



PEOPLE, GROWTH AND POSSIBILITIES

COMMERCE BANCSHARES, INC.

EARNINGS HIGHLIGHTS

1st Quarter 2024



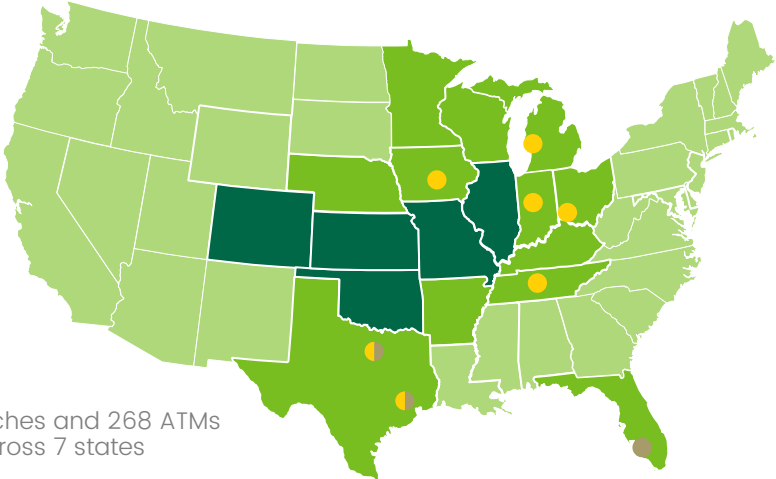
Commerce Bancshares, Inc.

CAUTIONARY STATEMENT

A number of statements we will be making in our presentation and in the accompanying slides are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements of the Corporation’s plans, goals, objectives, expectations, projections, estimates and intentions. These forward-looking statements involve significant risks and uncertainties and are subject to change based on various factors (some of which are beyond the Corporation’s control). Factors that could cause the Corporation’s actual results to differ materially from such forward-looking statements made herein or by management of the Corporation are set forth in the Corporation’s 2023 Annual Report on Form 10-K and the Corporation’s Current Reports on Form 8-K.

COMMERCE BANCSHARES

158 YEARS IN BUSINESS



142 branches and 268 ATMs
across 7 states

CORE BANKING FOOTPRINT COMMERCIAL | CONSUMER | WEALTH MANAGEMENT

St. Louis • Kansas City • Springfield
Central Missouri • Central Illinois • Wichita
Tulsa • Oklahoma City • Denver

COMMERCIAL OFFICES

Cincinnati • Nashville • Dallas • Des Moines
Indianapolis • Grand Rapids • Houston¹

WEALTH MANAGEMENT OFFICES

Dallas • Houston¹ • Naples¹

U.S. PRESENCE

Extended Market Area
Commercial Payments Services
Offered in 48 states across the U.S.

TOTAL ASSETS

\$30.4
BILLION

41st

LARGEST U.S. BANK
BASED ON ASSET SIZE²

MARKET CAP

\$6.9
BILLION

22nd

LARGEST U.S. BANK BASED
ON MARKET CAP²

TOTAL TRUST ASSETS UNDER ADMINISTRATION

\$70.2
BILLION

20th

LARGEST AMONG BANK-MANAGED
TRUST COMPANIES BASED ON AUM²

TIER 1 COMMON RISK- BASED CAPITAL RATIO

AS OF Dec. 31, 2023

15.25%

4th

HIGHEST AMONG TOP 50 U.S.
BANKS BASED ON ASSET SIZE²

TOTAL DEPOSITS

\$24.4
BILLION

TOTAL LOANS³

\$17.3
BILLION

\$9.9
BILLION

**COMMERCIAL
CARD VOLUME**
AS OF DECEMBER 31, 2023

15.39% RETURN ON
AVERAGE
COMMON
EQUITY YTD

4th

YTD ROACE FOR THE TOP
50 U.S. BANKS BASED ON
ASSET SIZE²

a2

**BASELINE CREDIT
ASSESSMENT⁴**

TWO RATINGS ABOVE THE
U.S. BANKING INDUSTRY
MEDIAN RATING OF baal

¹Locations outside the core banking footprint that accept deposits
Sources: ²S&P Global Market Intelligence – Regulated U.S. depositories which includes commercial banks, bank holding companies, and credit unions, rankings as of 12/31/2023; ³Includes loans held for sale; ⁴Moody's Sector Profile: Banks, March 1, 2024, Baseline Credit Assessment (BCA) reflects a bank's standalone credit strength; Company reports and filings, information as of 3/31/2024 unless otherwise noted.

