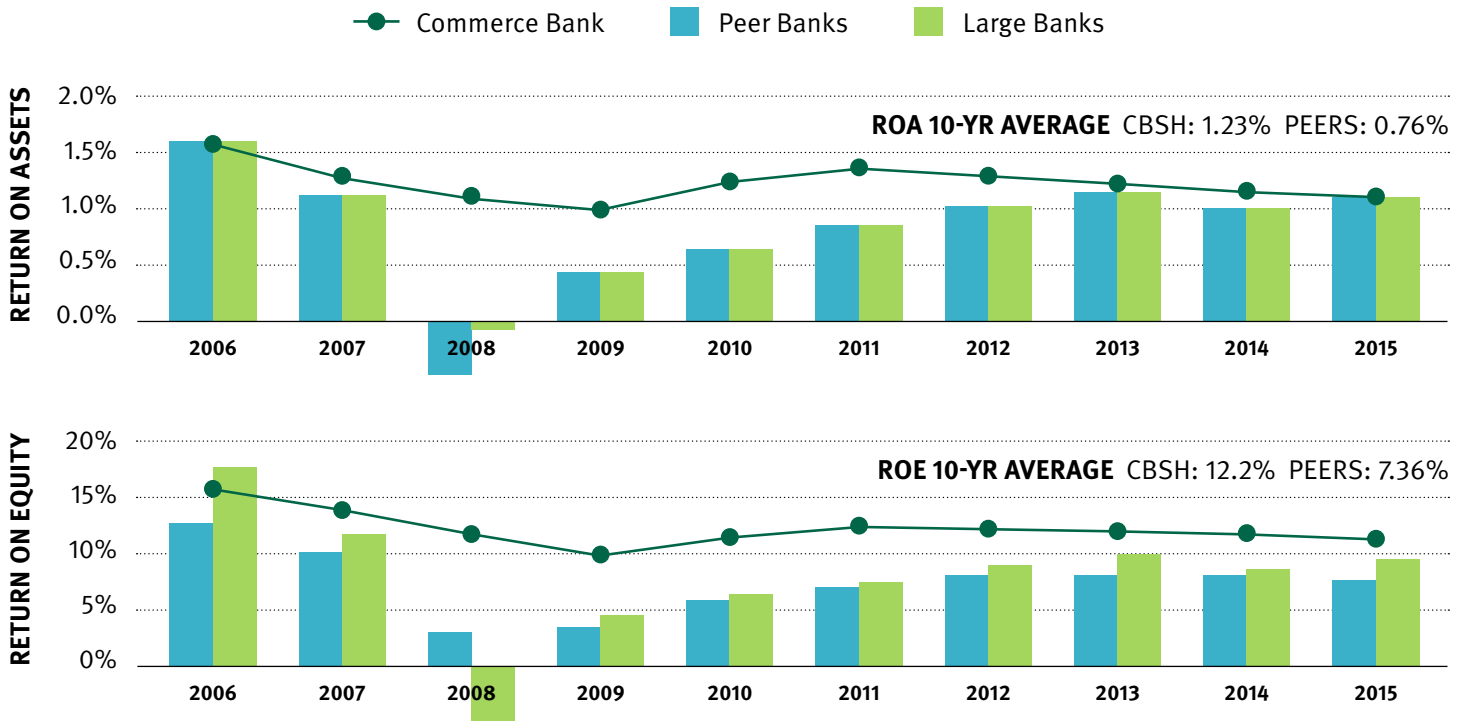
Our annual report can be read online at the link below:



"We feel Commerce Bancshares is well positioned to operate in the intensely competitive banking industry that continues to evolve. Our enterprise size allows us to provide sophisticated financial services to our customers through a strong organization-wide service culture. We are focused on enhancing our services, being responsive to customer needs and adopting new technologies to address these needs."

DAVID KEMPER
CHAIRMAN & CEO

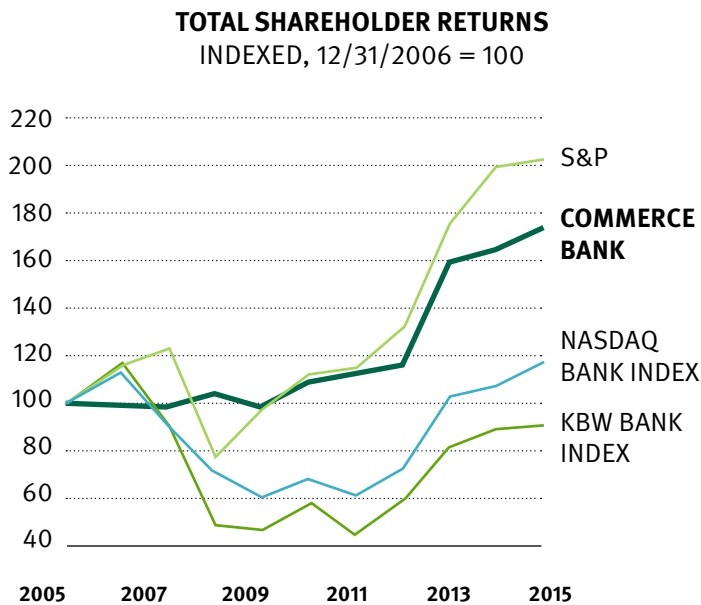
COMMERCE BANK MAINTAINS SOLID PERFORMANCE OVER TIME



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

Source: SNL Financial; data as of 12/31/2015; CBI 2014 & 2015 numbers via internal reporting

