



1000 Walnut Street / Suite 700 / Kansas City, Missouri 64106 / 816.234.2000

Financial News Release

FOR IMMEDIATE RELEASE: Wednesday, January 18, 2017

COMMERCE BANCSHARES, INC. ANNOUNCES FOURTH QUARTER EARNINGS PER COMMON SHARE OF \$.68

Commerce Bancshares, Inc. announced earnings of \$.68 per common share for the three months ended December 31, 2016, compared to \$.65 per share in the prior quarter and \$.60 per share in the fourth quarter of 2015. Net income attributable to Commerce Bancshares, Inc. for the fourth quarter amounted to \$71.6 million, compared to \$68.5 million in the prior quarter and \$63.7 million in the same quarter last year. For the quarter, the return on average assets was 1.14%, the return on average common equity was 11.5%, and the efficiency ratio was 61.8%.

For the year ended December 31, 2016, earnings per common share totaled \$2.61 compared to \$2.43 in 2015, or an increase of 7.4%. Net income attributable to Commerce Bancshares, Inc. amounted to \$275.4 million for the year ended December 31, 2016, compared to \$263.7 million in 2015. In 2016, the return on average assets was 1.12%, and the return on average common equity was 11.3%.

In announcing these results, David W. Kemper, Chairman and CEO, said, "Overall, Commerce saw strong performance in 2016, with loan growth of 8% and growth in earnings per share of 7%. Loan growth was solid this quarter, as average loans grew \$231 million, or 7% annualized. This increase resulted from higher business real estate loan demand, coupled with good growth in residential mortgage and other consumer loans. Average deposits grew \$388 million this quarter, or 8% annualized, reflecting expected seasonal growth. Net interest income increased 7% over the fourth quarter of 2015, reflecting growth in loan and investment securities interest income and stable funding costs, and we remain well positioned for improved margins, should interest rates rise in 2017. Non-interest income this quarter grew 3% compared to the same period last year on continued growth in trust, sweep, deposit and swap fees. Non-interest expense was flat with the prior quarter but was up 3% over the same period last year."

Mr. Kemper added, "We continue to maintain strong capital and liquidity levels. Credit quality across our entire loan portfolio remains excellent, with low credit losses and delinquency rates and declining non-performing assets. Net loan charge-offs totaled \$9.0 million this quarter, compared to \$6.6 million in the previous quarter, with the increase largely due to lower commercial loan recoveries this quarter and slightly higher consumer net loan charge-offs. During the current quarter, the provision for loan losses totaled \$10.4 million, or \$1.4 million higher than net loan charge-offs. The allowance for loan losses increased to \$155.9 million at December 31, 2016, or 1.16% of period end loans. Total non-performing assets decreased \$1.9 million from the previous quarter to \$14.6 million this quarter."

(more)

Total assets at December 31, 2016 were \$25.6 billion, total loans were \$13.4 billion, and total deposits were \$21.1 billion. During the quarter, the Company signed an agreement to purchase a new core deposit system from Temenos Group AG which is expected to be implemented in 2019. In the fourth quarter of 2016, the Company distributed a 5% stock dividend on its common stock. The Company also paid a cash dividend of \$.214 per common share, as restated for the 5% stock dividend, and an annualized 6% cash dividend on its preferred stock this quarter.

Commerce Bancshares, Inc. is a registered bank holding company offering a full line of banking services, including investment management and securities brokerage. The Company currently operates in approximately 340 locations in Missouri, Illinois, Kansas, Oklahoma and Colorado. The Company also has operating subsidiaries involved in credit related insurance and private equity activities.

This financial news release, including management's discussion of fourth quarter results, is posted to the Company's web site at www.commercebank.com.

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For additional information, contact
Jeffery Aberdeen, Controller
at 1000 Walnut Street, Suite 700
Kansas City, MO 64106
or by telephone at (816) 234-2081
Web Site: http://www.commercebank.com
Email: mymoney@commercebank.com

