



March 6, 2020

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of the Shareholders of Commerce Bancshares, Inc. The meeting will be held at 9:30 a.m. on April 15, 2020, in the Conference Center located on the 10th Floor of the Commerce Bank Building at 8000 Forsyth Boulevard, Clayton, Missouri 63105.

We are again utilizing the Securities and Exchange Commission rule allowing companies to furnish proxy materials to their stockholders over the Internet. This process allows us to expedite receipt of materials, lower the costs of distribution, and reduce the environmental impact. The accompanying Notice of Annual Meeting of Shareholders and Proxy Statement describe the items to be considered and acted upon by the shareholders.

If you own shares of record, you may vote your shares online, by telephone, or you may request materials by following the instructions on the Notice. Whether or not you plan to attend this meeting, please vote as soon as possible so that your shares can be voted at the meeting in accordance with your instructions. You can revoke your proxy anytime before the Annual Meeting and issue a new proxy as you deem appropriate. You will find the procedures to follow if you wish to change or revoke your proxy on page 3 of this Proxy Statement. **Your vote is very important.** I look forward to seeing you at the meeting.

Sincerely,

A handwritten signature in black ink that reads "David W. Kemper". The signature is written in a cursive style.

DAVID W. KEMPER
Executive Chairman

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Notice of Annual Meeting of Shareholders of Commerce Bancshares, Inc.

- Date:** April 15, 2020
- Time:** 9:30 a.m., Central Daylight Time
- Place:** The Meeting will be in the Conference Center located on the 10th Floor of the Commerce Bank Building at 8000 Forsyth Boulevard, Clayton, Missouri 63105.
- Purposes:**
1. To elect four directors to the 2023 Class for a term of three years;
 2. To ratify the selection of KPMG LLP as the Company's independent registered public accounting firm for 2020;
 3. Advisory approval of the Company's executive compensation ("Say on Pay"); and
 4. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.
- Who Can Vote:** Shareholders at the close of business on February 14, 2020 are entitled to vote at the meeting. If your shares are registered in the name of a bank or brokerage firm, such procedures are described on the voting form sent to you.
- How You Can Vote:** You may vote your proxy over the Internet or by telephone; or you may request materials to vote by mail. The Notice of Internet Availability of Materials ("Notice") contains instructions on how to access our Proxy and Annual Report online and has instructions for requesting such materials by mail.

By Authorization of the Board of Directors,

A handwritten signature in black ink, appearing to read "Thomas J. Noack", is written over a light blue horizontal line.

THOMAS J. NOACK
Secretary

March 6, 2020

**Important Notice regarding the availability of proxy materials for the
Shareholder Meeting to be held on April 15, 2020**
The Proxy Statement and Annual Report to Shareholders are available at www.edocumentview.com/CBSH

The Proxy Statement and Annual Report to Shareholders are also available on the
Company's website at www.commercebank.com/ir

**Your Vote Is Important. Whether You Own One Share or Many, Your Prompt
Cooperation in Voting Your Proxy Is Greatly Appreciated.**

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PROXY STATEMENT
COMMERCE BANCSHARES, INC.
1000 Walnut Street
Kansas City, Missouri 64106
Annual Meeting April 15, 2020

SOLICITATION

This Proxy Statement, the accompanying proxy card and the 2019 Annual Report to Shareholders of Commerce Bancshares, Inc. (the “Company” or “Commerce”), are first being sent to security holders on or about March 6, 2020. The Board of Directors of the Company (the “Board” or “Board of Directors”) is soliciting your proxy to vote your shares at the Annual Meeting of Shareholders (the “Meeting”) on April 15, 2020. The Board is soliciting your proxy to give all shareholders of record the opportunity to vote on matters that will be presented at the Meeting. This Proxy Statement provides you with information on these matters to assist you in voting your shares.

What is a Proxy?

A proxy is your legal designation of another person (the “proxy”) to vote on your behalf. By completing and returning the enclosed proxy card, you are giving David W. Kemper and John W. Kemper, who were appointed by the Board, the authority to vote your shares in the manner you indicate on your proxy card.

Why did I receive more than one proxy card?

You will receive multiple proxy cards if you hold your shares in different ways (e.g., joint tenancy, trusts, custodial accounts) or in multiple accounts. If your shares are held by a broker, banker, trustee or nominee (i.e., in “street name”), you will receive your proxy card or other voting information from your broker, bank, trustee, or nominee, and you will return your proxy card or cards to your broker, bank, trustee or nominee. You should vote on and sign each proxy card you receive.

Only one Notice of Internet Availability of Proxy Materials or set of printed proxy materials was delivered to my address, but there are two or more shareholders at this address. How do I request additional copies of the proxy materials?

Computershare Trust Company, N.A., the entity retained to mail the Notice of Internet Availability of Proxy Materials or printed proxy materials to the Company’s registered owners, has been instructed to deliver only one notice or set of printed proxy materials to multiple security holders sharing an address unless the Company has received contrary instructions from you or one of the other shareholders. The Company will promptly deliver a separate copy of the notice or set of printed proxy materials for this year’s Annual Meeting or for any future meetings to any shareholder upon written or oral request. To make such request, please contact Computershare at 800-317-4445, hearing impaired/TDD at 800-952-9245, or write to Computershare, P.O. Box 505000, Louisville, Kentucky, 40233. Overnight correspondence should be sent to Computershare, 462 South 4th Street, Suite 1600, Louisville, Kentucky, 40202. Similarly, you may contact Computershare through any of these methods if you receive multiple notices or sets of printed proxy materials and would prefer to receive a single copy in the future.

VOTING INFORMATION

Who is qualified to vote?

You are qualified to receive notice of and to vote at the Meeting if you owned shares of common stock, \$5.00 par value, of the Company (“Common Stock”), at the close of business on the record date of Friday, February 14, 2020.

How many shares of Common Stock may vote at the Meeting?

As of February 14, 2020, there were 112,316,990 shares of Common Stock outstanding and entitled to vote. Each share of Common Stock is entitled to one vote on each matter presented. Holders of Commerce Bancshares, Inc. Series B Preferred Stock have no voting rights with respect to matters that generally require the approval of voting shareholders.

What is the difference between a “shareholder of record” and a “street name” holder?

These terms describe how your shares are held. If your shares are registered directly in your name with Computershare Trust Company, N.A., the Company’s transfer agent, you are a “shareholder of record.” If your shares are held in the name of a broker, bank, trustee or other nominee as a custodian, you are a “street name” holder.

How do I vote my shares?

If you are a “*shareholder of record*,” you have several choices. You can vote your proxy:

- via the Internet,
- over the telephone, or
- by requesting materials and using the proxy card enclosed with the materials.

Please refer to the specific instructions set forth on the Notice or proxy card. For security reasons, the electronic voting system has been designed to authenticate your identity as a shareholder.

If you hold your shares in “*street name*,” your broker, bank, trustee or nominee will provide you with materials and instructions for voting your shares.

Can I vote my shares in person at the Meeting?

If you are a “*shareholder of record*,” you may vote your shares in person at the Meeting. If you hold your shares in “*street name*,” as the beneficial owner, you have the right to direct your broker, bank, trustee or nominee on how to vote your shares, and you are also invited to attend the Meeting. However, if you are not a “*shareholder of record*,” you may not vote your shares in person at the Meeting unless you bring with you a legal proxy obtained from and executed by your broker, bank, trustee or nominee.

What are the Board’s recommendations on how I should vote my shares?

The Board recommends that you vote your shares as follows:

- Proposal One** FOR the election of all four nominees for the 2023 Class of Directors with terms expiring at the 2023 Annual Meeting of Shareholders.
- Proposal Two** FOR the ratification of the appointment of KPMG LLP as the Company’s independent registered public accounting firm (independent auditors) for the fiscal year ending December 31, 2020.
- Proposal Three** FOR the approval of the Company's executive compensation. **(Say on Pay)**

What are my choices when voting?

- Proposal One** You may cast your vote in favor of electing the nominees as Directors or withhold your vote on one or more nominees.
- Proposal Two** You may cast your vote in favor of, or against, the proposal, or you may elect to abstain from voting your shares.
- Proposal Three** You may cast your vote in favor of, or against, the proposal, or you may elect to abstain from voting your shares.

Shareholders do not have dissenters' rights of appraisal in connection with these proposals.

How would my shares be voted if I do not specify how they should be voted?

If you sign and return your proxy card without indicating how you want your shares to be voted, the proxies will vote your shares as follows:

- Proposal One** FOR the election of all four nominees for the 2023 Class of Directors with terms expiring at the 2023 Annual Meeting of Shareholders.
- Proposal Two** FOR the ratification of the appointment of KPMG LLP as the Company’s independent registered public accounting firm (independent auditors) for the fiscal year ending December 31, 2020.
- Proposal Three** FOR the approval of the Company's executive compensation. **(Say on Pay)**

How are votes withheld, abstentions and broker non-votes treated?

If your shares are held in street name, unless you provide voting instructions to your broker, bank, trustee, or other nominee, your shares will not be voted on Proposals One, Two or Three. Those unvoted shares are referred to as broker non-votes and will be treated as not entitled to vote and have no effect on the outcome. In the election of directors, broker non-votes will be considered solely for quorum purposes and are not counted for the election of directors; withheld votes will be treated as votes against a director. On Proposal Two (ratification of the appointment of KPMG LLP), your broker, bank, trustee, or other nominee may exercise its discretion and vote on Proposal Two. Abstentions will be treated as votes against Proposal Two. On Proposal Three (approval of the Company's executive compensation), abstentions will be treated as votes against such matters.

Can I change my vote after I have mailed in my proxy card?

If you are a "*shareholder of record*," you may revoke your proxy by doing one of the following:

- by sending a written notice of revocation to the Secretary of the Company that is received prior to the Meeting, stating that you revoke your proxy;
- by delivery of a later-dated proxy (including a telephone or Internet vote) and submitting it so that it is received prior to the Meeting in accordance with the instructions included on the proxy card(s); or
- by attending the Meeting and voting your shares in person. If your shares are held in street name and you want to vote your shares at the Meeting, you must obtain a legal proxy in your name from and executed by the broker, bank, trustee, or other nominee that holds your shares as of the record date, which is February 14, 2020.

If you hold shares in "*street name*," contact your broker, bank, trustee or other nominee for directions on how to change your vote.

What vote is required to approve each proposal?

- Proposal One** requires the affirmative vote of a majority of those shares present in person or represented by proxy and entitled to vote thereon at the Meeting.
- Proposal Two** requires the affirmative vote of a majority of those shares present in person or represented by proxy and entitled to vote thereon at the Meeting.
- Proposal Three** requires the affirmative vote of a majority of those shares present in person or represented by proxy and entitled to vote thereon at the Meeting. The vote on Proposal Three is a non-binding advisory vote.

Who will count the votes?

Representatives from Computershare Trust Company, N.A., the transfer agent, will count the votes and provide the results to the Inspectors of Election who will then tabulate the votes at the Meeting.

Who pays the cost of a proxy solicitation?

The cost of solicitation of proxies will be borne by the Company. In addition to solicitation by mail, proxies may be solicited personally or by telephone, facsimile transmission or via email by regular employees of the Company. Morrow Sodali LLC, 470 West Avenue, Stamford, Connecticut 06902, has been retained by the Company, at an estimated cost of \$10,500 plus reasonable out-of-pocket expenses, to aid in the solicitation of proxies; shareholders may contact Morrow Sodali LLC, at 877-787-9239 and brokers and banks may contact Morrow Sodali LLC, at 203-658-9400. Brokerage houses and other custodians, nominees and fiduciaries may be requested to forward soliciting material to their principals and the Company will reimburse them for the expense of doing so. This Proxy Statement and proxy will be first sent to security holders on or about March 6, 2020.

Is this Proxy Statement the only way that proxies are being solicited?

No. As stated above, the Company has retained Morrow Sodali LLC to aid in the solicitation of proxy materials. In addition to mailing these proxy materials, certain directors, officers or employees of the Company may solicit proxies by telephone, facsimile transmission, e-mail or personal contact. They will not be compensated for doing so.

If you have any further questions about voting your shares or attending the Meeting, please call the Company's Secretary, Thomas J. Noack, at 314-746-7352.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security ownership of certain beneficial owners:

This table includes each person known as of February 14, 2020 to be the beneficial owner of 5% or more of the Company's outstanding Common Stock. Under applicable Securities and Exchange Commission Rules, beneficial ownership of shares includes shares as to which a person has or shares voting power and/or investment power.

<u>Name and Address of Beneficial Owner</u>	<u>Number of shares (6)</u>	<u>Percent of Class (6)</u>
Commerce Bank 1000 Walnut Street Kansas City, Missouri 64106	7,762,057	(1)(2) 6.9
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	10,754,545	(3) 9.6
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	9,657,626	(4) 8.6
State Street Corporation One Lincoln Street Boston, MA 02111	5,700,496	(5) 5.1

- (1) These shares represent the beneficial ownership of the Company's Common Stock held in various trust capacities. Of those shares Commerce Bank had (i) sole voting power over 2,260,037 shares; (ii) shared voting power over 3,351,858 shares; (iii) sole investment power over 2,974,799 shares; and (iv) shared investment power over 1,470,206 shares.
- (2) Those shares for which Commerce Bank has shared voting power include 2,847,112 shares held as Trustee for the Commerce Bancshares, Inc. Participating Investment Plan (the "Plan"), a 401(k) plan established for the benefit of the Company's employees. Pursuant to the Plan, participants are entitled to direct the Trustee with regard to the voting of each participant's shares held in the Plan. As to any shares for which no timely directions are received, the Trustee will vote such shares in accordance with the direction of the Company.
- (3) This information is based solely on an amended Schedule 13G filed with the Securities and Exchange Commission (the "SEC") on February 12, 2020. Based upon the information contained in the filing, The Vanguard Group has sole voting and dispositive power with respect to 54,441 and 10,693,102 shares, respectively, shared voting and dispositive power with respect to 20,086 and 61,443 shares, respectively, and beneficially owns 10,754,545 shares of the Company's Common Stock.
- (4) This information is based solely on an amended Schedule 13G filed with the SEC on February 5, 2020. Based upon the information contained in the filing, BlackRock, Inc. has sole voting and dispositive power with respect to 9,144,361 and 9,657,626 shares, respectively, and beneficially owns 9,657,626 shares of the Company's Common Stock.
- (5) This information is based solely on a Schedule 13G filed with the SEC on February 14, 2020. Based upon the information contained in the filing, State Street Corporation has shared voting and dispositive power with respect to 5,489,340 and 5,700,496 shares, respectively, and beneficially owns, 5,700,496 shares of the Company's Common Stock.
- (6) Ownership as of December 31, 2019.

Security ownership of management:

The following information pertains to the Common Stock of the Company beneficially owned, directly or indirectly, by all directors and nominees for director, the executive officers named in the Summary Compensation Table, and by all directors, nominees and executive officers of the Company as a group as of December 31, 2019.

<u>Name of Beneficial Owner</u>	<u>Number of shares</u>		<u>Percent of Class</u>
Kevin G. Barth	140,253	(2)	*
Terry D. Bassham	10,974		*
John R. Capps	8,662		*
Karen L. Daniel	3,482		*
Earl H. Devanny, III	16,061		*
W. Thomas Grant, II	30,919		*
John K. Handy	43,752	(2)	*
David W. Kemper	1,276,756	(2)(4)	1.5
	99,320	(1)	
	211,996	(3)	
	52,939	(5)	
John W. Kemper	187,283	(2)(5)	1.3
	211,996	(3)	
	1,092,751	(4)	
Jonathan M. Kemper	1,148,778	(2)	1.3
	148,036	(1)	
	211,996	(3)	
Charles G. Kim	129,539	(2)	*
Benjamin F. Rassieur, III.	36,922		*
Todd R. Schnuck	14,339		*
Andrew C. Taylor	56,546		*
Kimberly G. Walker	18,508		*
All directors, nominees and executive officers as a group (including those listed above) . . .	3,831,261	(2)	3.4

(1) Shared voting power and investment power.

(2) Includes shares which could be acquired within 60 days by exercise of stock appreciation rights (SARs). Shares acquired by exercise of SARs were computed on a net basis, assuming the rights were exercised at a price equal to the fair market value of the Common Stock at December 31, 2019. Shares which could be acquired within 60 days by exercise of SARs are as follows: Messrs. Kevin G. Barth — 16,406; John K. Handy — 930; David W. Kemper — 21,615; John W. Kemper — 38,133; Jonathan M. Kemper — 48,498; Charles G. Kim — 22,023; and all directors, nominees and executive officers as a group (including those listed above) — 183,114.

(3) Owned by a corporation for which Messrs. David W. Kemper, John W. Kemper and Jonathan M. Kemper are shareholders and serve as directors. Messrs. David W. Kemper, John W. Kemper and Jonathan M. Kemper disclaim beneficial ownership of such shares, other than to the extent of their pecuniary interests.

(4) Includes 1,092,751 shares of which Mr. David W. Kemper is the beneficial owner, but shares voting power with Mr. John W. Kemper.

(5) Includes 52,939 shares of which Mr. John W. Kemper is the beneficial owner, but shares voting power with Mr. David W. Kemper.

