

COMMERCE BANCSHARES INC /MO/
Form 11-K
June 26, 2018
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 0-2989

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

COMMERCE BANCSHARES PARTICIPATING INVESTMENT PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

COMMERCE BANCSHARES, INC.
1000 Walnut, Kansas City, MO 64106

COMMERCE BANCSHARES PARTICIPATING INVESTMENT PLAN

TABLE OF CONTENTS

	Page Number
<u>Report of Independent Registered Public Accounting Firm</u>	1
Financial Statements:	
<u>Statements of Net Assets Available for Benefits</u>	2
<u>Statements of Changes in Net Assets Available for Benefits</u>	3
<u>Notes to Financial Statements</u>	4
Supplemental Schedule:	
<u>Schedule H, line 4j - Schedule of Assets (Held at End of Year)</u>	12
<u>Exhibit Index</u>	13
<u>Signatures</u>	13

Table of Contents

Report of Independent Registered Public Accounting Firm
The Retirement Committee of Commerce Bancshares, Inc.
Commerce Bancshares Participating Investment Plan:
Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Commerce Bancshares Participating Investment Plan (the Plan) as of December 31, 2017 and 2016, the related statements of changes in net assets available for benefits for each of the years in the three year period ended December 31, 2017, and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for each of the years in the three year period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Accompanying Supplemental Information

The supplemental information in the accompanying schedule H, line 4i - schedule of assets (held at end of year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

KPMG LLP

We have served as the Plan's auditor since 2011.
Kansas City, Missouri
June 26, 2018

Table of Contents

COMMERCE BANCSHARES PARTICIPATING INVESTMENT PLAN
 Statements of Net Assets Available for Benefits
 December 31, 2017 and 2016

	2017	2016
ASSETS		
Investments, at fair value:		
Commerce Bancshares, Inc. Common Stock Fund:		
Commerce Bancshares, Inc. Common Stock	\$ 178,447,674	\$ 184,866,863
Fidelity Retirement Money Market Fund	5,098,527	3,171,349
Commerce Bancshares, Inc. Common Stock Fund	183,546,201	188,038,212
Mutual funds	522,977,664	440,869,292
Stable value fund	8,610,361	3,015,069
Total investments	715,134,226	631,922,573
Notes receivable from participants	10,151,946	10,362,378
Net assets available for benefits	\$ 725,286,172	\$ 642,284,951

See accompanying notes to financial

statements.

2

Table of Contents

COMMERCE BANCSHARES PARTICIPATING INVESTMENT PLAN
 Statements of Changes in Net Assets Available for Benefits
 Years ended December 31, 2017, 2016, and 2015

	2017	2016	2015
Additions to Net Assets Attributable to: Investment income:			
Interest	\$272,075	\$46,358	\$4,477
Dividends	19,235,260	12,400,317	16,992,465
Net appreciation (depreciation) in fair value of investments	65,183,708	80,826,619	(13,885,281)
Total investment income	84,691,043	93,273,294	3,111,661
Interest income on notes receivable from participants	462,272	442,311	448,655
Contributions:			
Participant	25,066,128	23,789,235	22,629,336
Employer	14,238,469	13,554,880	12,836,022
Participant rollover	2,883,813	2,470,620	2,079,173
Total contributions	42,188,410	39,814,735	37,544,531
Total additions	127,341,725	133,530,340	41,104,847
Deductions from Net Assets Attributable to: Distributions to participants			
Administrative expenses	(44,176,988)	(41,167,625)	(43,233,878)
	(163,516)	(140,554)	(98,764)
	(44,340,504)	(41,308,179)	(43,332,642)

Total
deductions

Net increase (decrease)	83,001,221	92,222,161	(2,227,795)
-------------------------------	------------	------------	--------------

Net assets
available for
benefits:

Beginning of year	642,284,951	550,062,790	552,290,585
End of year	\$725,286,172	\$642,284,951	\$550,062,790

See
accompanying
notes to financial
statements.

Table of Contents

COMMERCE BANCSHARES PARTICIPATING INVESTMENT PLAN

Notes to Financial Statements

Years ended December 31, 2017, 2016, and 2015

(1) Description of the Plan

General

The following description of the Commerce Bancshares Participating Investment Plan (the Plan) is provided for general informational purposes only. Terms of the Plan are more fully described in the Plan document, which is available to each participant. The Plan is a defined contribution plan that is qualified under section 401 of the Internal Revenue Code and covers employees of Commerce Bancshares, Inc. (the Company) or a participating subsidiary who are 21 years or older. Employees are eligible to participate as of the first day of the month following the completion of thirty days of service. The Plan is subject to the provisions of the Employee Retirement Security Act of 1974 (ERISA).