COMMERCE BANCSHARES, INC. and SUBSIDIARIES <u>FINANCIAL HIGHLIGHTS</u>

		For t	he Three Months E	For the Year Ended			
Note interest income	(Unaudited) (Dollars in thousands, except per share data)						
Non-interest nicone 19,479 20,526 30,526 378,529 154,441 10,824,529	FINANCIAL SUMMARY						
Total revenue 192,681 290,562 278,529 1,154,41 1,082,459 Investment securities gains (losses), net 3.651 (1,065) (1,480) (3.5) (3.20) Provision for loan losses 104,400 7,263 9,186 36,318 28,727 Non-interest expense 181,261 181,242 175,777 717,065 676,487 Income before taxes 104,407 100,092 20,066 401,005 383,565 Income taxes 32,297 30,942 27,661 124,151 16,590 Non-controlling interest expense (income) 795 605 715 1,463 3,245 Net income attributable to Commerce Baneshares, Inc. 71,579 68,45 63,710 275,391 263,730 Net income available to Commerce Baneshares, Inc. 71,579 68,45 63,710 275,391 263,730 Net income available to common shareholders 50,829 56,629 56,60 52,63 52,43 Net income—basic 5,68 5,65 5,60 52,63 52,43 Ret income—diluted 5,88 5,65 5,60 52,61 52,43 Effective tax rate 31,094 517,911 517,913 526,733 Effective tax rate 31,094 517,911 517,913 526,733 Diluted wid, average shares outstanding 100,558,345 100,452,91 101,310,405 100,488,69 103,192,753 Return on total average assets 1,14 1,12 1,05 1,12 1,11 Return on average common equity 11,48 1,19 1,05 1,14 1,14 Return on average common equity 1,40 1,40 1,40 Return on average common equity 1,40 1,40 1,40 Return on average common share 5,12 5,23 5,23 5,24 Non-interest income to total revenue 40,82 41,06 41,66 41,66 41,60 Return on average common share 5,124 5,24 5,24 5,24 5,24 Return on average common share 5,124 5,24 5,24 5,24 5,24 Return on average common share 5,124 5,24 5,24 5,24 5,24 5,24 Return on average common share 5,124 5,24	Net interest income	\$173,202	\$171,243	\$162,487	\$680,049	\$634,320	
Section Sect	Non-interest income	119,479	119,319	116,042	474,392	448,139	
Provision for loan losses 10,400 7,263 9,186 36,318 28,727 Non-interest expense 181,261 181,242 175,777 771,065 676,487 10,000 1	Total revenue	292,681	290,562	278,529	1,154,441	1,082,459	
Non-interest expense 181,241 181,242 175,777 171,065 167,087 167,000 167,087 167,000 167,087 167,000 167,087 167,000 167,087 167,000 167,087 167,000 167,087 167,000 167,087 167,000 167,087 167,000 167,087 167,000 167,087 167,000 167,087 167,000 167,087 167,000 167,087 167,000 167,087 167,000 167,087 167,000 1	Investment securities gains (losses), net	3,651	(1,965)	(1,480)	(53)	6,320	
Income before taxes	Provision for loan losses	10,400	7,263	9,186	36,318	28,727	
Non-controlling interest expense (income) 795 605 715 1,463 3,245 Non-controlling interest expense (income) 715 68,545 63,710 275,391 2263,730 Preferred stock dividends 2,250 2,250 9,000 9,000 Net income available to common shareholders 869,329 \$66,295 \$61,460 \$266,391 \$254,730 Earnings per common share: 8,68 8,65 8,60 \$2,60 \$2,24 Net income — diluted 8,68 8,65 8,60 \$2,61 \$2,24 Net income — diluted 8,68 8,65 8,60 \$2,61 \$2,24 Net income — diluted 8,88 8,65 8,60 \$2,61 \$2,24 Net income interest income \$181,301 \$179,115 \$170,141 \$171,433 \$664,038 Tax equivalent net interest income \$181,301 \$10,452,911 \$101,310,405 \$10,486,96 \$103,192,753 RATIOS 4,424 4,424 4,424 4,424 4,424 Return on average shares outstanding 10,558,345 11,48 10,97 10,88 11,33 11,43 Non-interest income to total revenue 40,82 41,06 41,66 41,09 41,40 Efficiency ratio (%) 61,248 62,25 62,97 61,98 62,34 Return on average common share \$2,14 \$2,24 \$8,204 \$8,857 \$8,16 Cash dividends on common stock \$2,277,66 \$23,1776,16 \$23,172 \$20,920 \$87,070 \$89,061 Cash dividends on common share (%) \$23,22 \$23,32 \$22,487 \$20,920 \$89,000 \$9,000 Rodindends on common share (%) \$23,22 \$23,32 \$22,47 \$20,920 \$89,000 \$9,000 Rodindends on common share (%) \$23,22 \$23,32 \$22,47 \$20,920 \$89,000 \$9,000 Rodindends on common share (%) \$23,22 \$23,32 \$22,47 \$20,920 \$39,000 \$9,000 Rodindends on common share (%) \$23,22 \$23,32 \$22,47 \$20,920 \$39,000 \$	Non-interest expense	181,261	181,242	175,777	717,065	676,487	
Non-controlling interest expense (income) 795 605 715 1,463 3,245 Net income attributable to Commerce Baneshares, Inc. 71,579 68,545 63,710 275,391 263,730 Preferred stock dividends 2,250 2,250 2,250 3,000 9,000 Net income available to common shareholders 869,329 866,295 \$61,460 \$266,391 \$254,730 Earnings per common share:	Income before taxes	104,671	100,092	92,086	401,005	383,565	
Net income attributable to Commerce Bancshares, Inc. 71,579 68,545 63,710 275,391 263,730 Net income available to common shareholders 569,329 \$66,295 \$61,460 \$266,391 \$254,730 \$254,73	Income taxes	32,297	30,942	27,661	124,151	116,590	
Preferred stock dividends \$2,250 \$2,250 \$0,000	Non-controlling interest expense (income)	795	605	715	1,463	3,245	
Net income available to common shareholders S69,329 \$66,295 \$61,460 \$266,391 \$254,730	Net income attributable to Commerce Bancshares, Inc.	71,579	68,545	63,710	275,391	263,730	
Retninome	Preferred stock dividends	2,250	2,250	2,250	9,000	9,000	
Net income — basic \$.68 \$.65 \$.60 \$2.61 \$2.44 Net income — diluted \$.68 \$.65 \$.60 \$2.61 \$2.43 Effective tax rate \$1.09% \$1.10% \$30.27% \$31.07% \$30.66% Tax equivalent net interest income \$181,301 \$179,115 \$170,141 \$711,433 \$640,038 Average total interest earning assets (***) \$23,775,165 \$23,150,832 \$22,948,756 \$23,378,121 \$22,610,522 Diluted wtd. average shares outstanding \$100,558,345 \$100,452,911 \$101,310,405 \$04,948,696 \$13,192,753 RATIOS Average loans to deposits (***) 64.24% 64.33% 62.80% 63.71% 61.44% Return on total average assets 1.14 1.12 1.05 1.12 1.11 Return on average common equity (***) 11.48 1.09 41.66 41.09 41.40 Efficiency ratio (***) 61.82 62.25 62.97 61.98 62.34 Non-interest earning assets 3.03 3.08	Net income available to common shareholders	\$69,329	\$66,295	\$61,460	\$266,391	\$254,730	
Net income — diluted 8.68 \$.65 \$.60 \$2.61 \$2.43 Effective tax rate 31.09% 31.10% 30.27% 31.07% 30.66% Tax equivalent net interest income \$181,301 \$179,115 \$170,141 \$711,433 \$664,038 Average total interest earning assets (1) \$23,775,165 \$23,150,832 \$22,948,756 \$23,378,121 \$22,61,052 Diluted wtd. average shares outstanding 100,558,345 100,452,911 101,310,405 103,498,666 103,192,753 RATIOS 8 64.24% 64.33% 62.80% 63.71% 61.44% Average loans to deposits (2) 64.24% 64.33% 62.80% 63.71% 61.44% Return on total average assets 1.14 1.12 1.05 1.12 1.11 Return on average common equity (3) 11.48 10.97 10.88 11.33 11.43 Non-interest income to total revenue 40.82 41.06 41.66 41.09 41.46 Efficience yatio (4) 52.25 52.97 61.98 62.34 <td>Earnings per common share:</td> <td></td> <td></td> <td></td> <td></td> <td></td>	Earnings per common share:						
Effective tax rate 31.09% 31.10% 30.27% 31.07% 30.66% Tax equivalent net interest income \$181,301 \$179,115 \$170,141 \$711,433 \$664,038 Average total interest earning assets (1) \$23,775,165 \$23,150,832 \$22,948,756 \$23,378,121 \$22,621,052 Diluted wid. average shares outstanding 100,558,345 100,452,911 101,310,405 100,498,696 103,192,753 RATIOS Average loans to deposits (2) 64.24% 64.33% 62.80% 63.71% 61.44% Return on total average assets 1.14 1.12 1.05 1.12 1.11 Return on average common equity (3) 11.48 10.97 10.88 11.33 11.43 Non-interest income to total revenue 40.82 41.06 41.66 41.09 41.40 Efficiency ratio (4) 61.82 62.25 62.97 61.98 62.34 Net yield on interest earning assets 3.03 3.08 2.94 3.04 2.94 EQUITY SUMMARY 234 \$2	Net income — basic	\$.68	\$.65	\$.60	\$2.62	\$2.44	
Tax equivalent net interest income \$181,301 \$179,115 \$170,141 \$711,433 \$664,038 Average total interest earning assets \$23,775,165 \$23,150,832 \$22,948,756 \$23,378,121 \$22,621,052 Diluted wtd. average shares outstanding \$100,558,345 \$100,452,911 \$101,310,405 \$104,98,696 \$103,192,753 \$100,498,696 \$100,498,696 \$	Net income — diluted	\$.68	\$.65	\$.60	\$2.61	\$2.43	
Average total interest earning assets (1) 100,558,345 100,452,911 101,310,405 100,498,696 103,192,753 100,452,911 101,310,405 100,498,696 103,192,753 100,452,911 101,310,405 100,498,696 103,192,753 100,452,911 101,310,405 100,498,696 103,192,753 100,452,911 101,310,405 100,498,696 103,192,753 100,452,911 101,310,405 100,498,696 103,192,753 100,452,911 101,310,405 100,498,696 103,192,753 100,452,911 101,310,405 100,498,696 103,192,753 100,452,911 101,310,405 100,498,696 103,192,753 100,452,911 101,310,405 100,498,696 103,192,753 100,452,911 101,10,452,912 100,452,912 101,458,192 101,458,1	Effective tax rate	31.09%	31.10%	30.27%	31.07%	30.66%	
Diluted wtd. average shares outstanding 100,558,345 100,452,911 101,310,405 100,498,696 103,192,753 RATIOS	Tax equivalent net interest income	\$181,301	\$179,115	\$170,141	\$711,433	\$664,038	
Average loans to deposits (2) 64.24% 64.33% 62.80% 63.71% 61.44% (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.11 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (Average total interest earning assets (1)	\$ 23,775,165	\$ 23,150,832	\$ 22,948,756	\$ 23,378,121	\$ 22,621,052	
Average loans to deposits (2) 64.24% 64.33% 62.80% 63.71% 61.44% (2) 1.05 1.12 1.11 (2) 1.05 (2) 1.12 1.11 (2) 1.05 (2) 1.12 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11 (2) 1.11 (2) 1.05 (2) 1.12 (2) 1.11	Diluted wtd. average shares outstanding	100,558,345	100,452,911	101,310,405	100,498,696	103,192,753	
Return on total average assets 1.14 1.12 1.05 1.12 1.11 Return on average common equity (3) 11.48 10.97 10.88 11.33 11.43 Non-interest income to total revenue 40.82 41.06 41.66 41.09 41.40 Efficiency ratio (4) 61.82 62.25 62.97 61.98 62.34 Net yield on interest earning assets 3.03 3.08 2.94 3.04 2.94 EQUITY SUMMARY Stand dividends per common share \$2.14 \$2.14 \$2.04 \$.857 \$.816 Cash dividends on common stock \$21,776 \$21,772 \$20,920 \$87,070 \$84,961 Cash dividends on preferred stock \$2,250 \$2,250 \$2,250 \$9,000 \$9,000 Book value per common share (5) \$23.22 \$23.82 \$21.77 Market value per common share \$59.22 \$48.86 \$44.86 Low market value per common share \$45.37 \$43.56 \$39.43 Common shares outstanding (5) 101,460,962 101,420,849	RATIOS						
Return on average common equity (3) 11.48 10.97 10.88 11.33 11.43 Non-interest income to total revenue 40.82 41.06 41.66 41.09 41.40 Efficiency ratio (4) 61.82 62.25 62.97 61.98 62.34 Net yield on interest earning assets 3.03 3.08 2.94 3.04 2.94 EQUITY SUMMARY Cash dividends per common share \$2.14 \$.214 \$.204 \$.857 \$.816 Cash dividends on common stock \$21,776 \$21,772 \$20,920 \$87,070 \$84,961 Cash dividends on preferred stock \$2,250 \$2,250 \$9,000 \$9,000 Book value per common share (3) \$23.22 \$23.82 \$21.77 Market value per common share (3) \$57.81 \$46.91 \$40.51 High market value per common share \$55.81 \$43.56 \$39.43 Common shares outstanding (3) 101,460,962 101,420,849 102,087,300 Tangible common equity to tangible assets (4) 8.66% 9.22% 8.48%	Average loans to deposits (2)	64.24%	64.33%	62.80%	63.71%	61.44%	
Non-interest income to total revenue 40.82 41.06 41.66 41.09 41.40 Efficiency ratio (4) 61.82 62.25 62.97 61.98 62.34 Net yield on interest earning assets 3.03 3.08 2.94 3.04 2.94	Return on total average assets	1.14	1.12	1.05	1.12	1.11	
Efficiency ratio (4) 61.82 62.25 62.97 61.98 62.34 Net yield on interest earning assets 3.03 3.08 2.94 3.04 2.94 EQUITY SUMMARY Cash dividends per common share \$.214 \$.214 \$.204 \$.857 \$.816 Cash dividends on common stock \$21,776 \$21,772 \$20,920 \$87,070 \$84,961 Cash dividends on preferred stock \$2,250 \$2,250 \$9,000 \$9,000 Book value per common share (5) \$23.22 \$23.82 \$21.77 Market value per common share (5) \$57.81 \$46.91 \$40.51 High market value per common share \$55.22 \$48.86 \$44.86 Low market value per common share \$45.37 \$43.56 \$39.43 Common shares outstanding (5) \$101,460,962 \$101,420,849 \$102,087,300 Tangible common equity to tangible assets (6) \$9.58% \$9.23% OTHER QTD INFORMATION Number of bank/ATM locations 336 340 346	Return on average common equity (3)	11.48	10.97	10.88	11.33	11.43	
Net yield on interest earning assets 3.03 3.08 2.94 3.04 2.94	Non-interest income to total revenue	40.82	41.06	41.66	41.09	41.40	
EQUITY SUMMARY Cash dividends per common share \$.214	Efficiency ratio (4)	61.82	62.25	62.97	61.98	62.34	
Cash dividends per common share \$.214 \$.214 \$.204 \$.857 \$.816 Cash dividends on common stock \$21,776 \$21,772 \$20,920 \$87,070 \$84,961 Cash dividends on preferred stock \$2,250 \$2,250 \$2,250 \$9,000 \$9,000 Book value per common share (5) \$23.22 \$23.82 \$21.77 Market value per common share (5) \$57.81 \$46.91 \$40.51 High market value per common share \$59.22 \$48.86 \$44.86 Low market value per common share \$45.37 \$43.56 \$39.43 Common shares outstanding (5) \$101,460,962 \$101,420,849 \$102,087,300 Tangible common equity to tangible assets (6) \$8.66% \$9.22% \$8.48% Tier I leverage ratio \$9.55% \$9.58% \$9.23% OTHER QTD INFORMATION Number of bank/ATM locations 336 340 346	Net yield on interest earning assets	3.03	3.08	2.94	3.04	2.94	
Cash dividends per common share \$.214 \$.214 \$.204 \$.857 \$.816 Cash dividends on common stock \$21,776 \$21,772 \$20,920 \$87,070 \$84,961 Cash dividends on preferred stock \$2,250 \$2,250 \$2,250 \$9,000 \$9,000 Book value per common share (5) \$23.22 \$23.82 \$21.77 Market value per common share (5) \$57.81 \$46.91 \$40.51 High market value per common share \$59.22 \$48.86 \$44.86 Low market value per common share \$45.37 \$43.56 \$39.43 Common shares outstanding (5) \$101,460,962 \$101,420,849 \$102,087,300 Tangible common equity to tangible assets (6) \$8.66% \$9.22% \$8.48% Tier I leverage ratio \$9.55% \$9.58% \$9.23% OTHER QTD INFORMATION Number of bank/ATM locations 336 340 346	EOUITY SUMMARY						
Cash dividends on preferred stock \$2,250 \$2,250 \$9,000 \$9,000 Book value per common share (5) \$23.22 \$23.82 \$21.77 Market value per common share (5) \$57.81 \$46.91 \$40.51 High market value per common share \$59.22 \$48.86 \$44.86 Low market value per common share \$45.37 \$43.56 \$39.43 Common shares outstanding (5) \$101,460,962 \$101,420,849 \$102,087,300 Tangible common equity to tangible assets (6) \$8.66% \$9.22% \$8.48% Tier I leverage ratio \$9.55% \$9.58% \$9.23% OTHER QTD INFORMATION Number of bank/ATM locations 336 340 346	Cash dividends per common share	\$.214	\$.214	\$.204	\$.857	\$.816	
Cash dividends on preferred stock Book value per common share (5) Book value per common share (5) Market value per common share (5) Market value per common share (5) High market value per common share \$59.22 \$48.86 Low market value per common share \$45.37 \$43.56 \$39.43 Common shares outstanding (5) Tangible common equity to tangible assets (6) Tangible common equity to tangible assets (6) Tier I leverage ratio \$36 \$340 \$346	Cash dividends on common stock	\$21,776	\$21,772	\$20,920	\$87,070	\$84,961	
Second	Cash dividends on preferred stock	\$2,250	\$2,250	\$2,250	\$9,000	\$9,000	
Market value per common share (3) \$57.81 \$46.91 \$40.51 High market value per common share \$59.22 \$48.86 \$44.86 Low market value per common share \$45.37 \$43.56 \$39.43 Common shares outstanding (5) 101,460,962 101,420,849 102,087,300 Tangible common equity to tangible assets (6) 8.66% 9.22% 8.48% Tier I leverage ratio 9.55% 9.58% 9.23% OTHER QTD INFORMATION Number of bank/ATM locations 336 340 346							
High market value per common share \$59.22 \$48.86 \$44.86 Low market value per common share \$45.37 \$43.56 \$39.43 Common shares outstanding (5) \$101,460,962 \$101,420,849 \$102,087,300 Tangible common equity to tangible assets (6) \$8.66% \$9.22% \$8.48% Tier I leverage ratio \$9.55% \$9.58% \$9.23% OTHER QTD INFORMATION Number of bank/ATM locations \$336 \$340 \$346	Market value per common share (5)						
Low market value per common share \$45.37 \$43.56 \$39.43 Common shares outstanding (5) 101,460,962 101,420,849 102,087,300 Tangible common equity to tangible assets (6) 8.66% 9.22% 8.48% Tier I leverage ratio 9.55% 9.58% 9.23% OTHER QTD INFORMATION Number of bank/ATM locations 336 340 346	High market value per common share						
Common shares outstanding (5) 101,460,962 101,420,849 102,087,300 Tangible common equity to tangible assets (6) 8.66% 9.22% 8.48% Tier I leverage ratio 9.55% 9.58% 9.23% OTHER QTD INFORMATION Number of bank/ATM locations 336 340 346	Low market value per common share						
Tangible common equity to tangible assets (6) 8.66% 9.22% 8.48% Tier I leverage ratio 9.55% 9.58% 9.23% OTHER QTD INFORMATION Number of bank/ATM locations 336 340 346	Common shares outstanding (5)						
Tier I leverage ratio 9.55% 9.58% 9.23% OTHER QTD INFORMATION 336 340 346	Tangible common equity to tangible assets (6)						
Number of bank/ATM locations 336 340 346	Tier I leverage ratio	9.55%	9.58%	9.23%			
Number of bank/ATM locations 336 340 346	OTHER OTD INFORMATION				1		
	Number of bank/ATM locations	336	340	346			
Full-time equivalent employees 4,784 4,778 4,770	Full-time equivalent employees	4,784					