* Less than 1%

PROPOSAL ONE

ELECTION OF THE 2023 CLASS OF DIRECTORS

Composition of the Board

The full Board consists of twelve Directors. The Board is divided into three classes consisting of four Directors per class. The Directors in each class serve a three-year term. The term of each class expires at successive annual meetings so that the shareholders elect one class of Directors at each annual meeting.

The election of four Directors to the 2023 Class will take place at the Meeting. At its meeting on February 7, 2020, the Board approved the recommendation of the Committee on Governance/Directors that four 2023 Class Directors be elected for a three-year term.

If elected, the four 2023 Class Director nominees will serve on the Board until the Annual Meeting in 2023, or until their successors are duly elected and qualified in accordance with the Company's Bylaws. If any of the four nominees should become unable to accept election, the persons named on the proxy card as proxies may vote for such other person(s) recommended by the Company's Board of Directors. Management has no reason to believe that any of the four nominees for election named below will be unable to serve.

The Board of Directors Recommends that Shareholders Vote <i>FOR</i> All Four Nominees Listed Below

Nominees For Election to the 2023 Class of Directors:

John R. Capps

Age:	69
Director Since:	January 2000
Committees:	Audit and Risk Committee
Principal Occupation:	Vice President of Weiss Toyota
Other Directorships:	None
Discussion:	Mr. Capps, a graduate of Stanford University, created a group of automobile dealership franchises in St. Louis County, Missouri that was acquired by Asbury Automotive Group in 1997. Mr. Capps stayed active in the acquiring company through its initial public offering. In 2011, Mr. Capps left Asbury Automotive Group to operate a new automotive dealership under BCJ Motors, Inc. and Weiss Toyota. Mr. Capps gives the Board a direct insight into a major line of business for the Company. He is active in the community and currently serves as a board member of St. Louis Priory School, St. Louis Children's Hospital Foundation, the St. Louis Art Museum, Backstoppers, Inc. and KIPP School of St. Louis.

Karen L. Daniel

Age:	62
Director Since:	January 2018
Committees:	Audit and Risk Committee
Principal Occupation:	Retired Chief Financial Officer and Executive Director of Black & Veatch
Other Directorships:	Black & Veatch (since 2006); Snap-on Tools (since 2005); Blue Cross and Blue Shield of Kansas City (since 2017); and Livongo Health, Inc. (since 2019).
Discussion:	Ms. Daniel graduated from Northwest Missouri State University and received her master's degree in accounting from the University of Missouri-Kansas City. She spent 11 years with the certified public accounting firm of Peat Marwick (KPMG), rising to Senior Audit Manager. Ms. Daniel joined Black & Veatch in 1992 with the internal audit group, was named Chief Financial Officer in 1999 and joined the Black & Veatch Board of Directors in 2006. In her role as CFO, she was responsible for developing and executing business strategies, and as President of Black & Veatch's Global Finance & Technology Solutions Division, led the global finance and IT organizations. She retired from Black & Veatch in July 2018 as Chief Financial Officer (CFO) and Executive Director. Ms. Daniel serves on numerous public and philanthropic boards, including Snap-on, Inc., Livongo Health, Inc., Blue Cross and Blue Shield of Kansas City, Northwest Missouri State University Foundation, Kansas City Campus for Animal Care and City Year Kansas City. Ms. Daniel also served as Vice-Chair of former President Obama's Advisory Council on Doing Business in Africa.

W. Thomas Grant, II

Age: 69

Director Since: June 1983

Committees: Compensation and Human Resources Committee; and Committee on Governance/Directors

Principal Occupation: Vice Chairman of SelectQuote

Other Directorships: SelectQuote (since November 2009)

Discussion: Mr. Grant served as a Consultant of Quest Diagnostics from 2007-2010, Chief Executive Officer of LabOne, Inc. from 1995 through the sale of the company to Quest Diagnostics in 2005, where he served as Senior Vice President until 2007. During his tenure, the company grew from a market capitalization of less than \$80 million to \$934 million at the time of sale. Prior to LabOne, Mr. Grant was the Chairman, President and Chief Executive Officer at Seafield Capital Corporation, a healthcare holding company, from 1990 to 1995. From 1986 to 1990, he served as Chief Executive Officer of Business Men's Assurance Company, an insurance company. Mr. Grant received a Bachelor's degree in History from the University of Kansas and a Master's degree in Business Administration from the Wharton School of Finance, University of Pennsylvania, and brings to the Board an insight into the insurance and healthcare industries. Mr. Grant is currently the Vice Chairman of SelectQuote and is serving on the Board of SelectQuote.

David W. Kemper

Age: 69

Director Since: February 1982

Committees: Executive Committee (Chairman)

Principal Occupation: Executive Chairman (since August 2018), Mr. Kemper previously served as Chairman of the Board and Chief Executive Officer of the Company (November 1991-July 2018); and Chairman of the Board and Chief Executive Officer of Commerce Bank (January 1984-July 2018). David W. Kemper is the brother of Jonathan M. Kemper, Chairman Emeritus, Commerce Bank, Kansas City Region, and the father of John W. Kemper, President and Chief Executive Officer of the Company.

Other Directorships: Tower Properties Company (since October 1989); The Crawford Group, Inc. (since November 2000); and Post Holdings, Inc. (since September 2015).

Discussion: Mr. Kemper became Executive Chairman in August 2018. He previously was the Chairman and Chief Executive Officer of the Company from 1991 to 2018 and was President of the Company from 1982 until February 2013. He graduated cum laude from Harvard College, earned a masters degree in English literature from Oxford University, and an M.B.A. from the Stanford Graduate School of Business. He is the Past President of the Federal Advisory Council to the Federal Reserve Board. Mr. Kemper is active in the St. Louis community, serving as a board member of Washington University in St. Louis, the Missouri Botanical Garden, the Donald Danforth Plant Science Center, the St. Louis Art Museum, and a member of Civic Progress in St. Louis. Mr. Kemper brings to the Board a thorough understanding of the financial industry and an appreciation of the values upon which the Company was founded.

The following information is provided with respect to the directors who are continuing in office for the respective periods and until their successors are elected and qualified.

2022 Class of Directors

Earl H. Devanny, III

Age: 68
Director Since: April 2010
Committees: Compensation and Human Resources Committee (Chairman); Committee on Governance/Directors; and Executive Committee
Principal Occupation: Chief Executive Officer of TractManager (since September 2016)
Other Directorships: None
Discussion: Mr. Devanny is a former advisory director of Commerce Bank and has extensive experience with regulated industries. Mr. Devanny holds a Bachelor of Arts degree in English from the University of the South (Sewanee). Mr. Devanny has served as CEO of TractManager Holdings, LLC since September 2016. Prior to this position, Mr. Devanny served as the President of Healthcare at Nuance Communications from April 2014 to August 2016, as CEO of The TriZetto Group from July 2010 to May 2013, and the President of Cerner Corporation from August 1999 to July 2010. This experience brings a professional insight into the healthcare industry, one of the Company's most important target industries for financial services.

Benjamin F. Rassieur, III

Age: 65
Director Since: August 1997
Committees: Audit and Risk Committee (Chairman); Committee on Governance/Directors; and Executive Committee
Principal Occupation: President of Paulo Products Company (since August 1987)
Other Directorships: None
Discussion: Mr. Rassieur is President of a successful, private company that performs heat treating and metal finishing at six plants in three states and Mexico. His business provides a leading indicator of general economic conditions. Mr. Rassieur graduated cum laude from Amherst College with a degree in economics. He has been a director of Commerce Bank and has been a long time member of the Company's Audit and Risk Committee, and is the current Chairman of the Audit and Risk Committee. His community involvement includes being a Director of Concordance Academy.

Todd R. Schnuck

Age: 61
Director Since: April 2010
Committees: Audit and Risk Committee
Principal Occupation: Chairman and Chief Executive Officer of Schnuck Markets, Inc. (since October 2014) (from 2006 to 2014 served as President and Chief Operating Officer; and prior to 2006, served as Chief Financial Officer)
Other Directorships: Schnuck Markets, Inc. (since October 2014)
Discussion: As Chairman and Chief Executive Officer of Schnuck Markets, Inc., Mr. Schnuck brings to the Board a unique perspective from a consumer driven industry that faces many of the same issues that the Company faces, such as selection of retail locations, geographic expansion, and customer loyalty. With stores in Missouri, Illinois, Indiana, Iowa and Wisconsin, Schnuck Markets, Inc. operates in much of the same footprint as the Company. A graduate of the University of Virginia with an M.B.A. from Cornell, Mr. Schnuck had several years' experience in the investment banking profession before joining the family-owned business and serving as its Chief Financial Officer and Chief Operating Officer prior to his current position. Mr. Schnuck has previously served as an advisory director of Commerce Bank.

Andrew C. Taylor

Age: 72

Director Since: February 1990

Committees: Committee on Governance/Directors (Chairman); and Executive Committee

Principal Occupation: Executive Chairman of Enterprise Holdings, Inc. (formerly known as Enterprise Rent-A-Car) (since 2001)

Other Directorships: Enterprise Holdings, Inc. (since 2001); and The Crawford Group, Inc. (since July 1990)

Discussion: Mr. Taylor has led Enterprise Holdings and its operating subsidiaries (collectively "Enterprise"), to the position of the largest rental car provider in the world. He has public company board experience and is actively engaged in community service and philanthropic activities in the St. Louis area. His company is ranked high in customer satisfaction and as a place to work and start a career. Mr. Taylor is also the Executive Chairman of Enterprise Fleet Management, Inc., which leases over 300,000 vehicles to small and medium sized businesses. Managing credit risk is an important component of this business. Mr. Taylor is a graduate of the University of Denver with a degree in business administration.

2021 Class of Directors**Terry D. Bassham**

Age: 59

Director Since: February 2013

Committees: Audit and Risk Committee; and Compensation and Human Resources Committee

Principal Occupation: Chief Executive Officer and President of Evergy, Inc.

Other Directorships: Great Plains Energy, Inc. (since June 2012)

Discussion: Prior to his election as President & CEO of Evergy, Inc., Mr. Bassham served as Chairman of the Board, President and CEO (since June 2012), of Great Plains Energy, KCP&L, and Greater Missouri Operations. Mr. Bassham originally served as KCP&L Executive Vice President of Finance, Strategic Development and CFO, more recently as Executive Vice President of Utility Operations. He graduated from the University of Texas-Arlington and earned a Juris Doctor degree from St. Mary's University Law School in San Antonio, Texas. Mr. Bassham previously practiced as a regulatory attorney and has served as an advisory director of the Company's banking subsidiary in Kansas City. He is active in the Kansas City area community and currently serves as a board member of the Kansas City Symphony, Kansas City Scholars, Edison Electric Industry Group, the Electric Power Research Institute, Go Topeka; the Kansas State Chamber of Commerce; and Keystone Community Corporation. Mr. Bassham brings to the Board an inside perspective of the energy industry, and experience in a highly regulated industry with a publicly traded company.

John W. Kemper

Age: 42

Director Since: September 2015

Committees: Executive Committee

Principal Occupation: President and Chief Executive Officer of the Company and Chairman and Chief Executive Officer of Commerce Bank. John is the son of David W. Kemper, Executive Chairman of the Board, and nephew of Jonathan M. Kemper, Chairman Emeritus, Commerce Bank, Kansas City Region.

Other Directorships: Commerce Bank (since January 2013); and Tower Properties Company (since March 2008)

Discussion: John W. Kemper is President and Chief Executive Officer of Commerce Bancshares, Inc., and Chairman and Chief Executive Officer of Commerce Bank. Mr. Kemper joined Commerce in 2007 leading strategy and working across a number of leadership roles within the Company. Prior to his current role, Mr. Kemper served as the Company's President and Chief Operating Officer. Before joining Commerce, Mr. Kemper worked as an Engagement Manager in the New York and Chicago offices of McKinsey & Co. While at McKinsey, Mr. Kemper led consulting teams on strategy and operations engagements for a number of clients in the financial services and airline industries. Mr. Kemper holds a Bachelor of Arts in history and political science from Stanford University, a Master of Science in economic history from the London School of Economics and an M.B.A. from Northwestern University's Kellogg School of Management. Mr. Kemper is a member of the Visa Senior Client Counsel and serves on the boards of several civic organizations in the St. Louis region.

Jonathan M. Kemper

Age: 66

Director Since: February 1997

Committees: None

Principal Occupation: Chairman Emeritus, Commerce Bank, Kansas City Region, a subsidiary of the Company. Jonathan M. Kemper is the brother of David W. Kemper, Executive Chairman of the Board, and the uncle of John W. Kemper, President and Chief Executive Officer of the Company.

Other Directorships: Tower Properties Company (Non-Executive Chairman since April 2005)

Discussion: Mr. Kemper transitioned from day-to-day responsibilities at the Company in August 2018; he currently oversees the Commerce Bank Trusts and Foundations Office. After graduating from Harvard, Mr. Kemper received an M.B.A. from Harvard University's Graduate School of Business. Prior to working for the Company, Mr. Kemper held various positions in the financial industry in New York and Chicago, including positions with Citicorp, the Federal Reserve Bank of New York, and M. A. Schapiro and Company. Mr. Kemper previously served on the Federal Advisory Council to the Federal Reserve Board from January 2012 to December 2015. Mr. Kemper is involved in several community and business organizations in addition to his responsibilities at Commerce Bank. Mr. Kemper is a recognized community leader in one of the Company's largest markets and also brings expertise in current and emerging technologies to the Board.

Kimberly G. Walker

Age: 61

Director Since: February 2007

Committees: Audit and Risk Committee

Principal Occupation: Retired Chief Investment Officer of Washington University in St. Louis (November 2006 through December 2016)

Other Directorships: None

Discussion: Ms. Walker holds an M.B.A. in finance, with distinction, from the University of Michigan, an M.A. in economics from Washington University in St. Louis, and a B.A. in economics and public administration from Miami University of Ohio, where she graduated magna cum laude. Ms. Walker also holds the Chartered Financial Analyst designation. She has extensive experience in institutional asset management and has knowledge of internal controls and audit committee functions. Ms. Walker served as Chief Investment Officer at Washington University for 10 years through December 31, 2016 and as Executive in Residence at Washington University's Olin Business School in 2017.

“Other Directorships,” both for nominees and those continuing in office, includes directorships at any public company or registered investment company during the previous five years.

CORPORATE GOVERNANCE

Corporate Governance Guidelines

The Board has adopted guidelines on significant corporate governance matters that, together with the Company's Code of Ethics and other policies, create the corporate governance standards for the Company. You may view the Corporate Governance Guidelines on the Company's website at www.commercebank.com/about-us/social-responsibility. At the same location on the website, you will find the Corporate Code of Ethics, the Code of Ethics for Senior Financial Officers, the Related Party Transaction Policy, the Corporate Social Responsibility Report, and the charters of the Audit and Risk Committee, Committee on Governance/Directors and the Compensation and Human Resources Committee.

Each Director and all executive officers are required to complete annually a Director and Executive Officer Questionnaire (“Questionnaire”). The information contained in the responses to the Questionnaire is used, in part, to determine director independence and identify material transactions with the Company in which a Director or executive officer may have a direct or indirect material interest.

Shareholder Communications

The Board has not adopted a formal policy for shareholder communications. We believe a formal policy is unnecessary because the Company has a longstanding practice that shareholders may communicate with the Board or any individual director through the Secretary of the Company. The Secretary will forward all such communications to the Board or any individual director. The Secretary will not forward any communications that: (i) constitute commercial advertising of products; (ii) contain offensive language or material; (iii) are not legible or coherent; or (iv) are in the nature of customer complaints that can be handled by Company management.

Director Independence

In accordance with the rules of the NASDAQ Stock Market LLC ("NASDAQ"), the Board, on the recommendation of the Committee on Governance/Directors, determines the independence of each Director and nominee for election as a Director. The Committee on Governance/Directors applies the definition of "independent director" adopted by NASDAQ to information derived from responses to the Questionnaire and from research of the Company's records provided by the General Counsel, Controller and Auditor of the Company. The Board, on the basis of the recommendation of the Committee on Governance/Directors, determined that the following non-employee Directors of the Company and Director nominees are independent:

Terry D. Bassham	Benjamin F. Rassieur, III
John R. Capps	Todd R. Schnuck
Karen L. Daniel	Andrew C. Taylor
Earl H. Devanny, III	Kimberly G. Walker
W. Thomas Grant, II	

Based on the NASDAQ definition of "independent director," the Board determined that David W. Kemper and John W. Kemper, as employed executive officers of the Company, are not independent, and that Jonathan M. Kemper, as an employed executive officer of the Company within the previous three years, is not independent.

Board Meetings

The Board held four regularly scheduled meetings in 2019. In conjunction with scheduled meetings, the Board regularly meets in Executive Session without the presence of any non-independent employee directors. All Directors attended at least 87% of the Board and Committee meetings on which they served in 2019. Although it is not the policy of the Company that Directors attend the Annual Meeting of Shareholders, all the Directors attended the 2019 Annual Meeting of Shareholders on April 17, 2019.