The Company is the plan sponsor and is advised by the Retirement Committee of Commerce Bancshares, Inc., which acts as the plan administrator. Commerce Bank, a subsidiary of the Company, is the trustee of the Plan. There were 4,685 and 4,616 participants with balances in the Plan at December 31, 2017 and 2016, respectively.

Contributions

Participating employees may elect to contribute to the Plan a maximum of 25% of their eligible compensation, as defined by the Plan, and subject to certain limitations under the Internal Revenue Code (not to exceed \$18,000 in 2017, 2016 and 2015). These participant contributions are made on a pre-tax basis. Effective July 1, 2013, the Company also offered employees the option to make Roth contributions. The Roth contributions made by the employee are included in the employee's income at the time deferred and are segregated with a separate Roth account within the Plan. The Roth contributions, together with the participant's pre-tax contributions, are subject to the limitations above. Additionally, participants who attained the age of 50 could contribute an additional \$6,000 of catch-up contributions in 2017, 2016, and 2015. The catch-up contributions are not subject to the employer matching contribution.

The Company's matching contribution is a graded matching percentage from 50% - 100% determined by age plus years of employment on the first 7% of eligible compensation. Additionally, the Company may make a discretionary contribution. In 2017, 2016, and 2015, the Company made no discretionary contributions.

Participants have the option to direct the investment of their contributions and the matching employer's contributions in any combination of the investment funds offered by the Plan. The funds offered as of December 31, 2017 are listed on page 12 of this report.

Participants may roll over funds into the Plan from any qualified plan, subject to the approval of the plan administrator. Rollover contributions earn investment income and share in investment gains or losses. Participants are 100% vested in rollover contributions. Participants direct the investment of their rollover contributions to any of the various investment options offered by the Plan. Effective July 1, 2013, participants may rollover Roth funds into a segregated Roth account within the Plan.

The largest investment fund within the Plan is the Commerce Bancshares, Inc. Common Stock Fund (Company Stock Fund). Assets of the Company Stock Fund are almost entirely comprised of Commerce Bancshares, Inc. common stock. As a result, cash dividends on Commerce Bancshares, Inc. common stock are paid directly to the Company Stock Fund and allocated to the participants. Participants with balances in the Company Stock

Table of Contents

Fund have the option to reinvest their cash dividends in the Company Stock Fund or have dividends paid to them directly.

Participant Accounts

Each participant's account is credited with the participant's contribution, the Company's matching contributions, and an allocation of Plan earnings and administrative expenses. The earnings allocation is based on the performance of the participant's allocated investment fund balances. The benefit to which a participant is entitled is the vested portion of the participant's account.

Participants may make transfers between existing fund balances at any time, subject to individual fund restrictions. Participating employees may change future investment elections at any time upon notification to the Plan. Both transactions are done in 1% increments.

Participant Vesting

Participants are vested immediately in their contributions plus actual earnings thereon, however, only upon termination of employment are participants entitled to receive their contributions and accumulated earnings thereon. Current Company matching contributions are subject to the following vesting schedule:

Years of vesting service	Percentage vested
Less than 3	0 %
3 or more	100

A participant will become fully vested in the value of all Company contributions in the event of death, permanent and total disability, or retirement on or after age 65, regardless of the participant's years of vesting service. A year of vesting service generally is each Plan year during which the participant earns at least 1,000 hours of service and is over the age of 18.

Forfeitures

Forfeitures are based on the nonvested portion of the Company's contribution upon employee termination. Forfeited amounts are applied as a reduction of contributions by the Company. Forfeitures were used to reduce the Company's contribution by \$254,324 in 2017, \$255,448 in 2016 and \$312,201 in 2015. The balance of unallocated forfeitures available to offset future Company contributions amounted to \$34,514 and \$29,427 at December 31, 2017 and 2016, respectively.

Notes Receivable from Participants

A participant may borrow from the Plan amounts collateralized by the vested portion of his or her Plan account. These loans may not exceed the lesser of \$50,000 or 50% of the participant's vested account balance (excluding employee stock ownership plan account balances). The loans are repaid through payroll deductions over terms which are based upon the amounts borrowed and normally do not exceed five years. The loans are secured by the balance in the participant's account. Interest rates charged on participant loans are based on the Commerce Prime Rate plus 1% at the date of the distribution and are fixed throughout the life of the loan. At December 31, 2017, interest rates on the loans

outstanding ranged from 4.25% to 8.50%. The participant may continue to make contributions to the Plan throughout the term of the loan.