TRACK RECORD OF LONG-TERM OUTPERFORMANCE

Revenue Diversification

Balanced earnings profile, fee revenue at 37%¹ of total revenue, bolstered by growing wealth and national payments businesses



Deposit Franchise

\$23.0 billion in low-cost, diverse deposits² with peer-leading historical deposit betas

Continued Long-Term Investments

Core banking system implementation, Enterprise Digital, Expansion Markets, Wealth Management, **CommerceHealthcare**³

Consistent Earnings & Shareholder Value

Over 10% total annualized return to shareholders over the last 15 years, outperforming the annualized KBW Regional Bank Index return of 9%³

Capital Management

Strong capital ratios, 56th consecutive year of common dividend increases⁴

Credit Quality

Conservative risk profile drives outperformance across credit cycles

¹As of YTD 3/31/2024; ²Excludes certificates of deposit greater than \$100,000, period-end balance as of 3/31/2024;

³As of 3/31/2024; ⁴Based on 1Q2024 paid dividend

1Q2024 HIGHLIGHTS

Highlights

PPNR¹
\$152.2 million

Net Income
\$112.7 million

EPS
\$.86

ROAA
1.48%

ROACE
15.39%

Efficiency Ratio
61.67%

Well-positioned for current environment

- Net interest income up slightly over Q4 at \$249MM.
- Net interest margin increased 16 bps over Q4 to 3.33%.
- Total cost of deposits increased 4 bps to 1.38%, compared to an increase of 13 bps in Q4.
- Non-interest expense includes a one-time \$10MM litigation settlement expense² and a \$4MM adjustment to the FDIC special assessment².
- Total average assets declined \$736MM from Q4 mostly due to lower deposits balances at the Fed, driven by lower customer deposit balances and borrowings.
- Period end non-interest bearing deposits to total deposits was down slightly from Q4 to 30.7%.
- Net loan charge-offs of .21% and non-accrual loans of .03%.
- TCE/TA increased 39 bps over Q4 to 9.24%.

¹See the non-GAAP reconciliation on page 24

²Accrued in 1Q24

BALANCE SHEET HIGHLIGHTS

Quarterly Average Balances		1Q24 vs. 4Q23		1Q24 vs. 1Q23	
\$ in millions	1Q24	\$ Change	% Change	\$ Change	% Change
Commercial	\$11,073.7	\$44.2	0%	\$528.4	5%
Consumer	6,006.3	(22.2)	(0)%	147.8	3%
Total Loans	\$17,080.1	\$22.0	0%	\$676.2	4%
Investment Securities	\$9,729.5	\$ (113.5)	(1)%	\$ (2,368.4)	(20)%
Interest Earning Deposits with Banks	\$1,938.4	\$ (449.0)	(19)%	\$1,128.4	139%
Deposits	\$24,450.0	\$ (759.5)	(3)%	\$ (799.0)	(3)%
Book Value per Share ¹	\$22.70	\$ (0.1)	(0)%	\$2.21	11%

Loans: Flat compared to the prior quarter, 1% growth annualized

Investment securities: Net maturities and paydowns providing liquidity.

Interest Earning Deposits with Banks: Decline from previous quarter but ample levels of liquidity remained through Q1.