Board Leadership Structure and Risk Oversight

Prior to August 1, 2018, David W. Kemper served as both principal executive officer and chairman of the Board. Combining the principal executive officer position with the chairmanship of the board was established in the Company's original governing documents. Until February 8, 2013, under the Company's Bylaws, the Chairman of the Board was the chief executive officer of the Company by definition. The incorporators of the Company believed in establishing direct accountability to the shareholders for the chief executive officer who is responsible for the day-to-day decisions that affect the Company's value. A combined Chairman and Chief Executive Officer avoids potential conflicts between incumbents, establishes accountability, and has the added advantage of eliminating additional compensation expense that would result from separating these two functions. Since its incorporation, the financial strength and esteemed reputation the Company has achieved are a testament to, and a direct result of, the leadership of the two people who have held these combined positions, James M. Kemper, Jr. and current Executive Chairman, David W. Kemper. At its meeting on February 8, 2013, the Board amended the Bylaws to permit, but not require, the separation of the positions of Chairman and Chief Executive Officer. At its meeting on April 2, 2018, the Board determined that, effective on August 1, 2018, the positions of Chairman and Chief Executive Officer would be separated, with David W. Kemper assuming the position of Executive Chairman and John W. Kemper assuming the position of President and Chief Executive Officer.

The Chairman of the Committee on Governance/Directors serves as the Lead Director of the Board. The purpose and effect of this designation is to establish leadership in the Board room during the executive sessions of the non-employee Board members. Non-independent directors and other officers of the Company are excused for a portion of every Board meeting for the executive sessions of the independent directors.

The Company and Commerce Bank are subject to examination by the Federal Reserve and the Missouri Division of Finance (the "MDOF"). Examinations are directed to compliance with various laws and regulations, and an assessment of how the Company, Commerce Bank and their subsidiaries manage credit risk, interest rate risk, liquidity risk, operational risk, strategic risk and reputational risk. To manage these risks, the Company's management utilizes various risk committees including, without limitation, the following: Asset Liability Committee, Enterprise Risk Management Committee, Trust Risk Committee, Credit Policy

Committee, Consumer Risk Committee, Information Security Strategy Board, Fraud Risk Committee, Secondary Market Oversight Committee, and Operational Risk Committee. As indicated below, the Audit and Risk Committee monitors the Company's risk management process.

The Board and Audit and Risk Committee regularly review the Reports of Examination from the Federal Reserve and MDOF. The Audit and Risk Committee periodically meets with officers and examiners of the Federal Reserve and MDOF. Regular presentations are made to the Board and the Audit and Risk Committee by the Chief Financial Officer, the Chief Credit Officer and the Chief Risk Officer of the Company and include matters noted in the Reports of Examination.

Committees of the Board

The Board has four committees, three of which (the Audit and Risk Committee, the Compensation and Human Resources Committee, and the Committee on Governance/Directors) are standing committees that meet at least once per year. The Audit and Risk Committee, the Compensation and Human Resources Committee, and the Committee on Governance/Directors are comprised solely of non-employee, independent directors in accordance with NASDAQ listing standards. The members of the Compensation and Human Resources Committee are also "non-employee directors" under Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and "outside directors" under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). The charter for each committee is available online as noted herein. The charters are also available in print to any shareholder who makes a request of the Secretary of the Company. Pursuant to the Company's Bylaws, the Board has established an Executive Committee to meet as necessary. The Executive Committee does not have a charter and consists of both independent, non-employee directors and employee directors.

The Executive Committee is comprised of David W. Kemper, John W. Kemper, Earl H. Devanny, III, Benjamin F. Rassieur, III, and Andrew C. Taylor. The table below shows the current membership of the standing committees of the Board:

Audit and Risk

Terry D. Bassham
John R. Capps
Karen L. Daniel
Benjamin F. Rassieur, III*
Todd R. Schnuck
Kimberly G. Walker

Compensation and Human Resources

Terry D. Bassham
Earl H. Devanny, III*
W. Thomas Grant, II

Governance/Directors

Earl H. Devanny, III
W. Thomas Grant, II
Benjamin F. Rassieur, III
Andrew C. Taylor**

* Committee Chairman

** Committee Chairman and Lead Director

Audit and Risk Committee

The Company has a separately designated standing Audit and Risk Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. In 2019, the Audit and Risk Committee had six members and met four times. The Audit and Risk Committee is comprised solely of independent, non-employee directors, and is chaired by Mr. Rassieur. The Board has determined that Ms. Daniel and Mr. Schnuck are each an "Audit and Risk Committee financial expert" as required by the SEC and Mr. Bassham is an "Audit and Risk Committee risk expert" as required by Regulation YY as adopted by the Federal Reserve Board. As a regulated financial company, risk evaluation is inherent in overseeing the Company's financial reporting processes, and the Company's compliance with legal and regulatory requirements. For that reason, the Audit and Risk Committee is the primary vehicle for risk oversight by the Board and reviews reports from legal, audit, compliance, credit review, corporate finance and the Enterprise Risk Management Committee at each of its meetings. The charter of the Audit and Risk Committee may be found on the Company's website at www.commercebank.com/about-us/social-responsibility under the "Building Strong Communities" heading.

The Audit and Risk Committee's responsibilities, discussed in detail in the charter, include monitoring and oversight over:

- The internal control over financial reporting of the Company and the audits of its financial statements;
- The independent auditor's qualification and independence;
- The performance of the Company's internal audit function and independent auditors;
- The internal audit director's impartiality and independence;
- Compliance by the Company with legal and regulatory requirements;

- The Company's risk management governance structure and risk management framework, including the strategies, policies, and processes established by management to identify, assess, measure, and manage major risks facing the Company; and
- The performance of the Company's internal credit review function.

Additional information on the activities of the Audit and Risk Committee is provided in the section entitled "Audit and Risk Committee Report".

Compensation and Human Resources Committee

The Compensation and Human Resources Committee met once in 2019. The Compensation and Human Resources Committee is comprised solely of independent, non-employee directors. The charter of the Compensation and Human Resources Committee may be found on the Company's website at www.commercebank.com/about-us/social-responsibility under the "Building Strong Communities" heading.

The Compensation and Human Resources Committee's responsibilities, discussed in detail in the charter, include the following:

- Establishing the Company's general compensation philosophy and overseeing the development and implementation of executive and senior management compensation programs;
- Reviewing and approving corporate goals and objectives relevant to the compensation of executives and senior management;
- Reviewing the performance of executives and senior management;
- Determining the appropriate compensation levels for executives and senior management; and
- Making recommendations to the Board with respect to the Company's incentive plans and equity-based plans.

The Compensation and Human Resources Committee's processes for considering and determining executive compensation are described under the heading "Compensation and Human Resources Committee Processes" in the section entitled "Compensation Discussion and Analysis".

Committee on Governance/Directors

The Committee on Governance/Directors met once in 2019. The Committee on Governance/Directors is comprised solely of independent, non-employee directors. The charter of the Committee on Governance/Directors may be found on the Company's website at www.commercebank.com/about-us/social-responsibility under the "Building Strong Communities" heading.

The Committee on Governance/Directors' responsibilities, discussed in detail in the charter, include the following:

- Evaluating proposed candidates for directorship in the Company;
- Evaluating Board performance;
- Establishing the agenda for the annual meeting of shareholders;
- Evaluating the quality of the information and analysis presented to the Board and standing committees;
- Assessing the independence of directors; and
- Evaluating the performance of the Company relative to corporate governance matters.

The Chairman of the Committee on Governance/Directors serves as the Lead Director of the Board and chairs the Board's Executive Sessions.

With respect to its recommendations of prospective candidates to the Board, the Committee on Governance/Directors may establish the criteria for director service and will consider, among other things, the independence of the candidates under applicable standards and such experience and moral character as to create value to the Board, the Company and its shareholders. With respect to incumbent candidates, the Committee on Governance/Directors also considers meeting attendance, meeting participation and ownership of Company stock. The criteria and selection process are not standardized and may vary from time to time. Relevant experience in business, government, the financial industry, education and other areas are prime measures for any nominee. Although not the subject of a specific Board policy, the Board believes that diversity, including gender, ethnicity and race, enhances Board effectiveness, improves corporate governance, and creates the potential for improving long-term value creation for all shareholders. Accordingly, Board diversity is an integral consideration in selecting nominees for Board consideration. The Board has approved the Corporate Social Responsibility Report, referenced above under "Corporate Governance Guidelines," and adheres to the diversity guidelines contained in such report. The Committee on Governance/Directors will consider individuals for Board membership that are proposed by shareholders in accordance with the provisions of the Company's Bylaws. A description of those provisions can be found under "Shareholder Proposals and Nominations" below. The Committee on Governance/Directors will consider individuals proposed by shareholders under the same criteria as all other individuals.

Typically, by the end of January of each year, the Committee on Governance/Directors meets and makes its recommendations to the Board of its proposed slate of Directors for the class of directors to be elected at the next annual meeting; the date, time and place of the annual meeting; and the matters to be placed on the agenda for the annual meeting. At its meeting on January 28, 2020, the Committee on Governance/Directors determined its nominees for the Class of 2023. All of the nominees for the Class of 2023 are current directors standing for re-election.

Shareholder Proposals and Nominations

If a shareholder intends to present a proposal for consideration at the Company's annual meeting to be held on April 21, 2021 and have the proposal included in the Company's proxy statement, the proposal must be in proper form pursuant to SEC Rule 14a-8 and must be received by the Secretary of the Company at its principal offices no later than November 6, 2020.

Shareholder nominations for directors and shareholder proposals that are not presented pursuant to SEC Rule 14a-8 must comply with the Company's Bylaws. In order to be considered, shareholders must provide timely notice to the Secretary. To be timely, the notices for the April 21, 2021 annual meeting must be received by the Secretary no later than February 20, 2021 nor before January 21, 2021. The notice must contain the name and record address of the shareholder, and the class or series and the number of shares of Company capital stock owned beneficially or of record by the shareholder.

Any notice proposing to nominate a director must also provide a description of all arrangements or understandings between such shareholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) or shareholder proposal is made; and a representation that such shareholder intends to appear in person or by proxy at the meeting to nominate the person named in the notice. The notice must also set forth as to each person the shareholder proposes to nominate for election as a director the name, age, business and residence address of the nominee; the principal occupation or employment of the nominee; the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by the nominee; and any other information relating to the nominee or the nominating shareholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act. Lastly, the notice must also be accompanied by a written consent of each proposed nominee to be named a nominee and to serve as a director if elected.

If the notice is for a shareholder proposal, the notice must also set forth a brief description of the business to be brought before the meeting, the reasons for conducting such business at the meeting, any material interest of such shareholder in such business, and a representation that the stockholder intends to appear in person or by proxy at the Annual Meeting to bring the business before the meeting.

Transactions with Related Persons

The Board of Directors has adopted a Related Party Transaction Policy ("Policy"). The purpose of the Policy is to establish procedures for the identification and approval, if necessary, of transactions between the Company and any director, nominee for director, beneficial owner of more than 5% of the Company's securities, executive officer or any person or entity deemed related to any of the foregoing ("Related Party") that are material or not in the ordinary course of business.

The Policy may be found on the Company's website at www.commercebank.com/about-us/social-responsibility under the "Building Strong Communities" heading. The Policy is intended to identify all transactions with Related Parties where payments are made by the Company to or for the direct or indirect benefit of a Related Party. The procedures, discussed in detail in the Policy, include the following:

- The collection and maintenance of a Related Party list derived from the records of the Company and the responses to an annual Questionnaire completed by directors and executive officers;
- The distribution of the list to the appropriate officers and employees of the Company so that transactions with Related Parties may be identified;
- A quarterly comparison of the list to payments made by the Company; and
- Preparation and delivery of a report to the General Counsel of the Company for review, analysis and an initial determination of whether the transaction is material and falls within the Policy.

The Policy provides guidance for determination of materiality of Related Party transactions. The amount of the transaction, the application of any exemption or exclusion, the provisions of the Company's Corporate Code of Ethics, and general principles of corporate transparency may be considered in evaluating materiality. The Policy deems certain transactions exempt and pre-approved, including compensation paid for service as a director or executive officer, transactions involving depository or similar payment services, transactions that are the result of a competitive bidding process, and transactions arising solely from the ownership of the Company's equity securities. The Policy provides further guidance to the Board or Audit and Risk Committee in regard to the approval or ratification of the transaction and prohibits the participation by a Related Party in the discussion, approval or ratification of a transaction.

Pursuant to the application of the Policy, the following transactions were identified:

- It was determined that Messrs. David W. Kemper, John W. Kemper and Jonathan M. Kemper are shareholders and directors of Tower Properties Company (“Tower”), and Mr. Jonathan M. Kemper is the Non-Executive Chairman of the Board of Tower. Tower is primarily engaged in the business of owning, developing, leasing and managing real property. At December 31, 2019, Messrs. David W. Kemper, John W. Kemper and Jonathan M. Kemper together with members of their immediate families beneficially own approximately 67% of Tower. During 2019, the Company, or its subsidiaries, paid Tower \$154,000 for leasing fees, \$118,000 for operation of parking garages, \$250,000 for property construction management fees and \$2,001,000 for building management fees. The Company entered into a new contract with Tower effective January 1, 2018. The terms of the contract under which Tower is retained were reviewed and approved by the Audit and Risk Committee in accordance with the Policy.
- During 2019, Commerce Bank paid a salary and other compensation of \$319,776, bonus of \$320,555, and equity awards of \$267,159 to Jonathan M. Kemper, Chairman Emeritus, Commerce Bank, Kansas City Region, brother of David W. Kemper, and uncle of John W. Kemper.
- During 2019, Commerce Bank paid a salary and other compensation of \$180,779, and bonus of \$19,300 to Charlotte Kemper, Foundation Director, daughter of Jonathan M. Kemper, niece of David W. Kemper, and cousin of John W. Kemper.
- Various Related Parties have deposit accounts with Commerce Bank and some Related Parties also have a direct or indirect interest in other transactions with Commerce Bank, including loans in the ordinary course of business, all of which were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with persons not related to the Company, and did not involve more than normal risk of collectability or present other unfavorable features. Additionally, David W. Kemper purchased Missouri state tax credits from Commerce Bank in a face amount of \$911,000 for a price of 95% of par, or \$865,450; John W. Kemper purchased Missouri state tax credits from Commerce Bank in a face amount of \$175,000 for a price of 95% of par, or \$166,250; Jonathan M. Kemper purchased Missouri state tax credits from Commerce Bank in a face amount of \$698,000 for a price of 95% of par, or \$663,100; and Daniel D. Callahan, Chief Credit Officer of the Company, purchased Missouri state tax credits from Commerce Bank in a face amount of \$87,000 for a price of 95% of par, or \$82,650. The terms of the sales and the amounts paid by Messrs. David W. Kemper, John W. Kemper, Jonathan M. Kemper, and Daniel D. Callahan were the same as the terms of the sales and the amounts paid for similar tax credits by persons not related to the Company.

Delinquent Section 16(a) Reports

Pursuant to Section 16 of the Exchange Act, the Company’s directors and certain executive officers are required to report, within specified due dates, their initial ownership of the Company’s Common Stock and all subsequent acquisitions, dispositions or other transfers of interest in such securities, if and to the extent reportable events occur which require reporting by such due dates. The Company is required to identify in its proxy statement whether it has knowledge that any person required to file such a report may have failed to do so in a timely manner. Based on a review, all of the Company’s directors and all executive officers subject to the reporting requirements satisfied such requirements in full, except for the following delinquencies which were filed on either Form 3, Form 4 or Form 5: for John R. Capps, a delinquent Form 4 was filed to report the disposition of stock in three open market transactions.

Director Compensation

An employee of the Company or a subsidiary of the Company receives no additional compensation for serving as a director. Non-employee directors of the Company are required to participate in the Stock Purchase Plan for Non-Employee Directors (the “Director Plan”). Under the Director Plan, compensation payable to a non-employee director is credited to an account in the name of such director as earned and the Company contributes to the account of such director an additional amount equal to 25% of the compensation credited to the director’s account as additional consideration for the Director’s participation in the Director Plan. As of the last business day of each month, the cash balance in a director’s account is converted to whole shares of Common Stock of the Company based on the last sale price of the Company’s Common Stock as reported by the National Market System of NASDAQ on such date, or if no sale price is reported on such date, the next preceding day for which a sale price is reported. Any balance remaining in a director’s account is carried forward for investment in the next month.

As soon as practicable after the end of each year, the Company issues each non-employee director the number of shares of Company Common Stock credited to the director’s account and any cash balance in the account is carried forward for investment in the next year. If a director dies or ceases to be a non-employee director during the year, the Company will distribute to the director (or his or her beneficiary), as soon as reasonably practicable, the number of shares of Company Common Stock credited to the director’s account, along with any cash credited to the account. A participant in the Director Plan has no right to vote or receive cash dividends or any other rights as a shareholder with respect to shares credited to the participant’s account until such shares are actually issued.

Each non-employee director of the Company is paid the following amounts, as applicable: an annual retainer of \$20,000 (paid on a quarterly basis); a fee of \$7,500 for attendance (in person or by phone) at each meeting of the Board of Directors; a fee of \$1,000 for attendance (in person or by phone) at each meeting of a committee of which the director is a member; at the end of each calendar year, an additional annual fee of \$50,000; and an annual fee of \$10,000 for service as a committee chair. Changes to directors' compensation are initiated by the Company's CEO and presented to the Compensation and Human Resources Committee. The Chairman of the Compensation and Human Resources Committee then presents any changes to the full Board of Directors for its approval.

The Company added a stock ownership requirement of \$300,000 for non-employee directors in 2017. All standing non-employee directors other than Karen L. Daniel have met this requirement. Ms. Daniel will have until January 2023 to satisfy the stock ownership requirement and all other future directors will have 5 years from the election date to meet the stock ownership requirement.