⁽¹⁾ Excludes allowance for loan losses and unrealized gains/(losses) on available for sale securities.

⁽²⁾ Includes loans held for sale.

⁽³⁾ Annualized net income available to common shareholders divided by average total equity less preferred stock.

⁽⁴⁾ The efficiency ratio is calculated as non-interest expense (excluding intangibles amortization) as a percent of revenue.

⁽⁵⁾ As of period end.

⁽⁶⁾ The tangible common equity ratio is calculated as stockholders' equity reduced by preferred stock, goodwill and other intangible assets (excluding mortgage servicing rights) divided by total assets reduced by goodwill and other intangible assets (excluding mortgage servicing rights).

COMMERCE BANCSHARES, INC. and SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME

		For the Three Months Ended				For the Year Ended			
(Unaudited) (In thousands, except per share data)	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015		
Interest income	\$181,498	\$179,361	\$180,065	\$172,128	\$169,742	\$713,052	\$662,416		
Interest expense	8,296	8,118	8,236	8,353	7,255	33,003	28,096		
Net interest income	173,202	171,243	171,829	163,775	162,487	680,049	634,320		
Provision for loan losses	10,400	7,263	9,216	9,439	9,186	36,318	28,727		
Net interest income after provision for loan losses	162,802	163,980	162,613	154,336	153,301	643,731	605,593		
NON-INTEREST INCOME									
Bank card transaction fees	45,338	47,006	45,065	44,470	46,320	181,879	178,926		
Trust fees	31,360	30,951	30,241	29,243	29,622	121,795	118,437		
Deposit account charges and other fees	22,134	22,241	21,328	20,691	21,606	86,394	80,416		
Capital market fees	2,679	2,751	2,500	2,725	3,116	10,655	11,476		
Consumer brokerage services	3,409	3,375	3,491	3,509	3,254	13,784	13,784		
Loan fees and sales	2,583	3,123	3,196	2,510	2,101	11,412	8,228		
Other	11,976	9,872	10,749	15,876	10,023	48,473	36,872		
Total non-interest income	119,479	119,319	116,570	119,024	116,042	474,392	448,139		
INVESTMENT SECURITIES GAINS (LOSSES), NET	3,651	(1,965)	(744)	(995)	(1,480)	(53)	6,320		
NON-INTEREST EXPENSE									
Salaries and employee benefits	108,639	107,004	104,808	106,859	102,098	427,310	400,701		
Net occupancy	11,529	12,366	11,092	11,303	10,981	46,290	44,788		
Equipment	4,884	4,842	4,781	4,634	4,915	19,141	19,086		
Supplies and communication	5,645	5,968	5,693	6,829	6,554	24,135	22,970		
Data processing and software	23,390	23,663	22,770	22,899	22,274	92,722	83,944		
Marketing	3,431	4,399	4,389	3,813	3,539	16,032	16,107		
Deposit insurance	3,443	3,576	3,143	3,165	3,145	13,327	12,146		
Other	20,300	19,424	20,413	17,971	22,271	78,108	76,745		
Total non-interest expense	181,261	181,242	177,089	177,473	175,777	717,065	676,487		
Income before income taxes	104,671	100,092	101,350	94,892	92,086	401,005	383,565		
Less income taxes	32,297	30,942	31,542	29,370	27,661	124,151	116,590		
Net income	72,374	69,150	69,808	65,522	64,425	276,854	266,975		
Less non-controlling interest expense (income)	795	605	(85)	148	715	1,463	3,245		
Net income attributable to Commerce Bancshares, Inc.	71,579	68,545	69,893	65,374	63,710	275,391	263,730		
Less preferred stock dividends	2,250	2,250	2,250	2,250	2,250	9,000	9,000		
Net income available to common shareholders	\$69,329	\$66,295	\$67,643	\$63,124	\$61,460	\$266,391	\$254,730		
Net income per common share — basic	\$.68	\$.65	\$.67	\$.62	\$.60	\$2.62	\$2.44		
Net income per common share — diluted	\$.68	\$.65	\$.66	\$.62	\$.60	\$2.61	\$2.43		
OTHER INFORMATION									
Return on total average assets	1.14%	1.12%	1.15%	1.07%	1.05%	1.12%	1.11%		
Return on average common equity (1)	11.48	10.97	11.69	11.20	10.88	11.33	11.43		
Efficiency ratio (2)	61.82	62.25	61.27	62.62	62.97	61.98	62.34		
Effective tax rate	31.09	31.10	31.10	31.00	30.27	31.07	30.66		
Net yield on interest earning assets	3.03	3.08	3.11	2.95	2.94	3.04	2.94		
Tax equivalent net interest income	\$181,301	\$179,115	\$179,592	\$171,425	\$170,141	\$711,433	\$664,038		