5

Table of Contents

Administrative Expenses

Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan. Administrative expenses incidental to the administration of the Plan may be paid by the Company, and, if not paid by the Company, shall be paid by the Plan. A setup fee for new loans is deducted from the respective participant's account. The Company elected to pay substantially all other administration fees for the years ended December 31, 2017, 2016 and 2015.

Distributions

Distributions of vested account balances are available upon termination, retirement, death or permanent and total disability. Distributions are made in lump sum amounts to the participant or designated beneficiaries.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis in conformity with U.S. generally accepted accounting principles.

Investments

The Plan's investments are held in an account at Fidelity Management Trust Company. On each valuation date, as defined by the Plan, securities held by the Plan are valued at fair value, and the increase or decrease in the value of securities held, plus any net income or loss, is allocated to the participant's accounts. Refer to the Fair Value Measurements note for additional valuation information.

Net appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses. Also included is the reinvestment of interest and dividends earned on funds invested in the money market and Company Stock funds. Purchases and sales of securities are recorded on a trade-date basis (the date the order to buy or sell is executed). Interest is accrued as earned and dividend income is recorded on the ex-dividend date.

Notes Receivable from Participants

Loans to participants are carried at amortized cost and are measured as the unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions, based upon the terms of the Plan document.

Use of Estimates

The Plan utilizes a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare its financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

Payment of Benefits

Distributions to the participants of the Plan are recorded when paid.

6

Table of Contents

(3) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

(4) Company Stock Fund

The Company Stock Fund is accounted for on a unit accounting basis. The fund has a cash reserve in order to provide the liquidity necessary to process daily fund transactions by the close of market each business day. The cash reserve generally represents between one and five percent of the total fund value and varies depending upon account activity. The reserve may consist of cash or cash equivalents. As of December 31, 2017 and 2016, the cash reserve totaled \$5,098,527 and \$3,171,349, respectively.

In January 1995, all assets held by the Company's qualified employee stock ownership plan were merged into the Plan and remain under a portion of the Plan that qualifies as an employee stock ownership plan (ESOP). All Company common stock attributable to the ESOP has been fully allocated to participant account balances and is held as units of the Company Stock Fund. At December 31, 2017 and 2016, 574 and 609 participants, respectively, had an ESOP related account balance.

Information about changes in ESOP assets included in the Company Stock Fund for the years ended December 31, 2017, 2016, and 2015, is as follows:

	2017	2016	2015
Beginning balance	\$33,440,591	\$27,524,490	\$28,870,832
Net appreciation in fair value of investments	1,341,748	8,451,999	537,763
Distributions to participants	(2,223,936)	(2,535,898)	(1,884,105)
Ending balance	\$32,558,403	\$33,440,591	\$27,524,490

In addition, the Company Stock Fund utilizes available cash from participant and employer directed contributions and dividends to purchase Commerce Bancshares Inc. common stock on the open market. During 2017, 2016, and 2015, total dividends paid on shares of Company stock held by the Company Stock Fund and the amount thereof which was distributed directly to the participants is as follows:

	2017	2016	2015
Portion of dividend reinvested in Company	\$1,486,006	\$1,541,975	\$1,523,935

stock
Portion
of
dividend
distributed
1,273,012 1,440,583 1,598,189
to
participants
Dividends
paid
on
shares
\$2,759,018 \$2,982,558 \$3,122,124
of
Company
stock

(5) Federal Income Taxes

In a determination letter dated March 1, 2016, the Internal Revenue Service stated that the Plan met the requirements of section 401(a) of the Internal Revenue Code (IRC) and the Trust established thereunder was exempt from federal tax under section 501(a) of the IRC. Although the Plan has been amended since receiving

Table of Contents

the determination letter, the plan administrator believes that the Plan, as designed and operated, is in compliance with the applicable provisions of the IRC.

The Company is entitled to deduct for federal income tax purposes the amount of contributions made by the Company and each of its participating subsidiaries for the benefit of employees. In general, neither such contributions nor the income from the trust will be taxable to participants as income prior to the time such participants receive a distribution from the Plan. Participant contributions are not required to be included in the employees' taxable income until the year or years in which they are distributed or made available to them.

U.S. generally accepted accounting principles require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2017 and 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2014.