Compensation earned during 2019 by the non-employee directors of the Company for their service as directors is listed in the table below.

Name	Fees Earned or Paid in Cash (1)	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and NQDC Earnings	All Other Compensation	Total
	\$	\$	\$	\$	\$	\$	\$
Terry D. Bassham	\$ 105,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 105,000
John R. Capps	104,000	—	—	—	—	—	104,000
Karen L. Daniel	103,000	—	—	—	—	—	103,000
Earl H. Devanny, III	112,000	—	—	—	—	—	112,000
W. Thomas Grant, II	101,000	—	—	—	—	—	101,000
Benjamin F. Rassieur, III	115,000	—	—	—	—	—	115,000
Todd R. Schnuck	96,500	—	—	—	—	—	96,500
Andrew C. Taylor	111,000	—	—	—	—	—	111,000
Kimberly G. Walker	104,000	—	—	—	—	—	104,000

- (1) Fees earned were credited to the Director Plan and converted to shares of the Company's Common Stock during 2019. In January 2020, the following number of shares were issued to the non-employee directors: Mr. Bassham — 1,684 shares; Mr. Capps — 1,667 shares; Ms. Daniel — 1,649 shares; Mr. Devanny — 1,809 shares; Mr. Grant — 1,616 shares; Mr. Rassieur — 1,860 shares; Mr. Schnuck — 1,529 shares; Mr. Taylor — 1,791 shares; and Ms. Walker — 1,667 shares.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This section provides information regarding the compensation programs for our chief executive officer ("CEO"), chief financial officer ("CFO"), and three most highly compensated other executives (collectively, our "Named Executive Officers" or "NEOs"), including the overall objectives of our compensation program and what it is designed to reward, each element of compensation that we provide, and an explanation of the reasons for the compensation decisions we have made regarding these individuals with respect to 2019. Our NEOs for 2019 were as follows:

<u>Name</u>	<u>Title</u>
John W. Kemper	President and CEO
Charles G. Kim	Executive Vice President and CFO
David W. Kemper	Executive Chairman
Kevin G. Barth	Executive Vice President
John K. Handy	Executive Vice President

Our Compensation Philosophy

The Company's compensation philosophy is to provide a total compensation program that is competitive with the market for bank holding companies in geographic proximity, of a comparable asset size, or those financial institutions considered to be a direct competitor for any of our lines of business in order to attract and retain top performers. In doing so we strive to:

- Align interests of our executive officers with the long-term interests of our shareholders;
- Provide reward systems that are credible, consistent with our core values and appropriately structured so as not to encourage undue risk; and
- Reward individuals for results rather than on the basis of seniority, tenure, or other entitlement.

Compensation and Human Resources Committee Processes

Our Compensation and Human Resources Committee (the "Committee") meets annually to review the performance of the Executive Management Committee (the "EMC") and the total compensation program for this group of individuals. The NEOs, except David Kemper, are all part of the EMC. During this review process, the Committee considers a number of factors and data to determine appropriate compensation for the NEOs. The Committee noted that the advisory "Say on Pay" shareholder vote for 2019 compensation resulted in 95% approval. The Committee considered the result of the "Say on Pay" vote and determined that the principles on which the Committee's compensation decisions are based are appropriate.

Benchmarks

For all NEOs, the Committee reviewed market survey data compiled by Willis Towers Watson, an outside consulting firm retained by the Committee. The market survey utilized in the compilation was the Willis Towers Watson 2018 Financial Services Executive Compensation Survey (the "Willis Towers Watson Survey"). In order to get the best data match possible, three groupings of data from that survey were used: data for the total sample of financial services companies participating in the survey; data for financial services companies with asset size from \$15-\$60 billion; and data for a Commercial Bank grouping including those financial institutions considered to be peer banks (the "NEO Peer Group"). Banks included in the NEO Peer Group were determined by first selecting those banks included in the 19 peer banks used in the return on equity element of the Company's Executive Incentive Compensation Plan ("EICP") that participated in the Willis Towers Watson Survey. Since not all 19 peer banks participated in the Willis Towers Watson Survey, to that reduced group of participants we added banks similar to our asset size to ensure a sufficient sample to obtain data for all of the benchmark jobs. We feel the broader view of data helps us determine the most appropriate benchmark data when attempting to reflect the diverse responsibilities of our NEO's. The final grouping - the NEO Peer Group - consisted of the following 19 companies:

Associated Banc-Corp	Boston Private Financial
Comerica	Cullen/Frost Bankers, Inc.
East West Bank	First Citizens Bank
First Financial Bancorp	Great Western Bank
Huntington Bancshares	Iberia Bank
KeyCorp	M&T Bank
People's Bank	Rockland Trust Company
SVB Financial	Synovus Financial Corporation
UMB Financial Corporation	Umpqua Bank
Webster Bank	

The companies included in the NEO Peer Group may change from year to year as it is driven by the companies that participate in the Willis Towers Watson Survey for the particular positions and year.

Each NEO's responsibilities were individually compared to job descriptions in the Willis Towers Watson Survey in order to best align roles with compensation levels of comparable executive officer positions for the companies included in the Willis Towers Watson Survey. The input of Willis Towers Watson was limited to ensuring a sufficient sample size for the NEO Peer Group to provide data for each of the positions previously matched by Willis Towers Watson. The Committee did not use any other outside compensation consultants in determining or recommending any amount or form of compensation for our NEOs. For 2019, the Company paid Willis Towers Watson approximately \$78,000 for Willis Towers Watson survey services, and other compensation and benefits related consulting projects.

Performance Reviews

Each of our executive officers receives an annual rating for previous year performance and sets goals for the upcoming year. Performance conversations are then conducted with each of the NEOs other than the CEO. Results, performance, and recommendations as to their compensation are presented to the Committee. The Committee evaluates these recommendations and

conducts the performance review of our CEO. The performance review of our CEO is based on the financial performance of the Company, growth in the human capital of the organization, and the Company's overall management of risk. The Committee discusses the CEO's performance review and determines the final rating without the CEO being present.

All NEOs are evaluated against the measurements within our annual bonus formula, which include net income, revenue and relative performance to peers. The targets and results of the measurements are based on corporate-wide results. All NEOs have the same corporate goals and all are measured against the final results. In addition to the corporate-wide measures, each executive is evaluated on his individual areas of responsibility and against the objectives outlined in his performance review. The individual performance and contribution criteria may include:

- overall job knowledge and technical skills;
- alignment of personal behavior with our company core values;
- achievement of financial metrics related to a specific line of business;
- achievement of defined operational goals;
- contribution to special projects;
- management of risk;
- development of people within their respective team;
- effective communication practices;
- ability to solve problems effectively; and
- assumption of new responsibilities.

Setting Compensation

Based on the performance evaluations, an analysis of total compensation against the benchmark data, and a review of the Company's goals and objectives, the Committee approves and reports to the Board of Directors its decisions regarding base salary changes (effective March 23rd in 2019), annual cash incentive compensation targets and long-term equity awards for our executive officers for the current year, as well as cash incentive compensation earned for the prior year and vesting in prior long-term equity awards. The Committee's decisions generally occur during January and the Committee presents their approvals to the Board of Directors at the next regularly scheduled meeting, which generally occurs in late January or early February. All NEO equity award agreements were granted as of January 23, 2019, the date the Committee approved the awards, using the fair market value of the Company's stock (restricted stock awards) or Black Scholes valuation (stock appreciation rights) at the close of that business day.

The process includes a review by the CEO of the benchmark data for the other NEOs prior to the Committee meeting. The outside benchmark data for the other NEOs are reviewed to assess current market data on base salary, annual cash incentives and long-term equity awards. The benchmark data is compared to each of the other NEO's current compensation as detailed on the tally sheets described below. The CEO details the compensation data and discusses the reasons for his recommendations for the other NEOs during the Committee meeting. A Committee member presents the Committee's approvals for executive officer compensation to the full Board of Directors.

There is no policy for the allocation between cash and non-cash or annual and long-term compensation. Instead, the Committee determines the allocation of each component of compensation based on the role of each executive officer in the Company, performance evaluations, the benchmark data, and knowledge of our local markets. Generally, the percentage of compensation tied to the annual cash incentive and long-term equity awards increases as the responsibilities of the executive officer and his or her ability to affect Company performance increase.

In setting the 2019 salary and 2019 bonus opportunity, and awarding the Current Year Stock (comprised of "Current Year Restricted Stock" and/or "Current Year SARs" as defined below) award in 2019 and the Long-Term Restricted Stock (defined below) award in 2019, the Committee compared the annualized rate of salary in effect on December 31, 2018, annual cash incentive paid in 2018, and long-term equity awards made in 2018 (based on date of grant value) individually and in the aggregate (the "Benchmarked Compensation") to the average compensation level of the benchmark data for the applicable position. Elements of compensation are not designed to be at the same benchmark data percentile for each NEO and are not intended to equal any particular percentile of the applicable benchmark data. The Committee then considers each individual's performance, experience, specific job requirements and the contribution of that job to the Company's success, and then makes subjective adjustments as appropriate in setting salary for the current year, the Current Year Stock award, the bonus opportunity for the current year (payable the following year) and the next formulation for making Long-Term Restricted Stock awards. For all NEOs, the Willis Towers Watson Survey was used as a comparison for each component of compensation and for the aggregate of all such components. The Committee determined that all compensation components, both at the individual and aggregate levels, were appropriate compared to the applicable benchmark data for each respective NEO's position except in the case of Charles Kim and Kevin Barth whose bonus opportunities were increased and John Handy whose annual stock grant value was increased, all based on the benchmark

data. Realized and unrealized equity compensation gains and vesting of prior equity grants are not considered by the Committee when establishing compensation. The factors used to determine base salary, annual cash incentives, and long-term equity awards are discussed in more detail under the heading “Elements of Compensation” below.

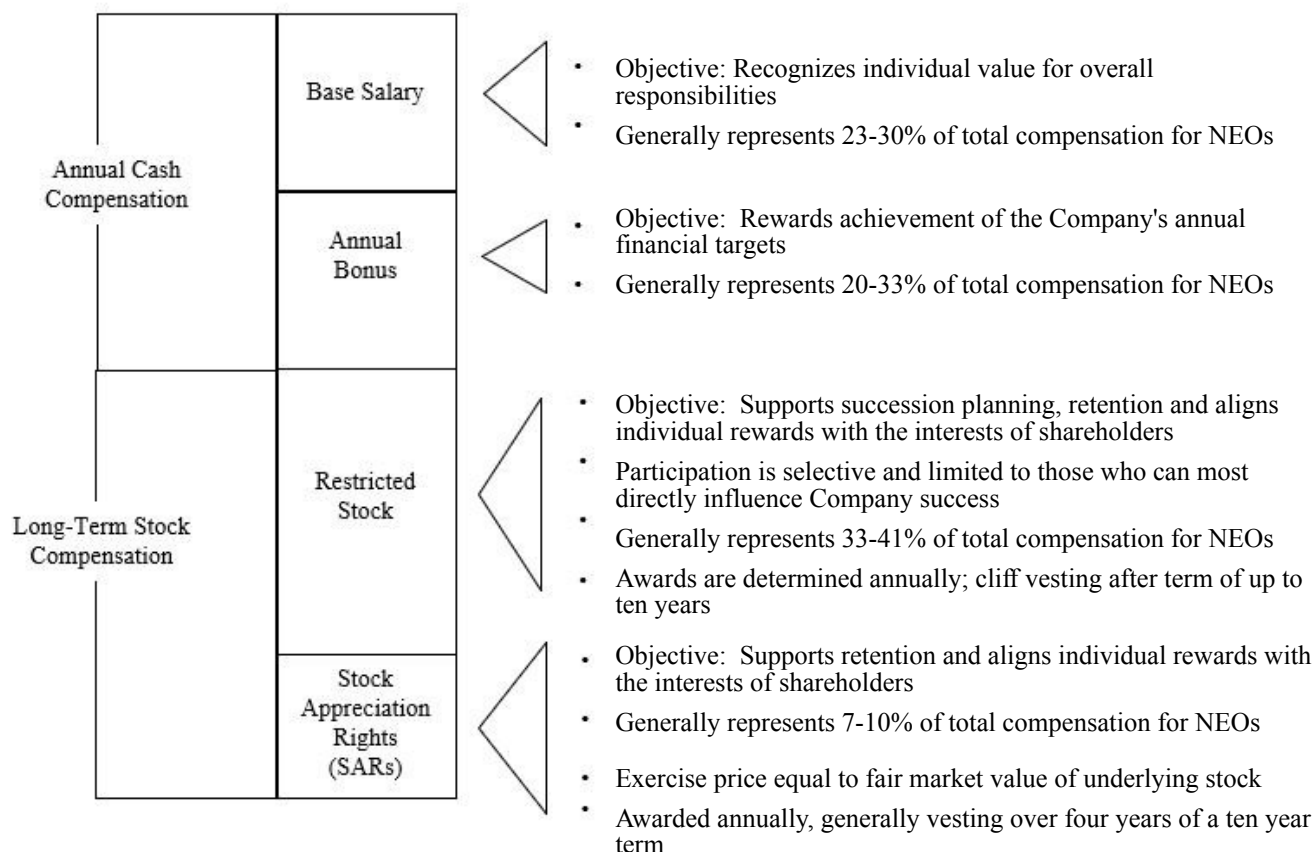
The Committee reviewed tally sheets during the process to set compensation for our executive officers for 2019. The tally sheets were included in the packet of data that was sent to the Committee for review prior to the meeting and used during the meeting for discussion purposes. The tally sheets were used as tools for review of total compensation comparison of the NEOs and included information such as:

- Base salary for 2017 and 2018;
- Bonus information for 2017 and 2018;
- Restricted Stock awards with specific grant date value for 2017 and 2018;
- Stock Appreciation Rights information with specific grant date value for 2017 and 2018;
- Change in pension value; and
- Details on all other compensation by category.

If our financial statements were to be restated or adjusted in a manner that would have reduced the size of a prior incentive award, the Committee will consider that information when determining future compensation.

Elements of Compensation

As shown in the chart below, we have four main elements of Compensation:



The percentage ranges in the chart above are based on the total compensation values for the last three years and do not necessarily correspond to, and are not a substitute for, the values disclosed in the Summary Compensation Table and supplemental tables.

Base Salary

Base salary is a fixed element of annual compensation on which our executive officers may rely. Base salary reflects the external market value of a particular position based on the experiences and qualifications that an individual brings to the position. Base salary levels for our NEOs were compared against the median base salary of the benchmark data to determine whether salary levels are appropriate. Factors included in the comparison of base salaries of our NEOs to those in the benchmark

data included the relative size of companies, financial performance (both currently and over a period of time), and the experience and responsibility of the individuals. The Committee does not assign a weight to any particular factor.

Annual Cash Incentive Compensation

In furtherance of the Company's pay for performance philosophy, the EICP is a short-term cash incentive plan to reward our executive officers for the achievement of Company annual performance goals. There were no changes made to the factors included in the formula for all the calculation of incentives for the NEOs. The factors considered by the Committee were net income, revenue, and return on equity.

Our NEOs are eligible to receive an annual cash incentive equal to a percentage of their base salary. The target annual cash incentive percentage for each NEO is compared each year by the Committee to the target percentage level of the annual cash incentive component of the benchmark data mentioned previously for the applicable NEO. The Committee then determines the appropriateness of the target annual cash incentive percentages based on individual performance, experience, specific job requirements and contribution of the job to the Company's success to arrive at a target percentage. The target annual cash incentive percentages for 2019 were the same as they were in 2018 for all NEOs except for Charles Kim and Kevin Barth whose 2019 bonus targets were increased based on the benchmark data.

The target annual cash incentives as percentages of base salary for our NEOs in 2019 were as follows:

<u>Name</u>	<u>Target Percentage</u>
John W. Kemper	100%
Charles G. Kim	65%
David W. Kemper	50%
Kevin G. Barth	65%
John K. Handy	55%

In determining the amount of annual cash incentives to be paid under the EICP in 2020 for 2019 performance, the Committee weighted the components of the Company Performance Factor as follows:

- 60% based on actual net income of \$412 million with the payout percent determined on a scale which targeted \$439 million as the 100% payout level. For the net income component there is a 1% decrease in payment for each \$1 million below target down to \$414 million and a 1.3% decrease in payment for each \$1 million below \$414 million. There is no net income component allocation for net income below \$375 million. For net income exceeding the 100% level there is a 2.5% increase for each \$1 million above \$439 million up to \$451 million; a 5% increase for each \$1 million above \$451 million up to \$463 million; and a 10% increase above \$463 million up to a maximum of \$464 million;
- 20% based on actual revenue results of \$1.35 billion with the payout percent on a scale of 0% to 120%, with achievement of target revenue of \$1.38 billion resulting in 100% payout. The payout percent increases/decreases by 5% for every 1% that actual revenue results fall above or below target; and
- 20% based on a comparison of return on equity (ROE) measured against 19 pre-established peer banks. If the Company's ROE (performance assessed using end of 3Q data) is at or above the 75th percentile, 100% is credited for this factor; if the Company's ROE is above the 50th percentile but below the 75th percentile, 75% is credited for this factor; if the Company's ROE is above the 25th percentile but below the 50th percentile, 50% is credited for this factor; and if the Company's ROE is below the 25th percentile, 25% is credited for this factor. For 2019, the Company's ROE exceeded the 75th percentile compared to the peer banks.