Annualized net income available to common shareholders divided by average total equity less preferred stock.
 The efficiency ratio is calculated as non-interest expense (excluding intangibles amortization) as a percent of revenue.

COMMERCE BANCSHARES, INC. and SUBSIDIARIES CONSOLIDATED BALANCE SHEETS - PERIOD END

(Unaudited) (In thousands)	D	ecember 31, 2016	September 30, 2016	December 31, 2015
ASSETS				
Loans				
Business	\$	4,776,365	\$ 4,770,883	\$ 4,397,893
Real estate — construction and land		791,236	800,545	624,070
Real estate — business		2,643,374	2,520,528	2,355,544
Real estate — personal		2,010,397	1,968,005	1,915,953
Consumer		1,990,801	1,972,969	1,924,365
Revolving home equity		413,634	417,591	432,981
Consumer credit card		776,465	760,022	779,744
Overdrafts		10,464	19,698	6,142
Total loans		13,412,736	13,230,241	12,436,692
Allowance for loan losses		(155,932)	(154,532)	
Net loans		13,256,804	13,075,709	12,285,160
Loans held for sale		14,456	9,511	7,607
Investment securities:		,	,,,,,,,,,	.,
Available for sale		9,649,203	9,438,871	9,777,004
Trading		22,225	28,586	11,890
Non-marketable		99,558	108,224	112,786
Total investment securities		9,770,986	9,575,681	9,901,680
Federal funds sold and short-term securities purchased under agreements to resell		15,470	13,415	14,505
Long-term securities purchased under agreements to resell		725,000	725,000	875,000
Interest earning deposits with banks		272,275	56,767	23,803
Cash and due from banks		494,690	396,938	464,411
		· · · · · · · · · · · · · · · · · · ·	ŕ	· ·
Land, buildings and equipment — net		337,705	339,196	352,581
Goodwill		138,921	138,921	138,921
Other intangible assets — net		6,709	6,621	6,669
Other assets		608,408	396,709	534,625
Total assets	<u>\$</u>	25,641,424	\$ 24,734,468	\$ 24,604,962
LIABILITIES AND STOCKHOLDERS' EQUITY				
Deposits:		- 400 200	5.120.415	7.146.200
Non-interest bearing	\$	7,429,398		
Savings, interest checking and money market		11,430,789	11,023,526	10,834,746
Time open and C.D.'s of less than \$100,000		713,075	732,575	785,191
Time open and C.D.'s of \$100,000 and over		1,527,833	1,279,644	1,212,518
Total deposits		21,101,095	20,166,160	19,978,853
Federal funds purchased and securities sold under agreements to repurchase		1,723,905	1,489,891	1,963,552
Other borrowings		102,049	101,415	103,818
Other liabilities		213,243	416,189	191,321
Total liabilities		23,140,292	22,173,655	22,237,544
Stockholders' equity:				
Preferred stock		144,784	144,784	144,784
Common stock		510,015	489,862	489,862
Capital surplus		1,552,454	1,335,150	1,337,677
Retained earnings		292,849	515,081	383,313
Treasury stock		(15,294)	(50,538)	(26,116
Accumulated other comprehensive income		10,975	121,082	32,470
Total stockholders' equity		2,495,783	2,555,421	2,361,990
Non-controlling interest		5,349	5,392	5,428
Total equity		2,501,132	2,560,813	2,367,418
Total liabilities and equity	\$	25,641,424		

COMMERCE BANCSHARES, INC. and SUBSIDIARIES $\underline{\text{AVERAGE BALANCE SHEETS}}$