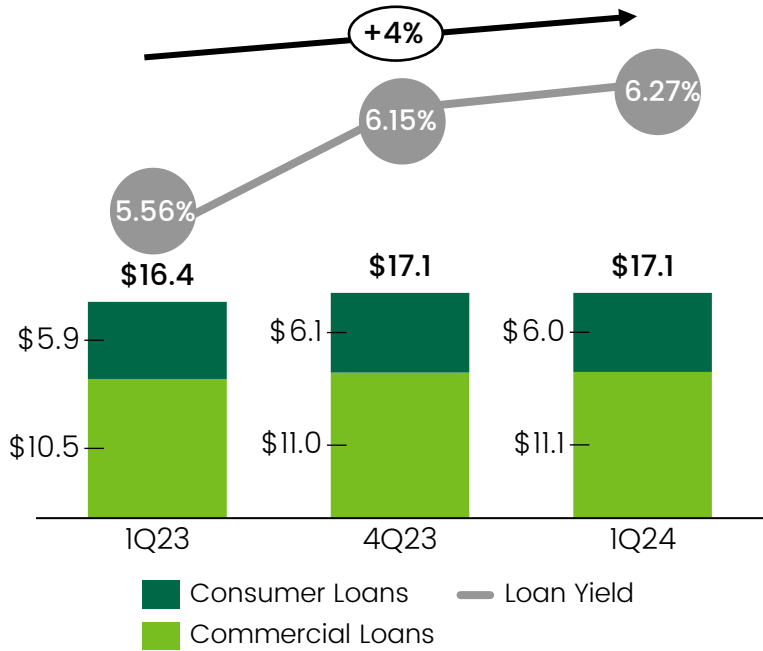
Average Deposits: Declined from Q4, mostly reflecting CD maturities and seasonality.