The 19 peer banks for the return on equity element were:

BancorpSouth Bank	Bank of the Ozarks
Cullen/Frost Bankers, Inc.	First National of Nebraska, Inc.
Fulton Financial Corporation	Hancock Whitney Corporation
IBERIABANK Corporation	Investors Bancorp, Inc.
Old National Bancorp	Pinnacle Financial Partners, Inc.
Prosperity Bancshares, Inc.	Simmons First National Corporation
Sterling Bancorp	UMB Financial Corporation
Umpqua Holdings Corporation	United Bankshares Inc.
Valley National Bancorp	Webster Financial Corporation
Wintrust Financial Corporation	

For purposes of the EICP:

- Net income means the amount of net income available to common shareholders of the Company for the year as set forth in our Income Statement;
- Revenue means the Company's net interest income and non-interest income (including securities gains/losses);
- Return on Equity means year to date net income divided by stockholders equity as reported by S&P Global Market Intelligence; and
- The Committee retains discretion to reduce any annual cash incentive prior to payment.

All NEOs except John Handy and David Kemper are measured 100% on the Company Performance Factor, and for 2019 performance, the calculated payout was 80.9% of target. John Handy is measured 50% on the Company Performance Factor and 50% on his division's performance based on long-term profit growth, and his calculated payout was 82.7% for 2019. As Executive Chairman, David Kemper receives a set amount as an annual bonus without considering the Company Performance Factor.

Long-Term Equity Awards

Stock appreciation rights ("SARs") and restricted stock grants have been awarded in two separate ways described below to provide our executive officers with long-term equity awards that more closely align their interests with the interests of our shareholders, and for retention purposes. The 2005 Equity Incentive Plan, which was approved at the 2005 Annual Meeting of Shareholders and reapproved at the 2017 Annual Meeting of Shareholders, provides for the issuance of equity-based awards, including stock options, SARs, restricted stock awards, restricted stock units, performance shares, and performance units. In 2019, restricted stock awards and SARs were granted to our NEOs to provide both immediate value (restricted stock) and value at risk (SARs). The Long-Term Restricted Stock, Current Year Restricted Stock and Current Year SARs (as defined below) are listed in the "Grants of Plan-Based Awards in 2019" table. The number of shares listed in the table is the result of restating the grants to include the 2019 5% stock dividend thereon.

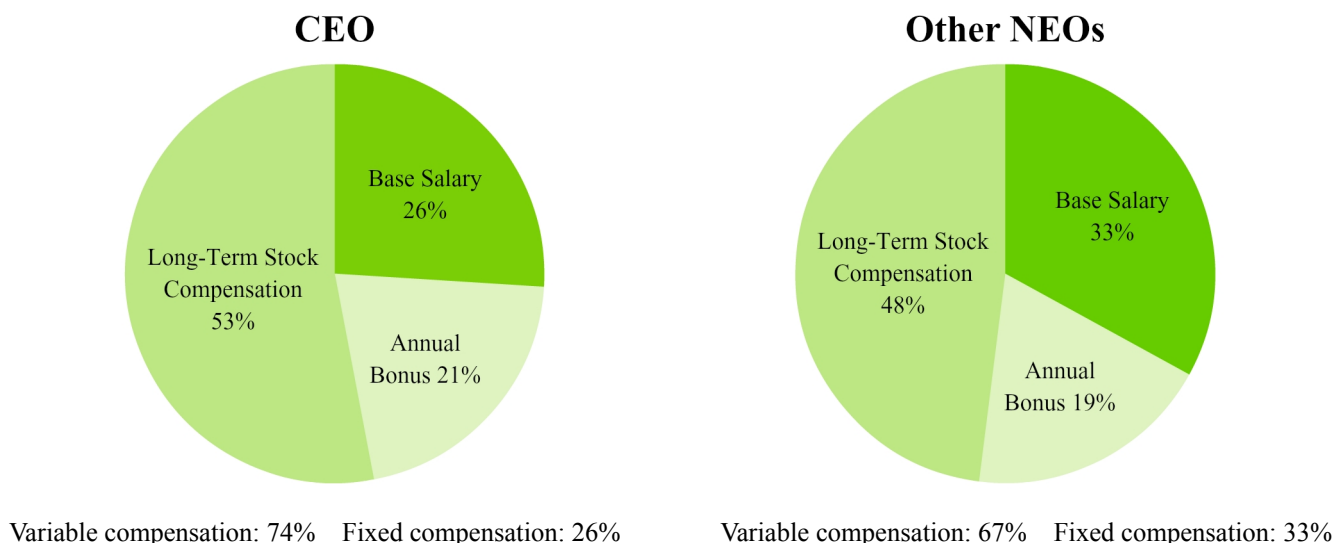
First, there is an annual equity award consisting of restricted stock, for longer-term profit growth (the "Long-Term Restricted Stock"), given to NEOs and other select Company officers each year using the following formula: 35% of the average annual cash incentive target for the officer for the three prior years, multiplied by the average Company Performance Factor for the three prior years. The number of shares granted is determined by dividing the value derived by that formula by the closing price of CBSH stock on the grant date. The formula used to calculate Long-Term Equity Awards was determined by the Committee in past years, and the formula did not change in 2019. The Long-Term Restricted Stock award for our NEOs, except David Kemper, and other executive management committee members vests at the end of five years from the date of grant, if and only if the Company has cumulative positive net income for the period beginning on January 1 of the year of the grant and ending on the December 31 that next precedes the date the award would otherwise vest. In 2019, David Kemper's award value has been reduced and vests at the end of 4 years. For long-term restricted stock awards given to all NEOs and other executive officers, the Committee retains discretion to reduce any such award until it is actually granted.

Second, the Committee also issues to our NEOs equity-based awards on an annual basis. In 2019, 75% of the annual stock grant was awarded as restricted stock (the "Current Year Restricted Stock") and 25% of the annual stock grant was awarded as SARs (the "Current Year SARs"). These awards are not based on any set formula and are treated as being part of base compensation, although the Committee has full discretion to reduce or eliminate any such award and vesting may be conditioned upon Company performance, as well as other factors. These shares reflect the performance of the Company's stock because their value is based on the stock's fair market value (restricted stock awards) or Black Scholes valuation (SARs). The value of the annual stock grant is generally intended to remain constant from year-to-year, but is adjusted as a result of the process described in the next paragraph. In order to provide a retention incentive, each Current Year Restricted Stock award has a vesting period such that the entire grant vests four years from the date of the grant. The Current Year SARs vest ratably on the first, second, third and fourth year anniversaries of the grant date. All restricted stock awards will vest if and only if the Company has cumulative positive net income for the period beginning on January 1 of the year of grant and ending on the December 31 that precedes the date the award would otherwise vest. In 2019, David Kemper's annual stock grant vests after 4 years. For equity-based awards given to all NEOs and other executive officers, the Committee retains discretion to reduce any such award until it is actually granted.

The starting point for determining the value of the annual stock grant is the value of the grant awarded for the prior year. The Committee then considers whether subjective adjustments are appropriate based on: subjective evaluation of the NEO's overall individual performance and experience; specific requirements of the NEO's job and the contribution of the NEO's job to the Company's success; and a comparison to the benchmark data. The benchmark data comparison is performed by comparing the sum of the targeted Long-Term Restricted Stock award value (based on an assumed average 100% Company Performance Factor for the three years) for the current year and the value of the annual stock grant that was awarded for the prior year for each person (which sum is the "Possible Award") to current market data for the average equity portion of the benchmark data

compensation for that person's position. The value of both awards was determined based on the Company's current stock price or Black Scholes value at grant date multiplied by the number of assumed shares. The value of the annual stock grant awarded to each NEO was not changed for 2019 in comparison to 2018, except David Kemper whose award value decreased to \$1 million from \$1.78 million based on his new roles as Executive Chairman and John Handy whose award value increased to \$220,000 from \$200,000 based on the benchmark data. John Kemper's award value increased to \$1.6 million from \$550,000 based on the benchmark data for his new role as CEO. The awards are not designed to be at the same benchmark data percentile for each NEO, and are not designed to equal any particular percentile of the applicable benchmark data. The Committee also considered stock/SAR grant practices of the companies used in the benchmark data, the level of FASB ASC Topic 718 expense that the Company will incur, and expected long-term Company performance. The holders of restricted stock will receive cash dividends declared by the Company prior to the vesting date. Stock dividends will accrue and vest according to the terms of the award. The award agreements include provisions to contractually prohibit a recipient of an equity award from short selling Company stock or engaging in any derivative transaction with respect to Company stock for the purpose of hedging or otherwise.

Allocation of Elements of Compensation



The combined compensation elements for our NEOs are set forth in the above charts. For purposes of the above calculations, the long-term equity awards were valued as of the grant date based on the fair market value of the underlying stock (restricted stock awards) or Black Scholes valuation (SARs). Other benefits, including Company allocations and contributions to benefit plans and perquisites, while not considered in determining these allocations, are provided to our executive officers in order to offer a total compensation package that is competitive in the marketplace.

Other Benefits

Restated Retirement Plan

The Company maintains the Commerce Bancshares Restated Retirement Plan (the "Retirement Plan"). The Retirement Plan provides benefits based upon earnings, age and years of participation. Our NEOs, except John W. Kemper, were participants in the Retirement Plan during 2019. See "Executive Compensation — Pension Benefits Narrative" of this Proxy Statement for a description of the Retirement Plan and our NEOs' benefits under the plan.

Executive Retirement Plan

The Company also maintains the Commerce Executive Retirement Plan ("CERP"), a nonqualified plan established to provide benefits to a select group of executives on compensation in excess of the allowable amount under the Company's Retirement Plan and 401(k) plan. Our NEOs, except for John K. Handy, participate in the CERP. See "Executive Compensation — Pension Benefits Narrative" of this Proxy Statement for a description of the CERP.

The CERP is intended to be a part of participating executive officers' total compensation. The CERP also provides equitable treatment to participants because it provides retirement benefits which are, as a percentage of total compensation, commensurate with the benefits provided to other employees of the Company.

Deferred Compensation

Our NEOs are eligible to participate in a nonqualified deferred compensation plan that is a part of the EICP. The EICP allows the participants to contribute a percentage of their annual cash incentive award under this plan and, therefore, defer income tax on these amounts. See “Executive Compensation — Nonqualified Deferred Compensation Narrative” of this Proxy Statement for a description of the deferred compensation plan. This benefit is not considered by the Committee in setting other compensation for our NEOs.

Perquisites

Our NEOs are eligible for personal use of the Company airplane (in accordance with our corporate airplane policy) and long-term care insurance, the premiums for which are paid by the Company. Our NEOs are also reimbursed for club dues as necessary for business purposes. All employees, including the NEOs, are covered under our health and welfare plans and the Company pays the premiums for basic life and long-term disability coverage and subsidizes the cost of other coverages. The value of all perquisites is determined and included as additional compensation to the NEOs without any gross-up to compensate for accompanying taxes. Our use of perquisites as an element of compensation is limited and is largely based on our historical practices and policies. We do not view perquisites as a significant element of our comprehensive compensation structure, but do believe that they can be used in conjunction with base salary to attract, motivate and retain individuals in a competitive environment.

Severance Agreements

We currently have severance agreements in effect with each of the NEOs other than David W. Kemper. These agreements provide payments or benefits following the occurrence of both a change of control and a qualifying termination. Each NEO is eligible for a lump sum payment equal to three times average base salary and average annual bonus calculated over a five year period in the event of a qualifying termination, except for John K. Handy, whose factor is one and a half times average base salary and average annual bonus. Each NEO would also be eligible for the continuation of certain benefits in the event of a qualifying termination. The agreements for our NEOs, other than John W. Kemper, provide for the gross-up attributable to excise taxes, if any. The Committee believes these agreements serve the best interests of the Company and its shareholders by ensuring that, if a change of control were ever under consideration, the NEOs would be able to advise the Board of Directors dispassionately about the potential transaction and implement the decision of the Board without being unduly influenced by personal concerns such as the economic consequences of possibly losing their jobs following a change of control. These agreements also provide an incentive for our NEOs not to seek other employment due to concern over losing their positions if a change of control were ever under consideration. Additional information regarding these severance agreements is found under the heading “Employment Agreements and Elements of Post-Termination Compensation” of this Proxy Statement.

Stock Ownership Guidelines

In order to continue to be eligible to receive long-term equity awards, our executive officers must meet stock ownership requirements as follows:

• Chairman	6 times base salary
• Vice Chairman	4 times base salary
• President	4 times base salary
• Executive Vice President	2 times base salary

Generally, an executive officer must achieve the applicable targeted ownership level within three years of being named an executive officer. As of December 31, 2019, each NEO exceeded his required share ownership level. Stock that will be considered in order to meet ownership guidelines includes all shares with respect to which the executive officer has direct or indirect ownership or control, including restricted stock (regardless of whether vested), and shares held in the executive officer's 401(k) plan account, but does not include unexercised stock options or SARs.

Impact of Accounting and Tax Treatment

Section 162(m) of the Code limits our ability to deduct annual compensation in excess of \$1 million paid to our NEOs, and to any person who was an NEO in 2012 or any later year. Prior to its amendment by the Tax Cuts and Jobs Act, the limitation of Section 162(m) generally did not apply to options and other compensation based on performance goals if certain requirements were met. Pursuant to a transition rule, such performance-based compensation will be deductible if paid pursuant to a written binding contract in effect on November 2, 2017 that is not subsequently modified. The Committee believes that the total compensation system for executives should be managed in accordance with the objectives outlined in this discussion and in the overall best interests of the Company's shareholders. In those instances in which the limitations on deductibility under Section 162(m) conflict with our executive compensation philosophy and objectives or with what the Committee believes to be in the best

interests of the shareholders, the Committee may authorize compensation which is not fully deductible for any given year. Therefore, it is anticipated that Section 162(m) will result in a portion of compensation not being deductible for the 2019 tax year and beyond.

The Company accounts for equity-based awards in accordance with FASB ASC Topic 718.

Recoupment Policy

In order to further align the interests of the Company's Executive Management Committee, including the NEOs, with the interests of the shareholders and support good governance practices, the Board and the Committee have adopted a recoupment policy applicable to annual cash incentive compensation and long-term equity awards. As adopted in February 2010, the policy generally provides that if the Company is required to restate its financial results due to material noncompliance with financial reporting requirements under the securities laws as a result of misconduct or error (as determined by the Independent Directors), the Company may, in the discretion of the Independent Directors, take action to recoup from Executives all or any portion of an Incentive Award received by the Executive, the amount of which had been determined in whole or in part upon specific performance targets relating to the restated financial results, regardless of whether the Executive engaged in any misconduct or was at fault or responsible in any way for causing the need for the restatement. In such an event, the Company shall be entitled to recoup up to the amount, if any, by which the Incentive Award actually received by the Executive exceeded the payment that would have been received based on the restated financial results. The Company's right of recoupment shall apply only if demand for recoupment is made not later than three years following the payment of the applicable Incentive Award.

For purposes of the policy:

- (i) "Executive" means an individual who, during any portion of the period for which the applicable financial results are restated, was a member of the Company's Executive Management Committee.
- (ii) "Incentive Award" means any cash or stock-based award (including stock appreciation rights) under the Company's Executive Incentive Compensation Plan or Equity Incentive Plan, the amount of which is determined in whole or in part upon specific performance targets, and that was granted on or after the date of adoption of the Recoupment Policy.
- (iii) "Independent Directors" means those members of the Board of Directors who are considered independent pursuant to NASDAQ listing requirements.

The Company may also dismiss or pursue other legal remedies against any Executive.

Other Policies

We adopted policies which expressly prohibit repricing of underwater stock options, do not allow excise tax gross-ups (as explained further below), and provide for a clawback. Our Compensation Clawback Policy requires repayment of bonus or other incentive-based or equity-based compensation awarded or paid under our incentive plans in the event of a financial restatement. Our executive officers are subject to a strong "no fault" policy whether or not the executive officer's actions involve misconduct. At its February 10, 2012 meeting, the Board, by resolution, adopted a policy not to offer a gross-up for taxes related to severance payments paid in connection with a change of control of the Company to any employee to whom the Company has not made such a commitment prior to the date of the resolution. Other than the policy placing restrictions on hedging of equity awards, we do not have any formal policies regarding the ability of our employees, officers and directors to engage in hedging transactions relating to our common stock.

Incentive Compensation Risk Assessment

The Company ensures there is an annual risk assessment of its incentive compensation plans. Every five years, the Company engages an external independent consultant to perform the assessment. Willis Towers Watson assessed the Company's 2017 incentive plans and issued a report in March 2018. This report was used as a baseline for the 2019 incentive risk assessment.

The Company performed a risk assessment of the Company's 2019 incentive compensation program, focusing on (a) the relationship between employee risk-taking and the Company's incentive compensation program and (b) any resulting impact on the safety and soundness of the Company. The assessment was based on final interagency guidance issued by the Federal Reserve on Sound Incentive Compensation Policies effective June 25, 2010. The guidance is designed to help ensure that our incentive compensation policies do not encourage imprudent risk-taking and are consistent with the safety and soundness of the organization.

The risk assessment concluded that the risk profile of the Company's incentive compensation program for 2019 remained substantially the same as 2017 and 2018. Based on this review, no major risk concerns or design changes to specific plans were identified that warrant action. The incentive compensation program does not place undue risk on the safety and soundness of the Company.