Mathemator 1906		For the Three Months Ended						
Ibasines 5, 47,310.8 8, 40,940.8	(Unaudited) (In thousands)		Se				December 31, 2015	
Busines 4,74,7 8 4,94,10 8 4,91,25 8 4,91,25 8 4,91,25 8 4,91,25 8 4,91,25 8 4,91,25 8 8,10,25 8 1,81,25 2,12,23 2,23,23 2,2	ASSETS:							
Real estate — construction and land	Loans:							
Real estate—business 2,559,08 2,432,35 2,381,70 2,382,04 2,302,35 1,916,35 1,918,50<		, , ,		, , , , , , , , , , , , , , , , , , ,				
Part		*			· · · · · · · · · · · · · · · · · · ·			
Consumer 1,978,154 1,947,955 1,927,255 1,945,275 1,948,254 2,948,255 <th< td=""><td></td><td></td><td></td><td>, , , , , , , , , , , , , , , , , , ,</td><td></td><td></td><td></td></th<>				, , , , , , , , , , , , , , , , , , ,				
Revolving home equity	Real estate — personal			1,943,951		1,909,532	1,916,219	
Cossume credit card 75,018 75,014 738,101 75,098 75,079 75,070				, , , , , , , , , , , , , , , , , , ,	, ,			
Orderlands 5.501 4.622 3.91 4.772 6.23 Total Lons 13.253,789 3.000,800 12.51,812 12.50,800 2.73,76 Actions 13.099,79 12.833,73 12.01,20 12.02,30		*		411,832	· · · · · · · · · · · · · · · · · · ·		429,582	
Tabla		*		The state of the s	· · · · · · · · · · · · · · · · · · ·		756,743	
Monteman	Overdrafts	5,501		4,652		4,772	6,303	
Net loans 13,097,49 12,833,73 12,074,90 21,355,00 12,129,10 Loans helf or sale 10,765 36,27 36,27 39,30 6,11 Investmet securities 10 36,75 36,27 36,30 6,11 US, government and federal agency obligations 811,52 726,46 69,837 703,212 58,08 Government-sponsord enterprise obligations 445,54 418,73 66,34 705,48 824,06 State and municipal obligations 1,744,40 417,477,9 1,764,80 1,779,70 1,779,70 1,779,70 1,747,90 1,747,90 1,741,90 1,747,90 1,747,90 1,747,90 1,747,90 1,747,90 1,747,90 1,747,90 1,747,90 1,747,90 2,747,40	Total loans	13,253,789		13,006,890	12,859,112	12,586,868	12,273,767	
Decision Held for sale 10,765 26,577 56,272 9,360 5,111 Investment securities 10,565	Allowance for loan losses	(154,040)	(153,517)	(151,622)	(151,308)	(150,856	
Use stament securities 811,524 726,469 698,37 703,212 580,818 Govermment and federal agency obligations 445,544 481,573 666,355 776,488 824,06 State and municipal obligations 1,784,407 1,747,794 1,738,407 1,718,587 1,779,70 Mortgage-backed securities 3,656,695 3,366,292 3,94,66 3,42,17 3,355,62 Asset-backed securities 2,417,367 2,340,783 2,377,708 2,37,72 2,324,72 2,247,42 Other marketable securities 332,36 23,31,41 337,72 342,382 3,37,42 2,574,42 Other marketable securities 155,818 235,16 191,56 144,31 2,524 2,524 Trading securities 166,429 13,954 161,01 21,71 2,224 Trading securities 165,429 13,954 116,10 17,378 38,62 Trading securities 2,317,10 8,336 13,054 11,19 17,378 18,62 Total investment securities purchased under agreements to	Net loans	13,099,749)	12,853,373	12,707,490	12,435,560	12,122,911	
U.S. government and federal agency obligations SH1,524 726,469 608,374 703,212 508,015 600,475 716,488 284,005 716,489 716,499 716,4	Loans held for sale	10,765		26,597	56,272	9,360	6,118	
Government-sponsored enterprise obligations 445,544 481,573 666,524 776,885 824,06 State and municipal obligations 1,784,407 1,747,794 1,763,846 1,718,587 1,779,70 Mortgage-backed securities 3,656,695 3,366,629 3,344,66 3,247,17 3,237,72 2,257,42 2,574,42 0 2,574,42 0 2,347,83 2,377,708 2,537,42 2,574,42 0 0 2,417,367 3,347,77 337,572 342,382 337,34 0 0 1,521,71 1,523,82 3,525,21 0 2,521,42 0	Investment securities:							
State and municipal obligations 1,784,407 1,747,794 1,763,894 1,718,587 1,779,70 Mortgage-backed securities 3,656,695 3,366,202 3,394,466 3,247,176 3,335,62 Asset-backed securities 2417,367 2,340,783 2,377,780 2,537,472 2,574,42 Other marketable securities 333,236 334,474 333,752 342,382 333,362 Total available for sale securities 9,604,591 2,523,277 9,282,887 9,529,188 9,562,216 130,233 Total investment securities 105,420 118,433 2,054 18,109 23,217 Total investment securities 105,420 118,433 2,054 18,109 23,217 Total investment securities purchased under agreements to resell 105,420 118,035 116,109 116,139 116,109 117,378 18,69 Long-term securities purchased under agreements to resell 724,998 766,022 824,999 850,275 902,17 Interest actual fluids sold and short-term securities purchased under agreements to resell 724,998 766,022	U.S. government and federal agency obligations	811,524		726,469	698,374	703,212	580,816	
Mortgage-backed securities 3,656,695 3,366,292 3,394,66 3,421,716 333,50 Asset-backed securities 2,417,367 2,340,783 2,377,708 2,537,472 2,574,42 Other marketable securities 333,336 333,236 334,747 337,525 143,313 130,33 Total available for sale securities 9,604,591 9,232,827 9,429,888 9,652,17 9,522,17 Tradia psecurities 21,717 18,433 20,540 18,190 23,221 Non-marketable securities 9,731,728 9,365,214 9,565,210 9,709,709 11,000 11,	Government-sponsored enterprise obligations	445,544		481,573	666,354	776,488	824,066	
Asset-backed securities 2,417,367 2,340,783 2,377,708 2,537,422 2,574,422 Other marketable securities 333,363 334,747 337,572 342,382 333,343 Unrealized gain on investment securities 155,818 235,07 91,956 149,319 130,232 Total available for sale securities 904,971 18,433 20,504 18,09 23,211 Non-marketable securities 105,420 113,954 116,103 27,79 114,32 Total investment securities 9731,728 9,365,214 9,566,531 9,798,135 9,699,74 Ederial flunds sold and short-term securities purchased under agreements to resell 724,998 766,302 824,999 850,275 902,17 Interest aerainig deposits with banks 201,367 207,944 112,502 219,636 171,848 Other assets 115,308 2,430,325 2,430,430 240,544 125,024 219,636 171,848 Other assets 57,307,407 7,709,6218 6,885,889 6,905,675 2,404,733 2,405,436 2,	State and municipal obligations	1,784,407		1,747,794	1,763,849	1,718,587	1,779,704	
Other marketable securities 333,236 334,747 337,572 342,382 337,343 Unrealized gain on investment securities 155,818 235,169 191,565 149,319 310,232 Total available for sale securities 9,604,591 9,232,827 9,429,888 9,621,76 9,232,127 Trading securities 21,177 18,433 20,540 18,190 23,217 Non-marketable securities 9,731,728 9,365,214 9,566,531 9,798,135 9,699,74 Total investment securities purchased under agreements to resell 8,336 13,054 11,191 17,378 18,69 Long-term securities purchased under agreements to resell 724,998 766,302 824,999 850,275 902,17 Interest carning deposits with banks 201,367 207,944 125,024 219,636 178,88 Other assets 724,998 7,506,302 824,999 850,275 902,17 Interest carning deposits 7,307,407 7,096,218 8,885,88 8,095,673 8,795,603 Savings 7,307,407 <t< td=""><td>Mortgage-backed securities</td><td>3,656,695</td><td></td><td>3,366,292</td><td>3,394,466</td><td>3,424,716</td><td>3,335,627</td></t<>	Mortgage-backed securities	3,656,695		3,366,292	3,394,466	3,424,716	3,335,627	
Decination in investment securities 155,818 235,169 319,569 319,320 310,323 320,323 320,32827 320,3828 320,520 320	Asset-backed securities	2,417,367		2,340,783	2,377,708	2,537,472	2,574,426	
Total available for sale securities 9,604,591 9,232,827 9,429,888 9,652,107 9,562,217 Trading securities 21,717 18,433 20,540 18,190 23,211 Non-marketable securities 106,420 113,954 116,103 127,69 113,22 Total investment securities 9,731,728 9,365,214 9,566,531 9,798,135 9,699,74 Federal funds sold and short-term securities purchased under agreements to resell 724,998 766,302 824,999 850,275 902,17 Interest carning deposits with banks 201,367 207,944 125,294 824,909 850,275 902,17 Other assets 1,153,382 1,151,549 1,113,214 1,172,916 1,118,48 Other assets 24,390,925 24,384,03 24,405,446 24,503,260 24,047,73 Total assets 5 7,307,407 8 8,85,889 8,05,673 8,695,666 Savings 7,307,407 7,7096,218 8,685,889 8,050,507 9,605,665 Savings 7,307,407 <td< td=""><td>Other marketable securities</td><td>333,236</td><td>,</td><td>334,747</td><td>337,572</td><td>342,382</td><td>337,340</td></td<>	Other marketable securities	333,236	,	334,747	337,572	342,382	337,340	
Trading securities 12,171	Unrealized gain on investment securities	155,818		235,169	191,565	149,319	130,231	
Non-marketable securities 105,420 113,954 116,103 127,769 114,32 Total investment securities 9,731,728 9,365,214 9,566,531 9,798,135 9,699,74 Federal funds sold and short-term securities purchased under agreements to resell 8,336 13,054 11,1916 17,738 18,69 Long-term securities purchased under agreements to resell 724,998 766,302 824,99 850,275 902,174 Interest searning deposits with banks 201,367 207,944 125,024 219,636 17,818 Other assets 1,153,982 1,151,549 1,132,14 1,779,96 1,119,60 Total assets 24,930,925 24,384,03 2,405,446 245,03,00 24,047,73 Character Securities and money market 10,512,268 7,706,218 8,6885,889 8,695,76 8,695,64 Time open & C.D.'s of less than \$100,000 722,775 740,729 758,70 761,020 758,03 Time open & C.D.'s of less than \$100,000 22,047,33 20,213,55 20,355,85 20,351,83 20,351,83 20,351	Total available for sale securities	9,604,591		9,232,827	9,429,888	9,652,176	9,562,210	
Probatin westment securities Probatin westment securities purchased under agreements to resell Probatin sold and short-term securities purchased under agreements to resell Probatin securities purchased under agreements to research securities sold under agreements to repurchase Probatin securities sold under agreements to repurchase Prob	Trading securities	21,717		18,433	20,540	18,190	23,217	