¹For the quarters ended March 31, 2024, December 31, 2023, and March 31, 2023

BALANCE SHEET

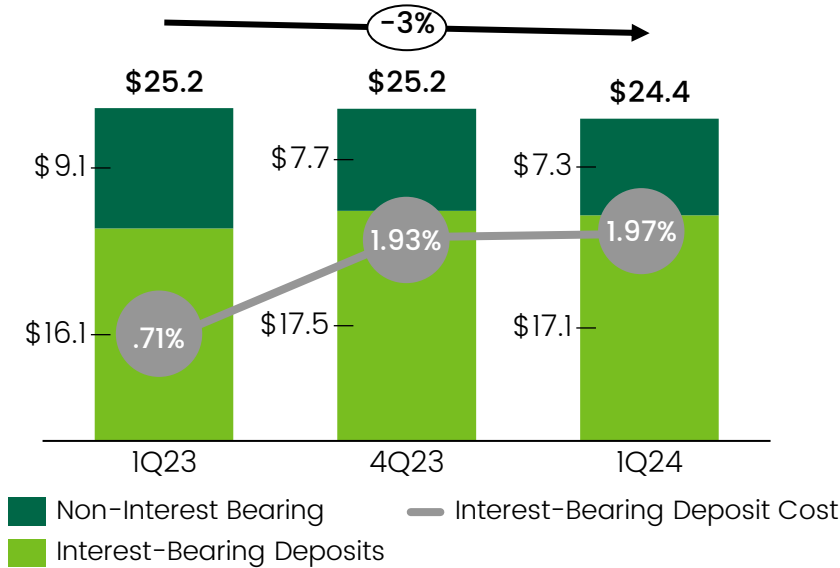
Loans

QTD Average Balances
\$ billions



Deposits

QTD Average Balances
\$ billions



LOAN PORTFOLIO

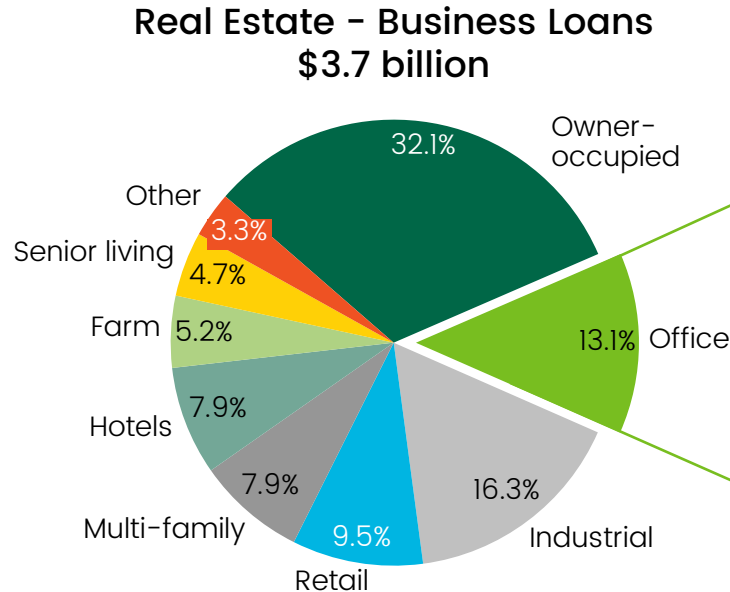
Period-End Balances

QTD Average Balances

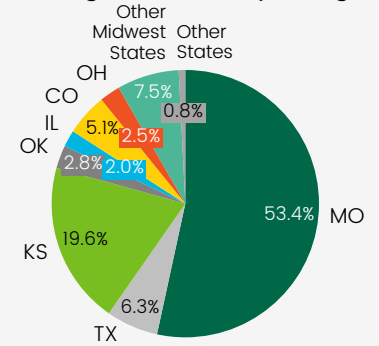
\$ in 000s	3/31/2024	12/31/2023	3/31/2023	QoQ	YoY	\$ in 000s	3/31/2024	12/31/2023	3/31/2023	QoQ	YoY
Business	\$5,994,974	\$6,019,036	\$5,704,467	-.4%	5.1%	Business	\$5,873,525	\$5,861,229	\$5,656,104	.2%	3.8%
Construction	1,497,647	1,446,764	1,437,419	3.5%	4.2%	Construction	1,472,554	1,523,682	1,410,835	-3.4%	4.4%
Business Real Estate	3,711,602	3,719,306	3,486,543	-.2%	6.5%	Business Real Estate	3,727,643	3,644,589	3,478,382	2.3%	7.2%
Personal Real Estate	3,039,885	3,026,041	2,952,042	.5%	3.0%	Personal Real Estate	3,031,193	3,027,664	2,933,750	.1%	3.3%
Consumer	2,119,308	2,077,723	2,094,389	2.0%	1.2%	Consumer	2,082,490	2,117,268	2,067,385	-1.6%	.7%
Revolving Home Equity	322,523	319,894	295,478	.8%	9.2%	Revolving Home Equity	322,074	310,282	296,748	3.8%	8.5%
Consumer Credit Card	564,388	589,913	558,669	-4.3%	1.0%	Consumer Credit Card	562,892	568,112	556,223	-.9%	1.2%
Overdrafts	48,513	6,802	6,515	613.2%	644.6%	Overdrafts	7,696	5,258	4,449	46.4%	73.0%
Total Loans	\$17,298,840	\$17,205,479	\$16,535,522	.5%	4.6%	Total Loans	\$17,080,067	\$17,058,084	\$16,403,876	.1%	4.1%

COMMERCIAL REAL ESTATE BREAKDOWN

Real Estate – Business Loans	% of Total Loans
Owner – Occupied	6.9%
Industrial	3.5%
Office	2.8%
Retail	2.0%
Hotels	1.7%
Multi-family	1.7%
Farm	1.1%
Senior living	1.0%
Other	.8%
Total	21.5%



Real Estate – Business Loans: Office Outstanding Balances by Geography¹



Real Estate – Business Loans: Office Attributes as of March 31, 2024

- TTM Net Charge-offs on Office loans: .00%
- Delinquent Office Loans: .00%
- Non-Performing Office Loans: .00%
- Criticized² Office Loans to Total Office Loans: 3.69%
- Weighted Average LTV of Office Loans: 63.6%³
- Percent of loans at floating interest rate: 74.7%

¹Geography determined by location of collateral. Includes only loans with a balance of \$1 million and above, which represents 93% of outstanding balance of the stabilized, non-owner occupied office loans