COMPENSATION AND HUMAN RESOURCES COMMITTEE REPORT

The Compensation and Human Resources Committee reviewed and discussed the Compensation Discussion and Analysis included in this Proxy Statement with management. Based on such review and discussion, the Compensation and Human Resources Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K and this Proxy Statement for filing with the SEC.

Submitted by the Compensation and Human Resources Committee of Commerce Bancshares, Inc. Board of Directors:

Earl H. Devanny, III, Chairman
Terry D. Bassham
W. Thomas Grant, II

EXECUTIVE COMPENSATION

The following table summarizes the total compensation paid or earned by each of our NEOs for the fiscal years ended December 31, 2019, 2018 and 2017.

Summary Compensation Table

<u>Name & Principal Position</u>	<u>Year</u>	<u>Salary</u> <u>(\$)</u>	<u>Bonus</u> <u>(\$)</u>	<u>Stock</u> <u>Awards</u> <u>(\$)(1)</u>	<u>Option</u> <u>Awards</u> <u>(\$)(2)</u>	<u>Non-</u> <u>Equity</u> <u>Incentive</u> <u>Plan</u> <u>Compensation</u> <u>(\$)(3)</u>	<u>Change</u> <u>in</u> <u>Pension</u> <u>Value</u> <u>and</u> <u>NQDC</u> <u>Earnings</u> <u>(\$)(4)</u>	<u>All</u> <u>Other</u> <u>Compensation</u> <u>(\$)(5)</u>	<u>Total</u> <u>(\$)</u>
John W. Kemper,	2019	\$919,632	\$ —	\$ 1,485,592	\$ 399,979	\$ 749,100	\$ —	\$ 138,528	\$ 3,692,831
President and CEO	2018	735,634	—	619,593	137,484	1,123,229	—	107,501	2,723,441
	2017	604,921	—	1,635,009	162,487	849,431	—	78,200	3,330,048
Charles G. Kim,	2019	495,470	—	395,908	83,736	263,581	99,496	69,534	1,407,725
Executive Vice President	2018	473,891	—	371,610	83,738	469,368	—	67,212	1,465,819
and CFO	2017	460,132	—	826,738	76,315	456,084	53,410	56,207	1,928,886
David W. Kemper,	2019	400,005	—	1,130,760	249,991	200,000	42,041	127,397	2,150,194
Executive Chairman	2018	845,270	—	1,764,065	445,062	1,312,000	—	180,442	4,546,839
	2017	975,874	106,339	1,686,640	445,070	1,500,000	—	158,048	4,871,971
Kevin G. Barth,	2019	495,470	—	395,908	83,736	263,581	92,824	73,570	1,405,089
Executive Vice President	2018	473,891	—	371,610	83,738	469,368	—	70,881	1,469,488
	2017	460,132	—	826,738	76,315	456,084	50,293	61,871	1,931,433
John K. Handy,	2019	408,853	—	274,299	54,990	340,506	18,929	21,322	1,118,899
Executive Vice President	2018	399,279	—	761,215	49,997	383,900	—	20,972	1,615,363

- (1) Amounts reflect the aggregate grant date fair value of restricted stock awards (both Long-Term Restricted Stock and Current Year Restricted Stock), computed in accordance with FASB ASC Topic 718.
- (2) Amounts reflect the aggregate grant date fair value of SARs, computed in accordance with FASB ASC Topic 718. Assumptions used in calculating the value of these awards are discussed in Note 11 to the consolidated financial statements in our 2019 Annual Report on Form 10-K.
- (3) Amounts reflect the cash incentive awards earned under the EICP, which is discussed in further detail under the heading "Annual Cash Incentive Compensation" in the section entitled Compensation Discussion and Analysis.
- (4) Amounts reflect the actuarial increase in the present value of benefits under all pension plans established by the Company determined using interest rate and mortality rate assumptions consistent with those used in the Company's financial statements. See "Pension Benefits Narrative" for further information regarding the Company's pension plans. Decreases in the present value of benefits are shown as zero and may occur when the interest rate used in the calculation increases or when the participant becomes older than the normal retirement age. Mr. David W. Kemper had losses of \$133,786 and \$5,542 for 2018 and 2017, respectively. Messrs. Charles G. Kim, Kevin G. Barth and John K. Handy had losses of \$29,641, \$27,150 and \$6,012, respectively, for 2018. For purposes of this calculation, Mr. John W. Kemper is not a participant in this portion of the pension plans.

(5) All Other Compensation is comprised of the following amounts:

<u>Name</u>	<u>Year</u>	<u>401(k) Match</u>	<u>Premiums for Group Term Life Insurance</u>	<u>Company CERP Credits</u>	<u>Perquisites (a)</u>	<u>Total All Other Compensation</u>
John W. Kemper	2019	\$ 14,250	\$ 540	\$ 123,438	\$ 300	\$ 138,528
	2018	13,875	540	91,742	1,344	107,501
	2017	13,500	486	60,128	4,086	78,200
Charles G. Kim	2019	19,000	2,322	48,101	111	69,534
	2018	18,500	2,322	46,029	361	67,212
	2017	18,000	2,322	35,774	111	56,207
David W. Kemper	2019	19,000	6,858	100,762	777	127,397
	2018	18,500	6,858	152,843	2,241	180,442
	2017	18,000	6,858	129,600	3,590	158,048
Kevin G. Barth.	2019	19,000	2,322	48,365	3,883	73,570
	2018	18,500	2,322	46,011	4,048	70,881
	2017	18,000	2,322	35,774	5,775	61,871
John K. Handy.	2019	19,000	2,322	—	—	21,322
	2018	18,500	2,322	—	150	20,972

(a) Perquisites include personal use related to club dues, long-term care insurance premiums paid by the Company and personal use of the Company airplane. We calculated the incremental cost of personal airplane usage based on the cost of fuel, landing fees, trip-related hangar costs, and incremental crew expenses. We also include other airplane-related expenses incurred or accrued pro-rata based on actual number of miles flown because we believe, on average, it fairly approximates our incremental costs of individual trips.

CEO Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, the following information about the relationship of the annual total compensation of the employees and the annual total compensation of the CEO, Mr. John W. Kemper, is provided. The pay ratio included in this information is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K.

The Company chose to use the same “median employee” for 2019 as was identified for the 2017 CEO pay ratio calculation as there has been no change in Company employee population or employee compensation arrangements that the Company believes will significantly impact the pay ratio disclosure.

For 2019, the median of the annual total compensation of all employees of the Company (other than our CEO) was \$58,414; and the annual total compensation of the CEO was \$3,692,831. Based on this information, for 2019 the ratio of the annual total compensation of the CEO to the median of the annual total compensation of all employees was 63 to 1.

The Company selected its first payroll payment date occurring after September 30 as the date upon which to identify the “median employee,” because it provided a reasonably efficient and economical manner in which to make the determination. This first payroll payment occurred on October 6, 2017, which is within the last three months of 2017. As of October 6, 2017, the employee population consisted of approximately 4,755 individuals with all of these individuals located in the United States. This population consisted of full-time and part-time employees, temporary/seasonal employees, and did not include independent contractors.

To identify the median of the annual total compensation of all employees, excluding the CEO, as well as to determine the annual total compensation of the median employee and the CEO, the Company took the following steps:

- The “median employee” was identified by using a Consistently Applied Compensation Measure (“CACM”), which consisted of the year-to-date amounts of salaries, incentives, overtime pay and those amounts relating to stock-based transactions as reflected in the payroll records. This CACM was applied to all the employees included in the calculation. Since all the employees are located in the United States, as is the CEO, no cost-of-living adjustments were made in identifying the “median employee.”

- Once the median employee was identified, all of the elements of such employee's compensation for 2019 were combined in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, resulting in annual total compensation of \$58,414. The difference between the median employee's CACM and the employee's annual total compensation represents the value of group term life insurance and the Company's matching contribution to the employee's 401(k) savings plan.
- With respect to the annual total compensation of the CEO, the 2019 amount reported in the "Total" column of the Summary Compensation Table above and incorporated by reference under Item 11 of Part III of the Company's Annual Report was used.

Grants of Plan-Based Awards in 2019

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards:	All Other Option Awards:	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
		Thres-hold	Target	Maxi-mum	Thres-hold	Target	Maxi-mum	Number of Shares of Stock or Units	Number of Securities Underlying Options		
		(\$)	\$(1)	(\$)	(#)	(#)	(#)	(#)(2)	(#)(3)	(\$/Sh)	(\$)
John W. Kemper	1/23/2019							25,715			\$ 1,485,592
	1/23/2019								35,801	\$ 57.77	399,979
			\$925,500								
Charles G. Kim	1/23/2019							6,853			395,908
	1/23/2019								7,495	57.77	83,736
			325,650								
David W. Kemper	1/23/2019							19,573			1,130,760
	1/23/2019								22,376	57.77	249,991
			200,000								
Kevin G. Barth	1/23/2019							6,853			395,908
	1/23/2019								7,495	57.77	83,736
			325,650								
John K. Handy	1/23/2019							4,748			274,299
	1/23/2019								4,922	57.77	54,990
			226,325								

(1) Represents the target amount payable under the EICP for 2019 performance. There was no threshold or maximum amount payable under the EICP if actual performance was less than or greater than target. For a description of the EICP, see "Annual Cash Incentive Compensation" in the section entitled Compensation Discussion and Analysis. The actual amount earned is reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

(2) Amounts represent both Long-Term Restricted Stock and Current Year Restricted Stock awards granted under the 2005 Equity Incentive Plan, as described under "Long-Term Equity Awards" in the section entitled Compensation Discussion and Analysis.

(3) Amounts represent SARs granted under the 2005 Equity Incentive Plan, as described under "Long-Term Equity Awards" in the section entitled Compensation Discussion and Analysis.

* All share and per share amounts in this table have been restated for the 5% stock dividend distributed in 2019.

Outstanding Equity Awards at Fiscal Year-End

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (Number Exercisable)	Number of Securities Underlying Unexercised Options (Number Unexercisable)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
	(#)(1)	(#)(1)	(#)	(\$)		(#)	(\$)	(#)	(\$)
John W. Kemper	14,404	—		\$33.22	1/27/2024				
	23,794	—		\$32.11	1/27/2025				
	17,732	5,912		\$32.40	1/27/2026				
	7,676	7,680		\$48.83	1/31/2027				
	3,003	9,011		\$53.47	1/24/2028				
	—	35,801		\$57.77	1/23/2029				
						96,211 (2)	\$6,536,575		
Charles G. Kim	10,992	—		\$33.22	1/27/2024				
	13,205	—		\$32.11	1/27/2025				
	9,839	3,283		\$32.40	1/27/2026				
	3,603	3,609		\$48.83	1/31/2027				
	1,828	5,489		\$53.47	1/24/2028				
	—	7,495		\$57.77	1/23/2029				
						49,857 (3)	\$3,387,285		
David W. Kemper	—	16,450		\$32.40	1/27/2026				
	21,028	21,035		\$48.83	1/31/2027				
	9,721	29,171		\$53.47	1/24/2028				
	—	22,376		\$57.77	1/23/2029				
						144,834 (4)	\$9,840,022		
Kevin G. Barth	13,205	—		\$32.11	1/27/2025				
	9,839	3,283		\$32.40	1/27/2026				
	3,603	3,609		\$48.83	1/31/2027				
	1,828	5,489		\$53.47	1/24/2028				
	—	7,495		\$57.77	1/23/2029				
						49,789 (5)	\$3,382,665		
John K. Handy	—	829		\$36.12	3/1/2026				
	1,118	1,121		\$50.80	3/2/2027				
	1,090	3,279		\$53.47	1/24/2028				
	—	4,922		\$57.77	1/23/2029				
						27,076 (6)	\$1,839,543		

(1) The amounts contain SARs granted on January 27, 2014, January 27, 2015, January 27, 2016, March 1, 2016, January 31, 2017, March 2, 2017, January 24, 2018, and January 23, 2019. All SARs expire 10 years after the grant date. SARs generally vest 25% on the first anniversary date after the date of grant and an additional 25% exercisable on the following three anniversary dates.

- (2) Represents restricted stock which vests as to 15,894 shares on January 27, 2020; 5,864 shares on February 8, 2020; 3,672 shares on January 27, 2021; 9,981 shares on January 31, 2021; 7,713 shares on January 24, 2022; 9,847 shares on January 31, 2022; 20,771 shares on January 23, 2023; 3,874 shares on January 24, 2023; 6,825 shares on January 31, 2023; 4,944 shares on January 23, 2024; and 6,826 shares on January 31, 2024.
- (3) Represents restricted stock which vests as to 10,433 shares on January 27, 2020; 5,864 shares on February 8, 2020; 2,831 shares on January 27, 2021; 4,687 shares on January 31, 2021; 4,698 shares on January 24, 2022; 5,414 shares on January 31, 2022; 4,348 shares on January 23, 2023; 2,251 shares on January 24, 2023; 3,411 shares on January 31, 2023; 2,505 shares on January 23, 2024; and 3,415 shares on January 31, 2024.
- (4) Represents restricted stock which vests as to 47,544 shares on January 27, 2020; 10,188 shares on January 27, 2021; 27,343 shares on January 31, 2021; 24,971 shares on January 24, 2022; 7,195 shares on January 31, 2022; 19,573 shares on January 23, 2022; and 8,020 shares on January 24, 2023.
- (5) Represents restricted stock which vests as to 10,365 shares on January 27, 2020; 5,864 shares on February 8, 2020; 2,831 shares on January 27, 2021; 4,687 shares on January 31, 2021; 4,698 shares on January 24, 2022; 5,414 shares on January 31, 2022; 4,348 shares on January 23, 2023; 2,251 shares on January 24, 2023; 3,411 shares on January 31, 2023; 2,505 shares on January 23, 2024; and 3,415 shares on January 31, 2024.
- (6) Represents restricted stock which vests as to 1,992 shares on March 1, 2020; 58 shares on March 2, 2020; 1,972 shares on March 3, 2020; 1,759 shares on March 1, 2021; 1,474 shares on March 2, 2021; 2,804 shares on January 24, 2022; 1,296 shares on March 2, 2022; 2,856 shares on January 23, 2023; 4,739 shares on January 24, 2023; 1,892 shares on January 23, 2024; 3,116 shares on January 24, 2024; and 3,118 shares on January 24, 2025.

* All share and per share amounts in this table have been restated for the 5% stock dividend distributed in 2019.

Option Exercises and Stock Vested in 2019

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise \$(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting \$(2)
John W. Kemper	15,002	\$ 477,173	22,313	\$ 1,294,635
Charles G. Kim	15,002	544,539	20,648	1,196,468
David W. Kemper	115,551	3,106,337	62,529	3,632,982
Kevin G. Barth	25,994	810,140	20,495	1,187,564
John K. Handy	3,372	93,743	7,834	471,407

- (1) The dollar amount realized upon exercise is calculated by multiplying the number of shares times the difference between the market price of the underlying securities at exercise and the exercise price of the option.
- (2) The aggregate dollar amount realized upon vesting is calculated by multiplying the number of shares of stock by the market value of the underlying shares on the vesting date.

* All share amounts in this table have been restated for the 5% stock dividend distributed in 2019.

Pension Benefits in 2019

The following table summarizes information for the Retirement Plan and the "Pre-2005 Benefit" portion of the CERP for each of our NEOs.

<u>Name</u>	<u>Plan Name</u>	<u>Number of Years of Credited Service (#)(2)</u>	<u>Present Value of Accumulated Benefit (\$)(3)</u>	<u>Payments During Last Fiscal Year (\$)</u>
John W. Kemper	Retirement Plan	N/A	\$ —	\$ —
	CERP(1)	N/A	—	—
Charles G. Kim	Retirement Plan	14	514,973	—
	CERP(1)	14	—	—
David W. Kemper	Retirement Plan	25	1,186,352	—
	CERP(1)	25	1,264,965	—
Kevin G. Barth	Retirement Plan	20	493,408	—
	CERP(1)	20	—	—
John K. Handy	Retirement Plan	4	88,107	—
	CERP(1)	N/A	—	—

- (1) Information presented pertains to the "Pre-2005 Benefit" portion of the CERP.
- (2) The "Number of Years of Credited Service" is less than actual years of service because service prior to membership in the plans and service after December 31, 2004 (the date the plans were frozen) is excluded from credited service. The actual years of service for Messrs. John W. Kemper, Charles G. Kim, David W. Kemper, Kevin G. Barth, and John K. Handy are 12, 30, 42, 36, and 20, respectively.
- (3) The present value of the benefits shown is based on a 3.07% interest rate and the Pri-2012 white collar mortality table projected using the generational MP2019 projection scale, assuming benefits commence at normal retirement age of 65.

Pension Benefits Narrative

The Company maintains the Retirement Plan, which is a tax-qualified defined benefit plan that provides retirement benefits to all employees who completed one year of service and attained age 21 prior to July 1, 2004. Participation in the Retirement Plan was frozen on December 31, 2004. Benefits under the Retirement Plan were partially frozen on December 31, 2004, and fully frozen on December 31, 2010, as described below.