STEADY SHAREHOLDER RETURNS



ANNUALIZED COMPARISON
TOTAL SHAREHOLDER RETURNS (%)

	1 yr	3 yr	5 yr	10 yr
CBSH	4.80%	14.30%	9.65%	5.65%
S&P 500	1.37%	15.12%	12.55%	7.32%
NASDAQ Banks	8.84%	17.41%	11.44%	1.62%
KBW Bank Index	0.49%	14.82%	9.10%	(1.04%)

Source: Bloomberg; data as of 12/31/2015



SECURITY PRACTICES

We take the security of our customers' 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.



ENHANCE AND UPDATE CUSTOMER EDUCATION

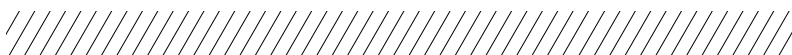
We are always working to improve customer education so that Commerce Bank customers are better equipped when it comes to identifying and avoiding fraud and identity theft.

PROVIDE THE BEST PROTECTION FOR OUR CUSTOMERS' PRIVACY

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

CONTINUOUSLY REVIEW SECURITY PROGRAMS

Evaluating, adjusting and implementing security technologies to combat against the increasing number and sophistication of security threats facing all financial institutions 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 an unauthorized transaction does occur, our customers will not be held liable with Zero Liability Protection. Our cardholder fraud prevention tools include:



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 transaction code cannot be replicated, keeping our customers better protected against counterfeit fraud.

The Commerce Bank Chip Card comes with proven technology that is already in use around the world. Whether they're close to home or thousands of miles away, our customers can pay with confidence.



APPLE PAY™

When our customers use Apple Pay, their card information is NOT stored on the device, nor on Apple servers. This helps to reduce the potential for fraud. Instead, a digital account number is used and passed to the merchant.



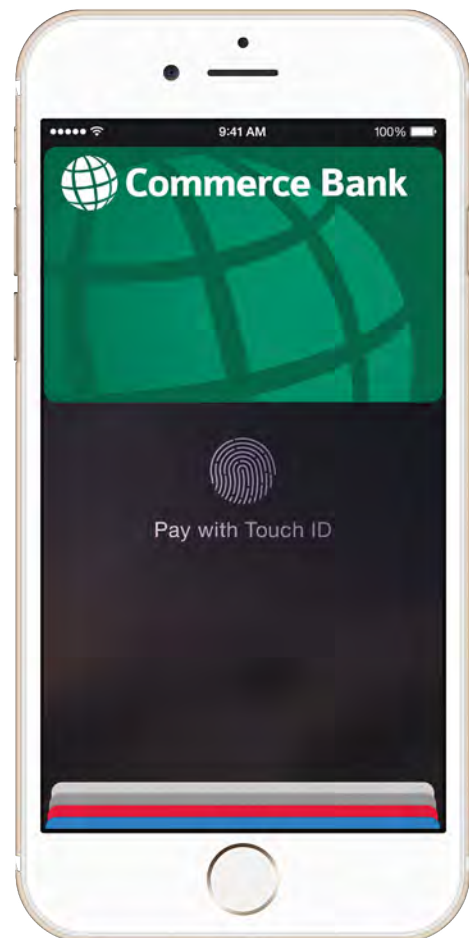
THREE-DIGIT SECURITY CODE

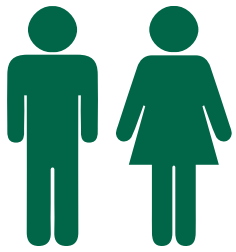
The three-digit code on the back of the card provides Internet and phone security by helping verify that our customer is in possession of their card.



VISA CHECKOUT

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





OUR DIFFERENCES MAKE THE DIFFERENCE

At Commerce Bank, we recognize that workplace diversity makes for a stronger company. We value, embrace and leverage the variety of perspectives that come as a result of our individual differences. Our inclusive and diverse workforce supports the engagement, innovation and productivity that allow us to better serve the needs of our customers and communities, now and in the future.



MISSION: HIRE

Whether you are a member of the Armed Forces transitioning to civilian life or a reservist looking for the flexibility to honor your military commitment, Commerce Bank recognizes you have 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 with the training and resources necessary to position you for success

“MY MILITARY EXPERIENCE AS AN A-10 CREW CHIEF and my Air Force Core Values have helped me at Commerce Bank. **INTEGRITY FIRST** by ensuring that all of my markets have the most current and valid data. **SERVICE BEFORE SELF** because I will ensure that my internal customers have all the information they need to present data to their clients. **EXCELLENCE** in everything I do because I want to ensure that all the data I research and the information I present has been thoroughly analyzed.”