Federal funds sold and short-term securities purchased under agreements to resell 8,336 13,054 11,916 17,378 18,69 Long-term securities purchased under agreements to resell 724,998 766,302 824,999 850,275 902,17 Interest earning deposits with banks 201,367 207,944 125,024 219,636 178,48 Other assets 1,153,982 1,151,549 1,113,214 1,172,916 1,119,60 Total assets \$ 24,930,925 \$ 24,384,033 \$ 24,054,46 \$ 24,037,326 \$ 24,047,73 LIABILITIES AND EQUITY: Non-interest bearing deposits \$ 7,307,407 \$ 7,096,218 \$ 6,885,889 \$ 6,905,673 \$ 6,995,666 Savings 773,304 778,663 787,478 761,020 736,822 Interest checking and money market 10,512,268 10,210,744 10,287,923 10,128,543 9,805,45 Time open & C.D.'s of less than \$100,000 722,775 740,729 758,703 775,221 796,63 Total deposits 20,469,518 20,261,355 20,355,885 20,054,157 <td>Non-marketable securities</td> <td>105,420</td> <td></td> <td>113,954</td> <td>116,103</td> <td>127,769</td> <td>114,321</td>	Non-marketable securities	105,420		113,954	116,103	127,769	114,321	
to resell 8,336 13,054 11,916 17,378 18,69 Long-term securities purchased under agreements to resell 724,998 766,302 824,999 850,275 902,17 Interest earning deposits with banks 201,367 207,944 125,024 219,636 178,48 Other assets 1,153,982 1,151,549 1,113,214 1,172,916 1,119,60 Total assets 24,930,925 24,384,033 24,405,446 24,503,60 24,404,773 LLABILITIES AND EQUITY: Non-interest bearing deposits 57,307,407 78,663 787,478 761,020 736,822 Interest checking and money market 10,512,268 10,210,744 10,287,923 10,128,543 9,805,457 Time open & C.D.'s of less than \$100,000 722,775 740,729 758,703 775,221 796,637 Time open & C.D.'s of \$100,000 and over 1,333,764 1,435,001 1,635,892 1,483,700 1,219,80 Total deposits 20,649,518 20,261,355 20,355,885 20,054,157 19,554,388 Borrowings 1,284,916 1,163,728 1,211,892 1,404,754 1,707,437 Other borrowings 1,386,328 1,266,497 1,316,541 1,782,465 1,811,244 Other liabilities 346,900 306,306 260,179 254,437 295,717 Total liabilities 22,382,746 21,834,158 21,932,605 22,091,059 21,661,358	Total investment securities	9,731,728		9,365,214	9,566,531	9,798,135	9,699,748	
Triterest earning deposits with banks	Federal funds sold and short-term securities purchased under agreements to resell	8,336		13,054	11,916	17,378	18,694	
Other assets 1,153,982 1,515,49 1,113,214 1,72,916 1,119,60 Total assets 24,930,925 24,384,033 24,405,446 24,503,260 24,047,73 LIABILITIES AND EQUITY: Non-interest bearing deposits 7,307,407 7,096,218 6,885,889 6,905,673 6,995,666 Savings 773,044 778,663 787,478 761,020 736,822 Interest checking and money market 10,512,268 10,210,744 10,287,923 10,128,543 9,805,45 Time open & C.D.'s of less than \$100,000 722,775 740,729 758,703 775,221 796,63 Total deposits 20,649,518 20,261,355 20,355,885 20,054,157 19,554,38 Borrowings 1,284,916 1,163,728 1,211,892 1,404,754 1,707,43 Other borrowings 101,412 102,769 104,649 377,711 103,819 Total borrowings 1,386,328 1,266,497 1,316,541 1,782,465 1,811,244 Other liabilities 24,982,746 21	Long-term securities purchased under agreements to resell	724,998		766,302	824,999	850,275	902,174	
Total assets \$24,930,925 \$24,384,033 \$24,405,446 \$24,503,260 \$24,047,73	Interest earning deposits with banks	201,367		207,944	125,024	219,636	178,486	
Non-interest bearing deposits \$7,307,407 \$7,096,218 \$6,885,889 \$6,905,673 \$6,995,666 \$820 \$773,304 \$778,663 \$787,478 \$761,020 \$736,822 \$10,122,668 \$10,210,744 \$10,287,923 \$10,128,543 \$9,805,455 \$100,000 \$722,775 \$740,729 \$758,703 \$775,221 \$796,639 \$1000,000 \$1,333,764 \$1,435,001 \$1,635,892 \$1,483,700 \$1,219,80	Other assets	1,153,982		1,151,549	1,113,214	1,172,916	1,119,602	
Non-interest bearing deposits \$ 7,307,407 \$ 7,096,218 \$ 6,885,889 \$ 6,905,673 \$ 6,995,666 Savings 773,304 778,663 787,478 761,020 736,822 Interest checking and money market 10,512,268 10,210,744 10,287,923 10,128,543 9,805,457 Time open & C.D.'s of less than \$100,000 722,775 740,729 758,703 775,221 796,637 Time open & C.D.'s of \$100,000 and over 1,333,764 1,435,001 1,635,892 1,483,700 1,219,80 Total deposits 20,649,518 20,261,355 20,355,885 20,054,157 19,554,387 Borrowings 1,284,916 1,163,728 1,211,892 1,404,754 1,707,430 Other borrowings 101,412 102,769 104,649 377,711 103,819 Total borrowings 1,386,328 1,266,497 1,316,541 1,782,465 1,811,24 Other liabilities 346,900 306,306 260,179 254,437 295,715 Total liabilities 22,382,746 21,834,158 21,932,605 <td>Total assets</td> <td>\$ 24,930,925</td> <td>\$</td> <td>24,384,033</td> <td>\$ 24,405,446</td> <td>\$ 24,503,260</td> <td>\$ 24,047,733</td>	Total assets	\$ 24,930,925	\$	24,384,033	\$ 24,405,446	\$ 24,503,260	\$ 24,047,733	
Savings 773,304 778,663 787,478 761,020 736,822 Interest checking and money market 10,512,268 10,210,744 10,287,923 10,128,543 9,805,45 Time open & C.D.'s of less than \$100,000 722,775 740,729 758,703 775,221 796,63 Time open & C.D.'s of \$100,000 and over 1,333,764 1,435,001 1,635,892 1,483,700 1,219,80 Total deposits Borrowings: Federal funds purchased and securities sold under agreements to repurchase 1,284,916 1,163,728 1,211,892 1,404,754 1,707,436 Other borrowings 101,412 102,769 104,649 377,711 103,819 Total borrowings 1,386,328 1,266,497 1,316,541 1,782,465 1,811,249 Other liabilities 346,900 306,306 260,179 254,437 295,719 Total liabilities 22,382,746 21,834,158 21,932,605 22,091,059 21,661,355	LIABILITIES AND EQUITY:							
Interest checking and money market 10,512,268 10,210,744 10,287,923 10,128,543 9,805,45 Time open & C.D.'s of less than \$100,000 722,775 740,729 758,703 775,221 796,63 Time open & C.D.'s of \$100,000 and over 1,333,764 1,435,001 1,635,892 1,483,700 1,219,80 Total deposits 20,649,518 20,261,355 20,355,885 20,054,157 19,554,38 Borrowings: Federal funds purchased and securities sold under agreements to repurchase 1,284,916 1,163,728 1,211,892 1,404,754 1,707,436 Other borrowings 101,412 102,769 104,649 377,711 103,819 Total borrowings 1,386,328 1,266,497 1,316,541 1,782,465 1,811,24 Other liabilities 346,900 306,306 260,179 254,437 295,715 Total liabilities 22,382,746 21,834,158 21,932,605 22,091,059 21,661,355	Non-interest bearing deposits	\$ 7,307,407	\$	7,096,218	\$ 6,885,889	\$ 6,905,673	\$ 6,995,666	
Time open & C.D.'s of less than \$100,000 Time open & C.D.'s of \$100,000 and over Time open & C.D.'s of \$100,000 and over Total deposits Contained by the contained and securities sold under agreements to repurchase Total borrowings Total borrowings Total borrowings Total liabilities Total liabilities Total liabilities Total liabilities Total liabilities Total c.D.'s of less than \$100,000 Total, 20,000 Tot	Savings	773,304		778,663	787,478	761,020	736,824	
Time open & C.D.'s of \$100,000 and over 1,333,764 1,435,001 1,635,892 1,483,700 1,219,80 Total deposits 20,649,518 20,261,355 20,355,885 20,054,157 19,554,38 Borrowings: Federal funds purchased and securities sold under agreements to repurchase 1,284,916 1,163,728 1,211,892 1,404,754 1,707,43 Other borrowings 101,412 102,769 104,649 377,711 103,81 Total borrowings 1,386,328 1,266,497 1,316,541 1,782,465 1,811,24 Other liabilities 346,900 306,306 260,179 254,437 295,71 Total liabilities 22,382,746 21,834,158 21,932,605 22,091,059 21,661,35	Interest checking and money market	10,512,268		10,210,744	10,287,923	10,128,543	9,805,457	
Total deposits 20,649,518 20,261,355 20,355,885 20,054,157 19,554,385 Borrowings: Federal funds purchased and securities sold under agreements to repurchase 1,284,916 1,163,728 1,211,892 1,404,754 1,707,436 Other borrowings 101,412 102,769 104,649 377,711 103,816 Total borrowings 1,386,328 1,266,497 1,316,541 1,782,465 1,811,246 Other liabilities 346,900 306,306 260,179 254,437 295,715 Total liabilities 22,382,746 21,834,158 21,932,605 22,091,059 21,661,356	Time open & C.D.'s of less than \$100,000	722,775		740,729	758,703	775,221	796,639	
Federal funds purchased and securities sold under agreements to repurchase 1,284,916 1,163,728 1,211,892 1,404,754 1,707,436 Other borrowings 101,412 102,769 104,649 377,711 103,816 Total borrowings 1,386,328 1,266,497 1,316,541 1,782,465 1,811,246 Other liabilities 346,900 306,306 260,179 254,437 295,713 Total liabilities 22,382,746 21,834,158 21,932,605 22,091,059 21,661,350	Time open & C.D.'s of \$100,000 and over	1,333,764		1,435,001	1,635,892	1,483,700	1,219,803	
Federal funds purchased and securities sold under agreements to repurchase 1,284,916 1,163,728 1,211,892 1,404,754 1,707,438 Other borrowings 101,412 102,769 104,649 377,711 103,819 Total borrowings 1,386,328 1,266,497 1,316,541 1,782,465 1,811,249 Other liabilities 346,900 306,306 260,179 254,437 295,719 Total liabilities 22,382,746 21,834,158 21,932,605 22,091,059 21,661,350	Total deposits	20,649,518	1	20,261,355	20,355,885	20,054,157	19,554,389	
repurchase 1,284,916 1,163,728 1,211,892 1,404,754 1,707,436 Other borrowings 101,412 102,769 104,649 377,711 103,819 Total borrowings 1,386,328 1,266,497 1,316,541 1,782,465 1,811,249 Other liabilities 346,900 306,306 260,179 254,437 295,719 Total liabilities 22,382,746 21,834,158 21,932,605 22,091,059 21,661,350	Borrowings:							
Total borrowings 1,386,328 1,266,497 1,316,541 1,782,465 1,811,24 Other liabilities 346,900 306,306 260,179 254,437 295,71 Total liabilities 22,382,746 21,834,158 21,932,605 22,091,059 21,661,350		1,284,916		1,163,728	1,211,892	1,404,754	1,707,430	
Other liabilities 346,900 306,306 260,179 254,437 295,715 Total liabilities 22,382,746 21,834,158 21,932,605 22,091,059 21,661,356	Other borrowings	101,412		102,769	104,649	377,711	103,819	
Other liabilities 346,900 306,306 260,179 254,437 295,715 Total liabilities 22,382,746 21,834,158 21,932,605 22,091,059 21,661,356	Total borrowings	1,386,328		1,266,497	1,316,541	1,782,465	1,811,249	
Total liabilities 22,382,746 21,834,158 21,932,605 22,091,059 21,661,350	Other liabilities						295,718	
	Total liabilities							
Total liabilities and equity \$ 24,930,925 \$ 24,384,033 \$ 24,405,446 \$ 24,503,260 \$ 24,047,73.	Total liabilities and equity							