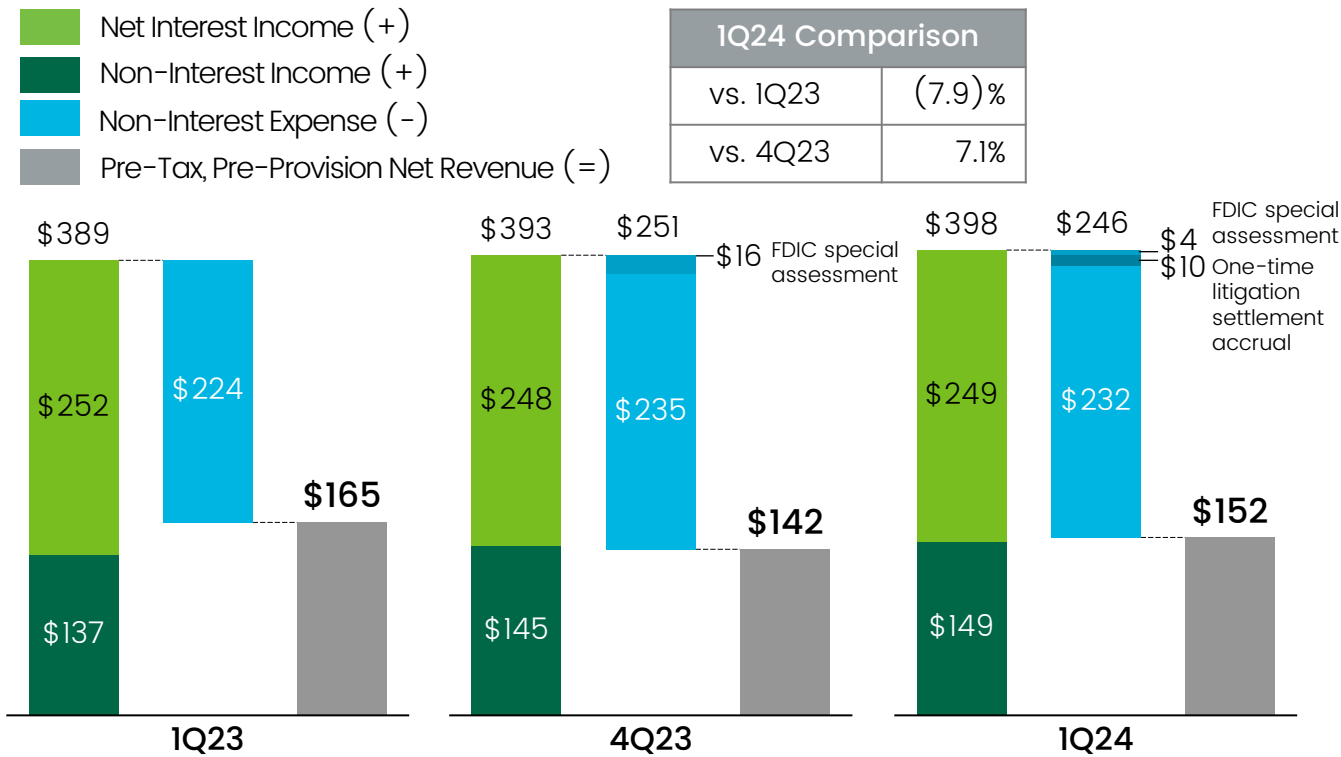
²Criticized is defined as special mention, substandard, and non-accrual loans

³LTV based on current exposure and property value at time of most recent valuation. Includes only loans with a balance of \$1 million and above, which represents 93% of outstanding balance of the stabilized, non-owner occupied office loans

INCOME STATEMENT HIGHLIGHTS

Pre-Tax, Pre-Provision Net Revenue (PPNR)

\$ in millions



PPNR, excluding FDIC special assessments and a one-time litigation settlement accrual, was up 5.2% over 4Q and up .7% over the same period last year.

Revenue was up 1.2% over Q4 and up 2.2% over the same period last year.

Expenses, excluding the FDIC special assessment¹ and one-time litigation settlement accrual, were down 1.5% from Q4 and up 3.4% over the same period last year.

See the non-GAAP reconciliation on page 24
¹Accrued \$16M in 4Q23 and \$4M in 1Q24

INCOME STATEMENT HIGHLIGHTS

\$ in millions	1Q24	1Q24 vs. 4Q23		1Q24 vs. 1Q23	
		\$ Change	% Change	\$ Change	% Change
Net Interest Income	\$249.0	\$.6	0%	\$(2.6)	(1)%
Non-Interest Income	\$148.8	\$4.0	3%	\$11.2	8%
Non-Interest Expense	\$245.7	\$(5.6)	(2)%	\$21.6	10%
Pre-Tax, Pre-Provision Net Revenue ¹	\$152.2	\$10.1	7%	\$(13.0)	(8)%
Investment Securities Losses, Net	\$(.3)	\$(7.9)	(103)%	\$.0	15%
Provision for Credit Losses	\$4.8	\$(1.1)	(19)%	\$(6.7)	(58)%
Net-Income Attributable to Commerce Bancshares, Inc.	\$112.7	\$3.4	3%	\$(6.8)	(6)%
For the three months ended	1Q24	4Q23	1Q24 vs. 4Q23	1Q23	1Q24 vs. 1Q23
Net Income per Common Share – Diluted	\$.86	\$.84	2%	\$.91	(5)%
Net Yield on Interest Earning Assets	3.33%	3.17%	16 bps	3.26%	7 bps