The Retirement Plan provides benefits based upon compensation, age and years of participation. Effective January 1, 1995, benefits were provided under a cash balance formula. Under this formula, a retirement account balance is maintained for each participant. At the end of each plan year beginning after December 31, 1994 and ending December 31, 2004, the participant's account was credited with a cash balance amount equal to a percentage of compensation for the year plus the same percentage of compensation in excess of 50% of the Social Security taxable wage base for the year.

Compensation for this purpose is limited by Section 401(a)(17) of the Code (\$205,000 in 2004). The applicable percentage is determined by the sum of the participant's age and years of participation in the Retirement Plan at the beginning of the plan year, and ranged from 1% for a sum of less than 30 to 4% for a sum of 75 or more. Interest is credited to the participant's account at the end of each plan year beginning after 1995 at a rate not less than 5% of the account balance at the end of the prior plan year. For 2019, the rate of interest was 5%. Beginning January 1, 2005, no additional cash balance credits will be applied to participants' accounts. However, for purposes of determining the accrued benefit, interest will continue to be credited to each participant's account until Normal Retirement Date.

Effective December 31, 2010, the retirement benefits provided from the cash balance formula were frozen. The retirement account balance will be converted to a life annuity based on actuarial factors defined in the Retirement Plan on the later of the participant's Normal Retirement Date (as defined in the Retirement Plan) or December 31, 2010. This change only impacts benefits for participants who work past their Normal Retirement Date as the interest credit will continue to apply until a participant's Normal Retirement Date. At retirement, a participant may select from various annual benefit options based on actuarial factors defined in the Retirement Plan.

In addition to the cash balance formula described above, a participant will receive an annual benefit equal to his annual benefit accrued through December 31, 1994 under the Retirement Plan's prior formula, adjusted for increases in the cost of living (but not in excess of 4% per year) for each year of participation after December 31, 1994. Effective December 31, 2010, the benefit under the Retirement Plan's prior formula was also frozen. The final cost of living increase was given on December 31, 2010, and

no future cost of living increases will be provided. Certain participants of the Retirement Plan, including NEOs, will receive a special minimum benefit based on the final five-year average compensation and years of service as of December 31, 2004.

This Retirement Plan is fully funded by the Company and participants become fully vested after three years of service. All of the participating NEOs are fully vested. The normal retirement age under the Retirement Plan is 65. Of the NEOs, Mr. David W. Kemper has attained normal retirement age. Reduced benefits are available as early as age 55 with 10 years of service. Benefits are reduced based on the length of time prior to age 65 that retirement occurs. The reduction is 6.67% per year for each of the first five years of early retirement (age 60-64) plus an additional 3.33% per year for each of the next five years (ages 55-59). Of the NEOs, Messrs. Charles G. Kim, Kevin G. Barth, and John K. Handy are currently eligible for early retirement.

The estimated annual accrued benefits under the Retirement Plan for Messrs. John W. Kemper, Charles G. Kim, David W. Kemper, Kevin G. Barth, and John K. Handy are \$0, \$38,721, \$85,701, \$36,530, and \$7,132 respectively. These benefits are shown in the form of an annual life annuity commencing at age 65. The age 65 life annuity amount is what is paid to participants who continue employment past Normal Retirement Date, once they retire.

Since January 1, 1995, the Company has maintained the CERP to provide a non-tax-qualified deferred compensation plan to a select group of executives whose benefits under the Retirement Plan are limited by the Code. The CERP is unfunded and benefits are payable from the assets of the Company. The Board of Directors has designated the CEO as a participant and the CEO has designated other executives, including certain NEOs, as participants. The present value of the benefits shown in the table is based on a 3.07% interest rate and the Pri-2012 white collar base mortality tables for employees and retirees using the generational projection scale MP-2019, assuming benefits commence at normal retirement age (or current age, if later).

A participant's benefit under the CERP is the sum of the "Pre-2005 Benefit" and the "Post-2004 Benefit." A participant's benefit under the Pre-2005 Benefit is the amount by which (1) exceeds (2), where (1) is the benefit that would be payable under the Retirement Plan if that benefit were calculated using the participant's compensation including any incentive compensation deferred under a nonqualified deferred compensation plan maintained by the Company and without regard to the compensation limit of Section 401(a)(17) of the Code; and (2) is the benefit actually payable under the Retirement Plan. Consistent with the Retirement Plan, cash balance formula additions under the CERP were frozen effective January 1, 2005, and cost of living increases were discontinued effective December 31, 2010.

The estimated annual accrued benefit under the Pre-2005 Benefit for Messrs. John W. Kemper, Charles G. Kim, David W. Kemper, Kevin G. Barth, and John K. Handy is \$0, \$0, \$138,249, \$0, and \$0, respectively. The Pre-2005 Benefit is subject to the same retirement eligibility requirements and early retirement reductions as the Retirement Plan. These benefits are shown in the form of an annual life annuity commencing at age 65. The age 65 life annuity amount is what is paid to participants who continue employment past Normal Retirement Date, once they retire. Benefits are payable in the form of a lump sum or in annual installments for up to ten years at the election of the participant.

Benefits under the Post-2004 Benefit are in the form of a defined contribution plan, and are described in the narrative accompanying the Nonqualified Deferred Compensation table.

Nonqualified Deferred Compensation in 2019

The following table summarizes the contributions and earnings during 2019 for the deferred compensation portion of the EICP and the "Post-2004 Benefit" portion of the CERP.

<u>Name</u>	<u>Plan Name</u>	<u>Executive Contributions in 2019 (\$)</u>	<u>Registrant Contributions/ Company Credits in 2019 (\$)(2)</u>	<u>Aggregate Earnings in 2019 (\$)(3)</u>	<u>Aggregate Withdrawals / Distributions (\$)</u>	<u>Aggregate Balance at 12/31/2019 (\$)</u>
John W. Kemper	EICP	\$ —	\$ —	\$ —	\$ —	\$ —
	CERP(1)	—	123,438	13,125	—	399,068
Charles G. Kim	EICP	—	—	—	—	—
	CERP(1)	—	48,101	24,657	—	565,887
David W. Kemper	EICP	—	—	265,969	—	1,193,969
	CERP(1)	—	100,762	103,639	—	2,277,185
Kevin G. Barth	EICP	—	—	395,735	—	1,885,355
	CERP(1)	—	48,365	24,348	—	559,676
John K. Handy	EICP	—	—	—	—	—
	CERP(1)	—	—	—	—	—

(1) Information presented pertains to the "Post-2004 Benefit" portion of the CERP.

- (2) Reflects Company contribution credits to the CERP in 2019. These amounts are included in the “All Other Compensation” column of the 2019 Summary Compensation Table.
- (3) No NEO received preferential or above-market earnings on deferred compensation.

Nonqualified Deferred Compensation Narrative

Our NEOs are eligible to participate in a deferred compensation plan that is a part of the EICP. The EICP allows the officers to contribute up to 100% of their annual cash incentive award to this plan and, therefore, defer income tax on these amounts. Participants can select from a number of investment options, which are generally available to other employees in the Company’s 401(k) plan, including a Company stock alternative, to which their deferrals will be credited. Each participant’s account is credited with earnings, or debited with losses, based on performance of those investment options. Benefits are payable in a lump sum or up to ten annual installments. Participants may not make withdrawals during employment.

The Post-2004 Benefit portion of the CERP provides for a Company contribution credit on the last day of each plan year beginning on and after January 1, 2005 equal to 7% of the participant’s eligible compensation above the pay limit imposed under the Code for purposes of the Company’s qualified 401(k) retirement plan (the “Participating Investment Plan”) for the year (\$280,000 in 2019). The Company may make additional contribution credits to the extent that limitations were imposed on contributions by CERP participants to the Participating Investment Plan due to the nondiscrimination test of Code Section 401(m). No additional contributions were made in 2019.

Eligible compensation for the Post-2004 Benefit portion of the CERP generally includes W-2 earnings. Eligible compensation for 2019 in excess of the pay limit imposed under the Code was as follows: Messrs. John W. Kemper \$1,763,401; Charles G. Kim \$687,160; David W. Kemper \$1,439,455; and Kevin G. Barth \$690,928. Note that John K. Handy was not eligible for the Post-2004 Benefit portion of the CERP during 2019.

Each year the Company will credit or debit the participant’s Post-2004 CERP account to reflect deemed earnings. The current rate of earnings credit is fixed at 5%, which corresponds to the rate of interest earned on the cash balance accounts of participants in the Retirement Plan. Benefits are payable in the form of a lump sum or annual installments for up to ten years pursuant to the election of the participant.

Employment Agreements and Elements of Post-Termination Compensation

We do not have employment agreements with our NEOs. However, there are several arrangements that provide post-termination benefits.

Change of Control Severance Agreements

The Company has in place a severance agreement (“Severance Agreement”) with each NEO other than David W. Kemper. The Severance Agreements provide for payments and certain benefits (which payments and benefits shall be referred to as the “Severance Benefits”) in the event of a “Qualifying Termination” in connection with a “Change of Control.”

For purposes of each Severance Agreement, “Change of Control” means:

- Any Person (as defined in Section 3(a)(9) of the Exchange Act, with certain exclusions provided for in the Severance Agreement) who becomes the “beneficial owner,” directly or indirectly, of 20% of the Company’s outstanding shares or the combined voting power of the then outstanding shares of the Company; or
- Individuals who on the date of the Severance Agreement constituted the Board or any new director whose appointment or election by the Board or nomination for election by the Company’s shareholders was approved by at least two-thirds of the directors then still in office who were either directors on the date of the Severance Agreement or whose appointment, election or nomination was previously approved, shall fail to constitute the majority of the Board of Directors; or
- There is consummated a merger or consolidation of the Company with any other corporation other than (i) a merger or consolidation in which the combined voting power immediately after the merger or consolidation was at least 80% of the same combined voting power immediately prior to the merger or consolidation or (ii) the merger or consolidation was for the purpose of the recapitalization of the Company in which no person is or becomes the beneficial owner of 20% or more of the outstanding shares of the Company or the combined voting power of the Company’s outstanding securities; or
- The shareholders approve a plan of complete liquidation or dissolution of the Company or there is a sale or disposition of substantially all of the Company’s assets, other than a sale or disposition to an entity that has at least 80% of the combined voting securities owned by persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

“Qualifying Termination” means:

- Within twelve months prior to a Change of Control, the NEO’s employment is terminated by the Company under circumstances not constituting Cause and in contemplation of, or caused by, the Change of Control, such Change of Control is pending at the time of termination, and the Change of Control actually occurs; or
- Within three years following a Change of Control, the NEO’s employment is involuntarily terminated by the Company under circumstances not constituting Cause, the successor company fails or refuses to assume the obligations of the Company under the Severance Agreement, or the Company or any successor company breaches any provisions of the Severance Agreement; or
- A voluntary termination of employment by the NEO under circumstances constituting “Good Reason” within three years following a Change of Control; or
- A voluntary termination of employment by an NEO for any reason within the period beginning on the first anniversary of the Change of Control and ending thirty days after such date.

“Cause” means willful misconduct or conduct by the NEO that was knowingly fraudulent or deliberately dishonest.

“Good Reason” means (i) the NEO, in his reasonable judgment, determines that his duties have been materially reduced in terms of authority and responsibility from those existing immediately prior to the Change of Control; or (ii) the NEO is required to be based at a location that is thirty-five or more miles farther from his primary residence at the time of the requirement than it was prior thereto; or (iii) there is a reduction in the NEO’s base salary to an amount that is less than the base salary in effect twelve months prior to the Change of Control; or (iv) there is a material reduction in the NEO’s level of participation in any of the Company’s incentive compensation plans, benefit plans, policies, practices or arrangements in which the NEO participated immediately prior to the Change of Control and such reduction is not consistent with the average level of participation by other executives who have a similar position.

“Severance Period” means a number of whole and fractional years equal to the lesser of: (a) three or (b) the quotient of the number of months following termination until the NEO attains age 65, divided by twelve. For John K. Handy, the Severance Period is one and a half years instead of three years.

In the event that an NEO becomes entitled to Severance Benefits, the Company shall pay to or provide the NEO with the following:

- A lump sum payment equal to the product of: (i) the Severance Period, multiplied by (ii) the sum of the NEO’s base salary in effect 12 months prior to the Change of Control and the NEO’s average bonus for the three completed fiscal years of the Company preceding the fiscal year in which the Change of Control occurs;
- A lump sum payment equal to the greater of the NEO’s actual bonus for the fiscal year of the Company preceding the fiscal year in which the Change of Control occurs or the NEO’s target bonus for the fiscal year of the Company in which a Qualifying Termination occurs, calculated with the assumption that both the Company and the NEO achieved all performance objectives required to earn the target bonus, and prorated based on the number of days elapsed in the Company’s fiscal year during which employment terminates;
- Continuation of health, life and disability insurance to the NEO during the Severance Period at a cost to the NEO equal to the amount paid by similarly situated active employees at the time of the earliest event that could constitute “Good Reason.” To the extent such benefits are taxable, there is a gross-up for taxes;
- The opportunity to borrow, to the extent permitted by applicable law, from the Company or an affiliate thereof, for an interest rate set by the NEO (which may be zero), an amount equal to the sum of the NEO’s outstanding stock options and taxes resulting from the exercise and the vesting of the NEO’s restricted stock, with repayment required upon the passage of 180 consecutive days of the NEO being able to sell stock acquired by the exercise and being able to sell vested, restricted stock without restriction; and
- Reimbursement for the costs, if any, of outplacement services obtained by the NEO following a Qualifying Termination.

In the event that any payments are subject to the application of any tax pursuant to Section 4999 of the Code (an “Excise Tax”), the Company shall also pay to the NEO an additional amount sufficient to make the net amount payable to the NEO the same as the NEO would have received had the Excise Tax not been imposed. The Company will reimburse the NEO for all fees, expenses and costs incurred in connection with any Excise Tax; however, at its February 10, 2012 meeting, the Board, by resolution, adopted a policy not to offer a gross-up for taxes related to severance payments paid in connection with a Change of Control of the Company to any employee to whom the Company has not made such a commitment prior to the date of the resolution.

The Severance Benefits are reduced by any other severance benefits or damages for termination paid or owed to the NEO, if such offset would not result in additional tax, interest or penalties pursuant to Section 409A of the Code.

The Company is obligated to pay any attorneys’ fees and costs incurred in connection with any dispute concerning the Severance Agreement unless the dispute by the NEO is frivolous.

The terms and conditions of the Severance Agreement between the Company and John W. Kemper are similar to the Severance Agreement described above, except: (1) a "Qualifying Termination" does not include a voluntary termination of employment by John W. Kemper for any reason within the period beginning in the first anniversary of the Change in Control and ending thirty days after such date; and (2) no gross-up for taxes related to severance payments paid in connection with a Change of Control of the Company will be paid to John W. Kemper.

Restricted Stock, Stock Options and Stock Appreciation Rights

Our outstanding unvested restricted stock grants are normally forfeited upon termination of employment; however, there are special vesting rules in the case of death, disability or retirement. In the case of death or disability, outstanding unvested restricted stock immediately vests in the same proportion that the number of full and partial months from the date of grant to the date of death or disability bears to the total restriction period applicable to the award. In the case of "retirement," the same pro rata vesting provision applies, except the vesting is not effective until the last day of the restriction period applicable to the award and vesting remains subject to the Company satisfying any Company performance condition on vesting. "Retirement" means termination of employment after attaining age 60 and having at least ten years of service (non-competition agreements are not included in the definition of "retirement" in the plan document, but signing a non-competition agreement is a condition to restricted stock grants). In addition, otherwise unvested outstanding restricted stock, stock appreciation rights and options immediately vest upon the occurrence of a change of control. For this purpose "change of control" has the same meaning as applies for purposes of the Change of Control Severance Agreements (see "Change of Control Severance Agreements" under "Employment Agreements and Elements of Post-Termination Compensation"), except different dates are used for determining the incumbent board of directors.

Deferred Compensation

The CERP and EICP provide for payments of nonqualified deferred compensation after termination of employment. See "Pension Benefits Narrative" and "Nonqualified Deferred Compensation Narrative" for a description of those arrangements.

Long-Term Disability

The NEOs generally have the same long-term disability benefit as all salaried employees, except that the definition of "disability" for the NEOs is more favorable because the benefit after the first 36 months of disability for salaried employees who are not vice presidents or above is based on a more restrictive definition of disability than the one that applies to vice presidents and above.

Commerce Retirement Plan

The qualified defined benefit pension plan was frozen and closed to new participants January 1, 2004, so not all salaried employees participate. The NEOs, except for John W. Kemper, participate in this plan and receive earnings credits to their cash balance accounts. See "Pension Benefits Narrative" for a description of this arrangement.

Potential Payments upon Termination or Change of Control

The following table assumes the relevant triggering event occurred on December 31, 2019.