(6) Transactions with Related Parties

Certain Plan investments are shares of mutual funds managed by The Commerce Trust Company, a division of Commerce Bank. The Company Stock Fund also includes shares of Company common stock. Transactions in these funds qualify as party-in-interest transactions. Plan investments also include shares of mutual funds managed by Fidelity Management Trust Company, custodian of the Plan, and Fidelity Investments Institutional Operations Company, Inc., record keeper of the Plan. Transactions in these funds are exempt party-in-interest transactions under ERISA.

Transactions with the Company and its affiliates during the years ended December 31, 2017, 2016, and 2015 were as follows:

	Purchases		Sales		Realized
	Units	Cost	Units	Proceeds	Gains (Losses)
2017					
Company Stock Fund	469,911	\$18,467,903	643,627	\$25,559,769	\$9,387,315
Commerce Mutual Funds	889,546	17,358,044	466,264	8,952,096	(25,053)
2016					
Company Stock Fund	761,430	\$24,621,773	1,540,299	\$51,975,851	\$18,661,731
Commerce Mutual Funds	664,460	12,871,978	534,811	1,347,651	(22,716)
2015					
Company Stock Fund	748,826	\$21,152,491	1,211,420	\$34,361,369	\$9,933,686
Commerce Mutual Funds	493,891	9,668,280	473,277	9,064,107	(13,811)

Table of Contents

(7) Fair Value Measurements

The Plan follows the Financial Accounting Standards Board's (FASB) guidance for fair value measurements. Under this guidance, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, the Plan uses various valuation techniques and assumptions when estimating fair value. For accounting disclosure purposes, a three-level valuation hierarchy of fair value measurements has been established. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and inputs that are observable for the assets or liabilities, either directly or indirectly (such as interest rates, yield curves, and prepayment speeds).

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value. These may be internally developed, using the Plan's best information and assumptions that a market participant would consider.

When determining the fair value measurements for assets and liabilities required or permitted to be recorded or disclosed at fair value, the Plan considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability. When possible, the Plan looks to active and observable markets to price identical assets or liabilities. When identical assets and liabilities are not traded in active markets, the Plan looks to market observable data for similar assets and liabilities. To the extent certain assets and liabilities are not actively traded in observable markets, the Plan would use alternative valuation techniques to derive an estimated fair value measurement.

Following is a description of the Plan's valuation methodologies used for assets measured at fair value on a recurring basis:

Common Stock

Common stocks are valued at the closing price reported on the active market on which the individual securities are traded. Because the measurements utilize quoted prices in an active market, they are classified as Level 1.

Mutual Funds

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded and their measurements are classified as Level 1.

Stable Value Fund

The stable value fund held by the Plan is managed by Fidelity Management Trust Company. Only qualified, participated-directed, defined contribution plans may invest in the fund. The fund invests in benefit-responsive investment contracts issued by insurance companies and other financial institutions, fixed income securities, and money market funds. The fund seeks to maintain a stable net asset value of \$1 per share but it cannot guarantee that it will be able to do so. In order to maintain the net asset value upon the occurrence of certain events, the fund and its

participants are subject to certain restrictions. The stable value fund held by the Plan, which is reported at its readily determinable fair value, is classified as Level 1.

Table of Contents

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2017 and 2016. There were no transfers between levels in the hierarchy in 2017 or 2016.

	December 31, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Company Stock Fund: Commerce Bancshares, Inc. Common Stock	\$178,447,674	\$178,447,674	\$	—\$	—
Short Term Fixed Income Mutual Fund	5,098,527	5,098,527	—	—	
Mutual Funds	522,977,664	522,977,664	—	—	
Stable Value Fund	8,610,361	8,610,361			
Assets at fair value	\$715,134,226	\$715,134,226	\$	—\$	—

	December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Company Stock Fund: Commerce Bancshares, Inc. Common Stock	\$184,866,863	\$184,866,863	\$	—\$	—
Short Term Fixed					

Income					
Mutual Fund	3,171,349	3,171,349	—	—	
Mutual Funds	440,869,292	440,869,292	—	—	
Stable Value Fund	3,015,069	3,015,069	—	—	
Assets at fair value	\$631,922,573	\$631,922,573	\$	—\$	—

(8) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100% vested in their employer contributions.

(9) Plan Amendment

There were no significant amendments to the Plan during 2017, 2016, or 2015.

Table of Contents

(10) New Accounting Pronouncements

During 2017, there were no new accounting pronouncements adopted by the Plan.

(11) Subsequent Events

The Plan has evaluated subsequent events from the date of the statement of net assets available for benefits through June 26, 2018, the date at which the financial statements were available to be issued, and determined that there are no other items to disclose.