**FREDERICK BROWN | FORMERLY U.S AIR FORCE
CREDIT REPRESENTATIVE**

RECRUITING & REPRESENTATION

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

TULSA INCLUSIVE CULTURE RISING STAR

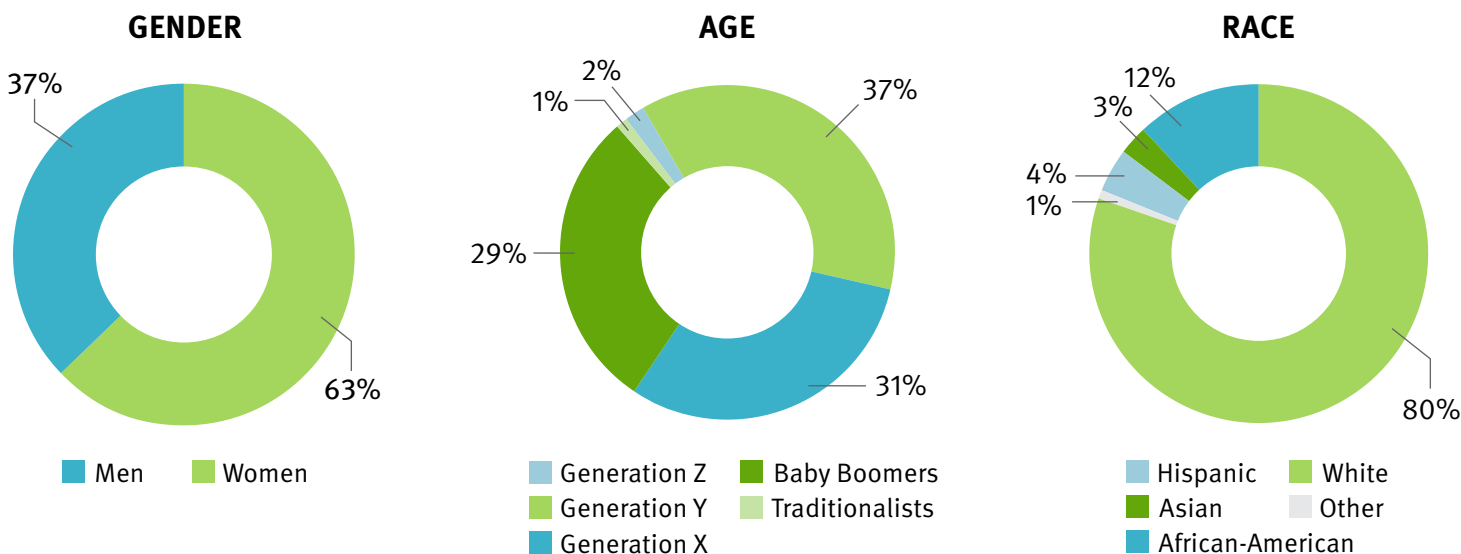
Over the last two years, Commerce Bank has strengthened its commitment to diversity and creating an inclusive culture that values its team member's diverse talents and perspectives. As a result of these efforts, Commerce was recognized as a "Top Inclusive Culture Rising Star" by the Tulsa Regional Chamber. Every year the chamber's diversity business council, Mosaic, invites over 100 businesses and organizations in the Tulsa region to participate in a workplace survey with the aim of gaining insight into the current inclusion and diversity climate. The survey was organized by Mosaic's business services committee which researched regional and national organization surveys to determine the right questions to ask and which metrics most-accurately identified those companies making strides to have an inclusive work environment.

LAUNCH OF FIRST EMPLOYEE RESOURCE GROUP

In 2016 year, Commerce Bank established its first employee resource group and plans are being made for future resource groups to support team members around the bank. The **Women's Employee Business Resource Group** promotes the advancement, retention and recruitment of women at Commerce by creating networking forums, opportunities for women to leverage their skills, expertise and potential to support their personal and professional growth, as well as fostering a mentorship environment within the organization. The ERG has over 300 members to date.



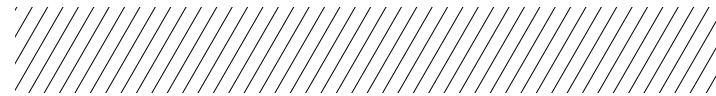
DEMOGRAPHIC MAKEUP OF COMMERCE EMPLOYEES





HISTORY AND HERITAGE AWARENESS MONTHS

Commerce celebrates various history and heritage awareness months with employees and the community throughout the year. As part of these commemorations, we host events such as speaker series by women leaders during Women’s History Month in March and community program partnerships celebrating Black History Month in February. Such community programs include an African-American Inventions Exhibit at the St. Louis County Library and the “Hallowed Grounds: Sites of African American Memory” exhibit at the Park Central Library in Springfield, Missouri – both co-sponsored with the Annual Dr. Martin Luther King Statewide Celebration.



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:





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