COMMERCE BANCSHARES, INC. and SUBSIDIARIES $\underline{AVERAGE\ RATES}$

	For the Three Months Ended								
att to the	December 31,	September 30,	June 30,	March 31,	December 31,				
(Unaudited)	2016	2016	2016	2016	2015				
ASSETS: Loans:									
Business (1)	2.91%	2.87%	2.90%	2.87%	2.78%				
Real estate — construction and land	3.64	3.48	3.46	3.51	3.41				
Real estate — business	3.61	3.63	3.69	3.70	3.68				
Real estate — personal	3.69	3.73	3.76	3.77	3.76				
Consumer	3.85	3.91	3.80	3.87	3.91				
Revolving home equity	3.50	3.56	3.59	3.52	3.44				
Consumer credit card	11.38	11.56	11.54	11.42	11.23				
Overdrafts	_	_	_	_	_				
Total loans	3.85	3.86	3.86	3.89	3.85				
Loans held for sale	5.77	5.00	4.95	5.80	5.40				
Investment securities:	3.77	3.00	4.73	3.60	3.40				
U.S. government and federal agency obligations	2.18	2.43	3.48	.40	.17				
Government-sponsored enterprise obligations	1.54	2.24	3.03	1.93	1.89				
State and municipal obligations (1)	3.57	3.60	3.60	3.66	3.64				
Mortgage-backed securities	2.40	2.38	2.36	2.45	2.54				
Asset-backed securities	1.52	1.48	1.45	1.39	1.25				
Other marketable securities (1)	2.95	2.74	2.77	2.79	2.83				
Total available for sale securities	2.36	2.74	2.51	2.20	2.83				
Trading securities (1)	2.40	2.42	2.27	2.20	2.65				
Non-marketable securities (1)	5.42	10.24	8.03	6.54	8.19				
Total investment securities	2.39	2.49	2.58	2.26	2.27				
	2.39	2.49	2.38	2.20	2.21				
Federal funds sold and short-term securities purchased under agreements to resell	.72	.61	.64	.56	.32				
Long-term securities purchased under agreements to resell	1.86	1.73	1.64	1.64	1.40				
Interest earning deposits with banks	.56	.51	.49	.49	.28				
Total interest earning assets	3.17	3.22	3.25	3.10	3.07				
• • • • • • • • • • • • • • • • • • • •									
LIABILITIES AND EQUITY:									
Interest bearing deposits:									
Savings	.12	.12	.11	.12	.12				
Interest checking and money market	.13	.13	.13	.13	.13				
Time open & C.D.'s of less than \$100,000	.37	.37	.38	.38	.37				
Time open & C.D.'s of \$100,000 and over	.60	.61	.58	.54	.51				
Total interest bearing deposits	.19	.20	.20	.19	.18				
Borrowings:									
Federal funds purchased and securities sold under agreements to repurchase	.30	.25	.24	.25	.14				
Other borrowings	3.54	3.51	3.49	1.33	3.47				
Total borrowings	.54	.51	.50	.48	.33				
Total interest bearing liabilities	.22%	.22%	.22%	.23%	.20%				
Net yield on interest earning assets	3.03%	3.08%	3.11%	2.95%	2.94%				

⁽¹⁾ Stated on a tax equivalent basis using a federal income tax rate of 35%.

$\begin{array}{c} \textbf{COMMERCE BANCSHARES, INC. and SUBSIDIARIES} \\ \underline{\textbf{CREDIT QUALITY}} \end{array}$

				For the Th	ree Months	Ended			Fo	r the Y	ear l	Ended
(Unaudited) (In thousands, except per share data)	Dec	cember 31, 2016	Sep	otember 30, 2016	June 30, 2016	March 31, 2016	De	ecember 31, 2015	Decemb 201		De	ecember 31, 2015
ALLOWANCE FOR LOAN LOSSES												
Balance at beginning of period	\$	154,532	\$	153,832	\$152,132	\$ 151,532	\$	151,532	\$ 15	1,532	\$	156,532
Provision for losses		10,400		7,263	9,216	9,439		9,186	30	5,318		28,727
Net charge-offs (recoveries):												
Commercial portfolio:												
Business		268		(50)	(65)	463		(133)		616		(388)
Real estate — construction and land		(882)		(2,312)	(507)	(11)		60	(:	3,712)		(1,262)
Real estate — business		97		(106)	(1,030)	(242)		(626)	(1,281)		(133)
		(517)		(2,468)	(1,602)	210		(699)	(4	1,377)		(1,783)
Personal banking portfolio:												
Consumer credit card		6,506		6,356	6,650	5,918		6,479	2:	5,430		25,039
Consumer		2,427		2,240	1,781	2,599		2,251	!	9,047		8,278
Overdraft		379		434	307	219		487		1,339		1,350
Real estate — personal		(38)		(78)	305	(195)		458		(6)		441
Revolving home equity		243		79	75	88		210		485		402
		9,517		9,031	9,118	8,629		9,885		5,295		35,510
Total net loan charge-offs		9,000		6,563	7,516	8,839		9,186		1,918		33,727
Balance at end of period	\$	155,932	\$	154,532	\$153,832	\$ 152,132	\$	151,532	\$ 15	5,932	\$	151,532
NET CHARGE-OFF RATIOS*												
Commercial portfolio:												
Business		.02%)	%	(.01)%	.04%		(.01)%		.01%	o	(.01)%
Real estate — construction and land		(.43)		(1.12)	(.26)	(.01)		.04		(.48)		(.26)
Real estate — business		.02		(.02)	(.17)	(.04)		(.11)		(.05)		(.01)
		(.03)		(.12)	(.08)	.01		(.04)		(.06)		(.03)
Personal banking portfolio:												
Consumer credit card		3.42		3.37	3.62	3.16		3.40		3.39		3.35
Consumer		.49		.46	.37	.54		.47		.46		.45
Overdraft		27.41		37.11	31.53	18.46		30.65	2	28.42		24.93
Real estate — personal		(.01)		(.02)	.06	(.04)		.09		_		.02
Revolving home equity		.23	_	.08	.07	.08		.19		.12		.09
		.74		.71	.74	.69		.78		.72		.72
Total		.27%)	.20%	.24%	.28%		.30 %		.25%	<u>′</u>	.28 %
CREDIT QUALITY RATIOS												
Non-performing assets to total loans		.11%	•	.13%	.20%	.25%		.24 %				
Non-performing assets to total assets		.06		.07	.11	.13		.12				
Allowance for loan losses to total loans		1.16		1.17	1.18	1.20		1.22				
NON-PERFORMING ASSETS												
Non-accrual loans:												
Business	\$	8,682	\$	8,758	\$ 12,716	\$ 16,098	\$	10,874				
Real estate — construction and land		564		1,310	2,170	2,710		3,090				
Real estate — business		1,634		1,920	5,236	6,234		7,863				
Real estate — personal		3,403		3,634	4,293	4,205		4,425				
Revolving home equity				23	109	120		323				
Total		14,283		15,645	24,524	29,367		26,575				
Foreclosed real estate	_	366		950	1,609	1,997	_	2,819				
Total non-performing assets	\$	14,649	\$	16,595	\$ 26,133	\$ 31,364	\$	29,394				
Loans past due 90 days and still accruing interest	\$	16,396	\$	16,916	\$ 15,892	\$ 15,360	\$	16,467				

^{*}as a percentage of average loans (excluding loans held for sale)

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For the quarter ended December 31, 2016, net income attributable to Commerce Bancshares, Inc. (net income) amounted to \$71.6 million, compared to \$68.5 million in the previous quarter and \$63.7 million in the same quarter last year. The increase in net income over the previous quarter resulted mainly from an increase in net interest income of \$2.0 million and an increase in net securities gains of \$5.6 million. The provision for loan losses increased \$3.1 million over the prior quarter. The allowance for loan losses increased \$1.4 million this quarter, and net loan charge-offs increased mostly due to a decline in commercial loan recoveries this quarter. Non-interest expense this quarter was nearly unchanged from the prior quarter. For the current quarter, the return on total average assets was 1.14%, the return on average common equity was 11.5%, and the efficiency ratio was 61.8%.

Balance Sheet Review

During the 4th quarter of 2016, average total loans increased \$231.1 million, or 7.1% annualized, compared to the previous quarter, and increased \$984.7 million, or 8.0%, over the same period last year. Compared to the previous quarter, the increase in average loans resulted mainly from growth in business real estate (up \$126.7 million), personal real estate (up \$41.7 million), business (up \$37.1 million), and consumer (up \$30.2 million) loans. Included in the quarter were loan pay-offs of \$162.8 million, which were primarily pay-offs of construction loans. Demand was stronger for business real estate loans, and the Company originated a number of larger business real estate loans this quarter. Growth in business loans was driven by higher demand for lease, tax-free and commercial and industrial loans, while consumer loan growth mainly resulted from new private banking loan originations. During the current quarter, the Company sold certain fixed rate personal real estate loans totaling \$41.7 million compared to \$43.4 million in the prior quarter. Additionally, personal real estate loan originations continued to be strong this quarter, especially for 15 year fixed rate loans, which the Company did not sell into the secondary market.