Table of Contents

Schedule 1				
COMMERCE BANCSHARES PARTICIPATING				
INVESTMENT PLAN				
Schedule H, line 4i - Schedule of Assets (Held at				
End of Year)				
EIN #: 43-0889454				
Plan #: 002				
December 31, 2017				
(a)	(b)	Number	(d) Cost	(e) Fair
Identity	of	shares/units	Value	Value
of issue				
	Commerce Bancshares, Inc. Common Stock Fund:			
	Commerce Bancshares, Inc. Common Stock Fidelity Retirement Money Market Fund	3,185,794	**	\$178,447,674
		5,098,527	**	5,098,527
	Total Common Stock Fund	4,510,843		183,546,201
	Stable Value Fund:			
	Managed Income Portfolio Fund Class 1	8,610,361	**	8,610,361
	Mutual Funds			
	3rd Ave. Real Estate Value Fund	127,892	**	4,390,547

	ABF		
	Large		
	Cap		
	Value	1,122,988	** 32,735,112
	Fund -		
	Institutional		
	American		
	Century		
	Inflation	280,714	** 3,264,705
	Adjusted		
	Fund		
	Columbia		
	Acorn		
	International	86,321	** 4,019,992
	Fund		
*	Commerce		
	Bond	2,032,544	** 40,671,212
	Fund		
	Commerce		
	Short		
*	Term		
	Government	383,519	** 6,527,495
	Bond		
	Fund		
	DFA		
	Emerging		
	Markets	310,802	** 9,703,223
	Value		
	Fund		
	Dodge &		
	Cox		
	International	598,694	** 27,731,500
	Stock		
	Fund		
	Fidelity		
*	500		
	Index	593,096	** 55,424,778
	Inst		
	Fidelity		
*	International	228,111	** 9,633,931
	Index PR		
	Fidelity		
*	Mid Cap		
	Value	499,437	** 13,290,014
	Fund		
	Fidelity		
	Retirement		
*	Government		
	Money	33,535,789	** 33,535,789
	Market		
	Fund		

*	Fidelity			
	U.S.	544,343	**	6,308,938
	Bond Idx			
	Hartford			
	Mid Cap	718,632	**	25,698,295
	Y			
	Invesco			
	Small			
	Cap			
	Growth	401,748	**	16,881,446
	Fund -			
	R5 Class			
	T. Rowe			
	Price			
	Blue	626,443	**	60,332,759
	Chip			
	Growth			
	T. Rowe			
	Price			
	Retirement	43,298	**	591,013
	2005			
	T. Rowe			
	Price			
	Retirement	106,629	**	1,949,184
	2010			
	T. Rowe			
	Price			
	Retirement	481,343	**	7,210,524
	2015			
	T. Rowe			
	Price			
	Retirement	833,103	**	18,778,140
	2020			
	T. Rowe			
	Price			
	Retirement	1,129,043	**	19,859,864
	2025			
	T. Rowe			
	Price			
	Retirement	807,417	**	20,928,240
	2030			
	T. Rowe			
	Price			
	Retirement	463,451	**	8,791,664
	2035			
	T. Rowe			
	Price			
	Retirement	391,289	**	10,658,707
	2040			
	T. Rowe	302,211	**	5,581,845
	Price			

Retirement 2045 T. Rowe Price Retirement	457,886	**	7,106,395
2050 T. Rowe Price Retirement	205,068	**	3,194,961
2055 T. Rowe Price Retirement	29,084	**	350,749
2060 Vanguard Small Cap Value Index Fund - Institutional Class Vanguard Total Stock Market Index Fund	566,383	**	18,050,636
	745,931	**	49,776,006
Total Mutual Funds			522,977,664
Total assets held for investment purposes			715,134,226
Loans to Participants--Interest rates on these loans range from 4.25% to 8.50%			10,151,946
Total assets			\$725,286,172

*

Party-in-interest
as

defined

by

ERISA.

** In accordance with instructions to the Form 5500, the Plan is no longer required to disclose the cost component of participant-directed investments.

See accompanying report of independent registered public accounting firm.

Table of Contents

EXHIBIT INDEX

23.1 Consent of Independent Registered Public Accounting Firm - KPMG LLP

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

COMMERCE BANCSHARES
PARTICIPATING INVESTMENT PLAN

By: /s/ Jeffery D. Aberdeen
Jeffery D. Aberdeen
Co-Chairperson, Retirement Committee

By: /s/ Sara E. Foster
Sara E. Foster
Co-Chairperson, Retirement Committee

Date: June 26, 2018