<u>Executive Benefits and Payments upon Termination</u>	<u>Voluntary Termination</u>	<u>Normal Retirement</u>	<u>Death</u>	<u>Disability</u>	<u>Qualified Termination After a Change of Control</u>	
John W. Kemper						
Compensation:						
Salary	\$ —	\$ —	\$ —	\$ —	\$ 3,116,401	(1)
Bonus	—	—	—	—	1,123,229	(2)
SARs/option awards	—	—	—	—	851,363	(3)
Restricted stock awards	—	3,698,925	3,698,925	3,698,925	6,536,575	(4)
EICP/CERP	399,068	399,068	399,068	399,068	399,068	(5)
Excise tax reimbursement	—	—	—	—	—	(6)
Benefits:						
Retirement plan	—	—	—	—	—	(7)
Post-termination insurance premiums	—	—	—	—	—	(8)
Total	\$ 399,068	\$ 4,097,993	\$ 4,097,993	\$ 4,097,993	\$ 12,026,636	

Executive Benefits and Payments upon Termination	Voluntary Termination	Normal Retirement	Death	Disability	Qualified Termination After a Change of Control	
Charles G. Kim						
Compensation:						
Salary	\$ —	\$ —	\$ —	\$ —	\$ 2,675,052	(1)
Bonus	—	—	—	—	469,368	(2)
SARs/option awards	—	—	—	—	341,296	(3)
Restricted stock awards	—	2,209,545	2,209,545	2,209,545	3,387,285	(4)
EICP/CERP	565,887	565,887	565,887	565,887	565,887	(5)
Excise tax reimbursement	—	—	—	—	—	(6)
Benefits:						
Retirement plan	514,973	514,973	239,334	514,973	514,973	(7)
Post-termination insurance premiums	—	—	—	—	70,861	(8)
Total	<u>\$ 1,080,860</u>	<u>\$ 3,290,405</u>	<u>\$ 3,014,766</u>	<u>\$ 3,290,405</u>	<u>\$ 8,024,722</u>	
David W. Kemper						
Compensation:						
Salary	\$ —	\$ —	\$ —	\$ —	\$ —	(1)
Bonus	—	—	—	—	—	(2)
SARs/option awards	—	—	—	—	1,636,280	(3)
Restricted stock awards	—	6,696,234	6,696,234	6,696,234	9,840,022	(4)
EICP/CERP	3,471,154	3,471,154	3,471,154	3,471,154	3,471,154	(5)
Excise tax reimbursement	—	—	—	—	—	(6)
Benefits:						
Retirement plan	2,451,317	2,451,317	1,124,174	2,451,317	2,451,317	(7)
Post-termination insurance premiums	—	—	—	—	—	(8)
Total	<u>\$ 5,922,471</u>	<u>\$12,618,705</u>	<u>\$11,291,562</u>	<u>\$12,618,705</u>	<u>\$ 17,398,773</u>	
Kevin G. Barth						
Compensation:						
Salary	\$ —	\$ —	\$ —	\$ —	\$ 2,675,052	(1)
Bonus	—	—	—	—	469,368	(2)
SARs/option awards	—	—	—	—	341,296	(3)
Restricted stock awards	—	2,204,993	2,204,993	2,204,993	3,382,665	(4)
EICP/CERP	2,445,031	2,445,031	2,445,031	2,445,031	2,445,031	(5)
Excise tax reimbursement	—	—	—	—	—	(6)
Benefits:						
Retirement plan	493,408	493,408	229,311	493,408	493,408	(7)
Post-termination insurance premiums	—	—	—	—	72,167	(8)
Total	<u>\$ 2,938,439</u>	<u>\$ 5,143,432</u>	<u>\$ 4,879,335</u>	<u>\$ 5,143,432</u>	<u>\$ 9,878,987</u>	

Executive Benefits and Payments upon Termination	Voluntary Termination	Normal Retirement	Death	Disability	Qualified Termination After a Change of Control	
John K. Handy						
Compensation:						
Salary	\$ —	\$ —	\$ —	\$ —	\$ 1,032,075	(1)
Bonus	—	—	—	—	383,900	(2)
SARs/option awards	—	—	—	—	143,097	(3)
Restricted stock awards	—	885,462	885,462	885,462	1,839,543	(4)
EICP/CERP	—	—	—	—	—	(5)
Excise tax reimbursement	—	—	—	—	—	(6)
Benefits:						
Retirement plan	88,107	88,107	40,948	88,107	88,107	(7)
Post-termination insurance premiums	—	—	—	—	35,940	(8)
Total	<u>\$ 88,107</u>	<u>\$ 973,569</u>	<u>\$ 926,410</u>	<u>\$ 973,569</u>	<u>\$ 3,522,662</u>	

- (1) Salary is calculated as the sum of the prior year base salary plus the average bonus for the prior 3 years, times the "Severance Period" which means the lesser of: (a) three or (b) the quotient of the number of months following termination until the NEO attains age 65, divided by twelve, and is payable upon a qualifying termination. The factor is one and a half instead of three for John K. Handy.
- (2) Bonus amount is the greater of (a) the 2018 annual cash incentive paid in 2019, or (b) the 2019 target annual cash incentive under the EICP, not prorated. In all cases the bonus amount is the 2018 annual cash incentive paid in 2019.
- (3) Under a Change of Control, all unvested SARs and options would become immediately vested. The amount shown is the excess of the market price of our common stock at December 31, 2019 over the exercise price of all unvested SARs and options.
- (4) It is assumed that all NEOs are eligible for the special vesting rules as of December 31, 2019. Amounts are based on the prorated vested shares at market price at December 31, 2019.
- (5) The payment under the EICP/CERP is the aggregate balance in their deferred compensation plan that is assumed to be paid upon either voluntary termination, retirement, death, disability or a Change of Control.
- (6) Under a Change of Control, the Company is required to reimburse the NEOs, other than John W. Kemper, for any excise taxes that may be imposed and any other fees and expenses. It was determined that none of the NEOs would be eligible for such payments.
- (7) Benefits payable under the Retirement Plan are assumed to commence at age 65. The benefit upon death is calculated as a portion of the normal benefit.
- (8) This amount reflects the net present value of estimated insurance payments to be made by the Company for the NEOs, plus a gross-up for taxes, during the Severance Period.

Equity Compensation Plan Information

The following table provides information as of December 31, 2019, with respect to compensation plans under which common shares of Commerce Bancshares, Inc. are authorized for issuance to certain officers in exchange for services provided. These compensation plans include: (1) the Commerce Bancshares, Inc. 2005 Equity Incentive Plan, (2) the Commerce Bancshares, Inc. Stock Purchase Plan for Non-Employee Directors (“Director Plan”) and (3) the Commerce Bancshares, Inc. Executive Incentive Compensation Plan (“EICP”). All of these compensation plans were approved by the Company’s shareholders.

Plan Category	(a) Number of Common Shares to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Common Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Shares Reflected in Column (a))
Equity compensation plans approved by shareholders	594,917 (1)	\$ 43.55 (2)	2,348,204 (3)
Equity compensation plans not approved by shareholders	—	—	—
Total	<u>594,917</u>	<u>\$ 43.55</u>	<u>2,348,204</u>

- (1) Includes 376,813 shares issuable upon exercise of stock appreciation rights granted under the 2005 Equity Incentive Plan. Issuable shares from stock appreciation rights were computed on a net basis using the fair market value of Common Stock at December 31, 2019. Also included are 218,104 common shares allocated to participants’ accounts under the EICP.
- (2) Represents the weighted average exercise price of outstanding stock appreciation rights under the 2005 Equity Incentive Plan.
- (3) Includes 2,249,326 common shares remaining available under the 2005 Equity Incentive Plan, 33,914 shares available under the Director Plan, and 64,964 shares under the EICP.

Compensation and Human Resources Committee Interlocks and Insider Participation

During 2019, the Compensation and Human Resources Committee consisted of Messrs. Terry D. Bassham, Earl H. Devanny, III (Chairman), and W. Thomas Grant, II. All members of the Committee were independent members of the Board of Directors of the Company. None of the members of the Compensation and Human Resources Committee has been an officer or employee of the Company. None of our executive officers serves on the board of directors or compensation committee of a company that has an executive officer that was elected to the Board or the Compensation and Human Resources Committee, except that during 2018, Mr. David W. Kemper served on the board of directors of The Crawford Group, Inc. Mr. Andrew C. Taylor is the Chairman and Chief Executive Officer of The Crawford Group, Inc.

AUDIT AND RISK COMMITTEE REPORT

The role of the Audit and Risk Committee is to assist the Board of Directors in its oversight of the Company's accounting, auditing and financial reporting processes, the Company's credit review function and the Company's enterprise risk management. As noted under the "Corporate Governance" and "Director Independence" sections of this Proxy Statement, the Board of Directors has determined that all members of the Audit and Risk Committee are "independent" within the meaning of SEC Rule 10A-3 and the NASDAQ listing rules. The Audit and Risk Committee operates pursuant to a Charter that was last amended with the amendment approved by the Board on April 24, 2018. As set forth in the Charter, management of the Company is responsible for establishing and maintaining the Company's internal control over financial reporting and for preparing the Company's financial statements in accordance with generally accepted accounting principles and applicable laws and regulations. Management is also responsible for conducting an evaluation of the effectiveness of the internal control over financial reporting based on the framework in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Audit and Risk Committee is directly responsible for the compensation, appointment and oversight of KPMG LLP, the independent auditor for the Company. KPMG LLP is responsible for performing an independent audit of the Company's financial statements and expressing an opinion as to their conformity with generally accepted accounting principles. KPMG LLP is also responsible for expressing an opinion on the Company's internal control over financial reporting.

Members of the Audit and Risk Committee include Benjamin F. Rassieur, III (Chairman), Terry D. Bassham, John R. Capps, Karen L. Daniel, Todd R. Schnuck and Kimberly G. Walker. The Board has determined that Ms. Daniel and Mr. Schnuck both qualify as an "Audit and Risk Committee financial expert" as required by the SEC pursuant to Section 407 of the Sarbanes-Oxley Act of 2002 and Mr. Bassham is an "Audit and Risk Committee risk expert" as required in 12CFR Part 252.22 (d)(1) - Regulation YY Enhanced Prudential Standards.

The Audit and Risk Committee's responsibility is one of oversight. Members of the Audit and Risk Committee rely on the information provided and the representations made to them by: (i) management, which has primary responsibility for establishing and maintaining appropriate internal financial controls over financial reporting, and for Company financial statements and reports and (ii) the external auditor, which is responsible for expressing an opinion that the financial statements have been prepared in accordance with generally accepted accounting principles, that management's assessment that the Company maintained effective internal control over financial reporting is fairly stated, and that the audit of the Company's financial statements by the external auditor has been carried out in accordance with Standards of the Public Company Accounting Oversight Board (PCAOB).

In this context, the Audit and Risk Committee has considered and discussed the audited financial statements and management's assessment on internal control over financial reporting with management and the independent auditors as of December 31, 2019. The Audit and Risk Committee has also discussed with the independent auditors the matters required to be discussed by PCAOB Auditing Standard No. 1301, *Communication with Audit Committees*. Finally, the Audit and Risk Committee has received the written disclosures and the letter from KPMG LLP required by PCAOB Rule 3526, *Communication with Audit Committees Concerning Independence*. The Audit and Risk Committee has considered the compatibility of non-audit services with the auditors' independence and has discussed with the external auditors their independence.

Based on the reviews and discussions described in this report, and exercising the Audit and Risk Committee's business judgment, the Audit and Risk Committee recommends to the Board of Directors that the audited financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019 to be filed with the SEC.

The Audit and Risk Committee has selected KPMG LLP as the Company's external auditors for fiscal 2020 and has approved submitting the selection of the independent external auditors for ratification by the shareholders. Audit, audit-related and any permitted non-audit services provided to Commerce Bancshares, Inc. by KPMG LLP are subject to pre-approval by the Audit and Risk Committee. All fees paid in 2019 were pre-approved by the Audit and Risk Committee.

Submitted by the Audit and Risk Committee of the Company's Board of Directors:

Benjamin F. Rassieur, III (Chairman)
Kimberly G. Walker

Karen L. Daniel
Todd R. Schnuck

John R. Capps
Terry D. Bassham

Pre-approval of Services by the External Auditor

The Audit and Risk Committee has adopted a policy for pre-approval of audit and permitted non-audit services provided by the Company's external auditor. Annually, the Audit and Risk Committee will review and approve the audit services to be performed along with other permitted services including audit-related and tax services to be provided by its external auditor. The Audit and Risk Committee may pre-approve certain recurring designated services where appropriate and services for individual projects that do not exceed \$25,000.

Proposed engagements that do not meet these criteria may be presented to the Audit and Risk Committee at its next regular meeting or, if earlier consideration is required, to one or more of its members. The member or members to whom such authority is delegated shall report any specific approval of services at the next regular Audit and Risk Committee meeting. The Audit and Risk Committee will regularly review summary reports detailing all services provided to the Company by its external auditor.

Fees Paid to KPMG LLP

The following is a summary of fees billed by KPMG LLP for professional services rendered during the fiscal years ended December 31, 2019 and 2018:

	2019	2018
Audit fees	\$ 1,041,713	\$ 974,001
Audit-related fees	93,145	90,430
Tax fees.	251,671	259,040
All other fees.	—	—
Total	<u>\$ 1,386,529</u>	<u>\$ 1,323,471</u>

The audit fees billed by KPMG LLP are for professional services rendered for the audits of the Company's annual consolidated financial statements and the audit of the Company's internal control over financial reporting for the fiscal year ended December 31, 2019 and for the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for that fiscal year. KPMG LLP also performed audits in 2018 and 2019 for the Company's private equity subsidiary. KPMG LLP provided accounting research and advice in both 2018 and 2019.

Audit-related fees are mainly for services rendered for both years for audits on the Company's pension and 401(k) benefit plans and agreed upon examination procedures relating to the Company's mortgage banking operation. Tax fees are for services including both review and preparation of corporate income tax returns and tax consulting services.

PROPOSAL TWO

RATIFICATION OF THE SELECTION OF KPMG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2020

Pursuant to the Sarbanes-Oxley Act of 2002, the Audit and Risk Committee of the Company is responsible for the selection and approval of the Company's independent registered public accounting firm for the purpose of the examination and audit of the Company's financial statements for 2020. The Audit and Risk Committee has also adopted a procedure for the pre-approval of non-audit services. The Audit and Risk Committee has selected and the Board of Directors has ratified the selection of KPMG LLP as the firm to conduct the audit of the financial statements of the Company and certain of its subsidiaries for 2020. This selection is presented to the shareholders for ratification; however, the failure of the shareholders to ratify the selection will not change the engagement of KPMG LLP for 2020. The Audit and Risk Committee will consider the vote of the shareholders for future engagements. Representatives of KPMG LLP are expected to be present at the Meeting and will be available to respond to appropriate questions. The representatives will also be provided an opportunity to make a statement.

The Board of Directors Recommends a Vote *FOR* the Ratification of the Selection of KPMG LLP as the Company's Independent Registered Public Accounting Firm for 2020.

PROPOSAL THREE

SAY ON PAY --- ADVISORY APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION

The following proposal is an advisory, non-binding vote on the compensation of the Company's named executive officers as required by Section 14A of the Exchange Act which was added by Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and by rules of the SEC.

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby APPROVED."

Shareholders are being asked to approve, on an advisory basis, the compensation of the Company's named executive officers as disclosed in the Compensation Discussion and Analysis, tabular disclosures, and other narrative executive compensation disclosures in the proxy statement. The vote is not binding on the Company.

The Company's goal for its executive compensation program is to attract, motivate and retain a talented team of executives who will provide leadership for the Company's success in a highly regulated industry and in competitive markets. The Company seeks to accomplish this goal in a way that rewards performance and is aligned with its shareholders' long-term interests. The Company believes that its executive compensation program, which emphasizes long-term equity awards, satisfies this goal and is strongly aligned with the long-term interests of its shareholders. Please refer to the section entitled Compensation Discussion and Analysis for a thorough discussion of the Company's executive compensation program. As an advisory vote, this proposal is not binding on the Company; however, the Compensation and Human Resources Committee, which is responsible for designing and administering the Company's executive compensation program, values the opinions expressed by shareholders in their vote on this proposal and will consider the outcome of the vote when making future compensation decisions for named executive officers.

The Board of Directors Recommends a Vote *FOR* the proposal to approve the Company's executive compensation.

OTHER MATTERS

The management of the Company does not know of any matter or business to come before the meeting other than that referred to in the notice of meeting but it is intended that, as to any such other matter or business, the person named in the accompanying proxy will vote said proxy in accordance with the judgment of the person or persons voting the same.

ELECTRONIC ACCESS TO PROXY STATEMENT AND ANNUAL REPORT

Shareholders of record can view the proxy statement and the 2019 annual report as well as vote their shares at www.envisionreports.com/CBSH. Shareholders who hold their Company stock through a broker, bank, trustee or nominee may view the proxy statement and 2019 annual report at www.edocumentview.com/CBSH.

The proxy statement and the 2019 annual report are also available on the Company's website at www.commercebank.com/ under "Investor Relations/Filings & Financials".

Employee PIP (401K) shareholders who have a company email address and online access will automatically be enrolled to receive the annual report and proxy statement over the Internet unless they choose to opt out.

Shareholders who hold their Company stock through a broker, bank, trustee or nominee should refer to the information provided by that entity for instructions on how to elect to view future proxy statements and annual reports over the Internet.

The Company undertakes to provide without charge to each person solicited, upon the written request of such person, a copy of the Company's proxy and annual report on Form 10-K, including the financial statements and financial statement schedules, required to be filed with the SEC pursuant to Rule 13a-1 under the Exchange Act for the Company's most recent fiscal year. Requests should be directed to Computershare, online at www.envisionreports.com/CBSH, by telephone at 1-866-641-4276, or by email at investorvote@computershare.com. Please refer to the Notice for more detailed instructions for requesting such materials by mail.

By Order of the Board of Directors



Thomas J. Noack
Secretary

March 6, 2020