During the 4th quarter of 2016, total average available for sale investment securities increased \$371.8 million to \$9.6 billion, at fair value. The growth in investment securities was funded by deposit growth as noted below. Purchases of new securities totaled \$773.4 million in the 4th quarter of 2016 and were offset by sales, maturities and pay downs of \$377.4 million. Average mortgage backed securities increased \$290.4 million this quarter while other asset-backed securities grew \$76.6 million. At December 31, 2016, the duration of the investment portfolio was 2.9 years, and maturities and pay downs of approximately \$1.7 billion are expected to occur during the next 12 months.

Total average deposits increased \$388.2 million, or 1.9%, this quarter compared to the previous quarter. The increase in average deposits resulted mainly from growth in business demand deposits of \$254.1 million, coupled with an increase in money market (increase of \$258.0 million) and interest checking (increase of \$43.5 million) accounts. Compared to the previous quarter, total average consumer, commercial and private banking deposits increased \$104.4 million, \$63.6 million, and \$229.5 million, respectively. The average loans to deposits ratio was 64.2% in the current quarter and 64.3% in the prior quarter.

Compared to the previous quarter, the Company's average borrowings increased \$119.8 million to \$1.4 billion in the current quarter, mostly due to higher federal funds purchased and repurchase agreement balances.

Net Interest Income

Net interest income (tax equivalent) in the 4th quarter of 2016 amounted to \$181.3 million, compared with \$179.1 million in the previous quarter. Net interest income (tax equivalent) for the current quarter increased \$11.2 million compared to the 4th quarter of last year. During the 4th quarter of 2016, the net yield on earning assets (tax equivalent) was 3.03%, compared with 3.08% in the previous quarter and 2.94% in the same period last year. The increase in net interest income (tax equivalent) in the current quarter compared to the prior quarter was due mainly to higher interest income on loans and investment securities of \$2.3 million, partly offset by an increase in interest expense of \$178 thousand.

Compared to the previous quarter, interest on loans (tax equivalent) increased \$1.9 million, mainly as a result of higher average balances in business real estate, personal real estate, consumer and consumer credit card loans. Overall, the average yield on the loan portfolio declined slightly this quarter to 3.85%.

Interest on investment securities (tax equivalent) increased \$419 thousand over the previous quarter. The current quarter included an adjustment of \$1.8 million lowering premium amortization expense due to slowing prepayment speeds on mortgage-backed securities and was reflective of rising interest rates this quarter. Also, the prior quarter included one-time interest income of \$938 thousand received on a private equity debt investment that did not reoccur this quarter. Interest on government-sponsored investment securities declined \$983 thousand due to lower balances and rates, offset by increased interest income from mortgage-backed, assetbacked and municipal securities. Total inflation income on treasury inflation-protected securities (TIPS) for the quarter totaled \$1.9 million compared to \$2.2 million in the previous quarter. The yield on total investment securities was 2.39% in the current quarter compared to 2.49% in the prior quarter.

Interest expense on deposits decreased \$72 thousand this quarter compared with the previous quarter due mainly to lower certificate of deposit balances. Borrowing costs increased \$250 thousand this quarter compared to the prior quarter mostly due to higher rates paid on federal funds and repurchase agreements.

Non-Interest Income

In the 4th quarter of 2016, total non-interest income amounted to \$119.5 million, an increase of \$3.4 million, or 3.0%, compared to the same period last year. Also, current quarter non-interest income was slightly higher when compared to amounts recorded in the previous quarter. The increase in non-interest income over the same period last year was mainly due to growth in trust and swap fee income which increased \$1.7 million and \$1.8 million, respectively, and was partly offset by lower bank card fees.

Total bank card fees in the current quarter declined \$982 thousand, or 2.1%, from the same period last year. The decrease was mainly the result of a decline in commercial card fees of \$866 thousand, coupled with lower merchant and credit card interchange fees. Debit card fees grew 1.6% this quarter over the 4th quarter of last year. Total bank card fees this quarter were comprised of fees on corporate card (\$21.8 million), debit card (\$10.1 million), merchant (\$7.0 million) and credit card (\$6.5 million) transactions.

In the current quarter, trust fees increased \$1.7 million, or 5.9%, over the same period last year, with growth coming mainly from private client customers. Compared to the same period last year,

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deposit account fees increased \$528 thousand, or 2.4%, as a result of growth in deposit account service fees of \$409 thousand, or 8.2%, and higher corporate cash management fees.

Compared to the 4th quarter of 2015, loan fees and sales grew \$482 thousand, or 22.9%, this quarter due to higher mortgage banking revenue related to the Company's fixed rate residential mortgage sale program. Included in other non-interest income are fees from sales of interest rate swaps and sweep fees, which increased \$1.8 million and \$949 thousand, respectively, over the same period last year. Fees from the sales of tax credits grew by \$186 thousand this quarter. Non-interest income comprised 40.8% of the Company's total revenue this quarter.

Investment Securities Gains and Losses

The Company recorded net securities gains of \$3.7 million this quarter, compared with net losses of \$2.0 million last quarter and net losses of \$1.5 million in the same period last year. Net gains in the current quarter resulted primarily from realized gains and unrealized fair value adjustments on the Company's private equity investment portfolio.

Non-Interest Expense

Non-interest expense for the current quarter amounted to \$181.3 million, which was virtually unchanged from the prior quarter. Compared to the same period last year, non-interest expense increased \$5.5 million, or 3.1%. The increase over the same period in the previous year was mainly due to higher costs for salaries and benefits, occupancy, data processing costs, and professional fees, partially offset by lower supplies and communication expense.

Compared to the 4th quarter of last year, salaries and benefits expense increased \$6.5 million, or 6.4%. Growth in salaries expense of \$6.0 million, or 6.9%, was mainly the result of higher full-time salaries and incentive compensation costs. Benefits expense increased \$505 thousand, mainly due to higher 401(k) expense over the same period last year. Growth in total salaries expense compared to the previous year resulted mainly from increased staffing costs in commercial banking, commercial card, residential mortgage, trust, and other support units. Full-time equivalent employees totaled 4,784 and 4,770 at December 31, 2016 and 2015, respectively.

Compared to the 4th quarter of last year, data processing and software costs and occupancy costs grew \$1.1 million and \$548 thousand, respectively, while costs for supplies and communication, equipment and marketing all declined. Higher occupancy costs were incurred this quarter compared to the same period last year, mainly due to demolition costs associated with a branch location which is currently being replaced. The increase in data processing and software expense was due to higher costs for commercial cash management software, online banking and other general information technology systems. The decrease in costs for supplies and communication was related mainly to the completion of the issuance of new chip cards in prior quarters, which has also helped to lower bank card fraud losses this year. Additionally this quarter, FDIC insurance costs increased \$298 thousand compared to the same quarter last year due to higher deposit balances and insurance rates. The decline in other noninterest expense was the result of \$1.6 million lower bank card fraud losses and a \$729 thousand decline in other bank card costs this quarter, offset by higher professional fees.

Income Taxes

The effective tax rate for the Company was 31.1% in the current quarter, 31.1% in the previous quarter, and 30.3% in the 4th quarter of 2015.

Credit Quality

Net loan charge-offs in the 4th quarter of 2016 amounted to \$9.0 million, compared to \$6.6 million in the prior quarter and \$9.2 million in the same period last year. The ratio of annualized net loan charge-offs to total average loans was .27% in the current quarter compared to .20% in the previous quarter and .30% in the 4th quarter of last year. During the 4th quarter of 2016, the Company recorded net recoveries on commercial loans of \$517 thousand, compared to net recoveries of \$2.5 million in the prior quarter. Net loan charge-offs in the personal banking portfolio totaled \$9.5 million in the current quarter and \$9.0 million in the previous quarter.

In the 4th quarter of 2016, annualized net loan charge-offs on average consumer credit card loans were 3.42%, compared with 3.37% in the previous quarter and 3.40% in the same period last year. Consumer loan net charge-offs were .49% of average consumer loans in the current quarter, .46% in the prior quarter and .47% in the same quarter last year. The provision for loan losses in the current quarter totaled \$10.4 million, compared to \$7.3 million in the prior quarter and \$9.2 million in the 4th quarter of last year. This quarter, the provision for loan losses exceeded net loan charge-offs by \$1.4 million. At December 31, 2016, the allowance totaled \$155.9 million, which was 1.16% of total loans.

At December 31, 2016, total non-performing assets amounted to \$14.6 million, a decrease of \$1.9 million from the previous quarter. Non-performing assets are comprised of non-accrual loans and foreclosed real estate (\$14.3 million and \$366 thousand, respectively, at December 31, 2016). At December 31, 2016, the balance of non-accrual loans, which represented .11% of loans outstanding, included business loans of \$8.7 million, business real estate loans of \$1.6 million, personal real estate loans of \$3.4 million, and construction and land loans of \$564 thousand. Loans more than 90 days past due and still accruing interest totaled \$16.4 million at December 31, 2016.

Other

During the 4th quarter of 2016, the Company distributed a 5% stock dividend on its common stock. This quarter the Company also paid a cash dividend of \$.214 per common share, as restated for the 5% stock dividend, and an annualized 6% cash dividend on its preferred stock. During the quarter, the Company signed an agreement to purchase a new core deposit system from Temenos Group AG which is expected to be implemented in 2019.

Forward Looking Information

This information contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include future financial and operating results, expectations, intentions and other statements that are not historical facts. Such statements are based on current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties. Actual results may differ materially from those set forth in the forward-looking statements.