¹See the non-GAAP reconciliation on page 24

NON-INTEREST INCOME HIGHLIGHTS

\$ in millions	1Q24	1Q24 vs. 4Q23		1Q24 vs. 1Q23	
		\$ Change	% Change	\$ Change	% Change
Bank Card Transaction Fees	\$46.9	\$ (.9)	(2)%	\$.3	1%
Trust Fees	51.1	2.0	4%	5.8	13%
Deposit Account Charges and Other Fees	24.2	.6	3%	2.4	11%
Capital Market Fees	3.9	(.4)	(9)%	.5	16%
Consumer Brokerage Services	4.4	.8	21%	(.7)	(13)%
Loan Fees and Sales	3.1	.3	9%	.6	21%
Other	15.2	1.7	12%	2.4	19%
Total Non-Interest Income	\$148.8	\$4.0	3%	\$11.2	8%

Bank Card Fees:

Decrease from Q4 was driven by seasonality.

Trust Fees:

Increase over the prior year was mostly driven by higher private client fees.

Deposit Account Charges and Other Fees:

Increase compared to the same period last year due to higher corporate cash management fees.

NON-INTEREST EXPENSE HIGHLIGHTS

\$ in millions	1Q24	1Q24 vs. 4Q23		1Q24 vs. 1Q23	
		\$ Change	% Change	\$ Change	% Change
Salaries and Employee Benefits	\$151.8	\$4.3	3%	\$7.4	5%
Data Processing and Software	31.2	.0	0%	3.0	11%
Net Occupancy	13.6	-.4	-3%	.8	6%
Deposit Insurance	8.0	-12.3	-61%	3.4	73%
Equipment	5.0	-.1	-2%	.2	3%
Supplies and Communication	4.7	-.5	-10%	.2	3%
Marketing	4.0	-2.5	-38%	-1.4	-26%
Other	27.4	5.8	27%	8.1	42%
Total Non-Interest Expense	\$245.7	\$-5.6	-2%	\$21.6	10%
<i>Total Non-Interest Expense, adjusted¹</i>	<i>\$231.6</i>	<i>\$-3.6</i>	<i>-2%</i>	<i>\$7.5</i>	<i>3%</i>

Total non-interest expense:
Increase of 3% over prior year excluding FDIC and litigation settlement accruals¹

Salaries and employee benefits:

Increase over the prior quarter mainly due to higher payroll taxes; increase over prior year was mostly due to higher full-time salaries.

Deposit Insurance:

Includes an additional \$4.0 million FDIC special assessment².

Other:

Includes a one-time litigation settlement accrual of \$10.0 million².

¹Excluding a \$4.0 million adjustment to the FDIC special assessment and a \$10 million one-time litigation settlement accrual in 1Q24 and \$16.0 million FDIC special assessment in 4Q23.

²Accrued in 1Q24

LIQUIDITY AND CAPITAL

LIQUIDITY AND CAPITAL HIGHLIGHTS

Liquidity

- \$1.6B in cash at Federal Reserve Bank (FRB) at Q1.
- AFS debt securities portfolio duration of 4.2 years.
- Investment securities purchases in Q1 totaled \$145.7MM at a weighted average yield of 4.65%.
- Cash flows from maturities and paydowns of investments and resale agreements of approximately \$1.8B expected over the next twelve months.
 - AFS debt securities of \$1.6B
 - Securities purchased under agreements to resell of \$125MM

Balance Sheet / Deposits

- QTD Average loan to deposit ratio of 70%.
- Optimizing sources and uses of funding, allowing high cost CDs to mature.
 - Total deposits at period end decreased \$924MM and customer repurchase agreements decreased \$406MM.

Capital

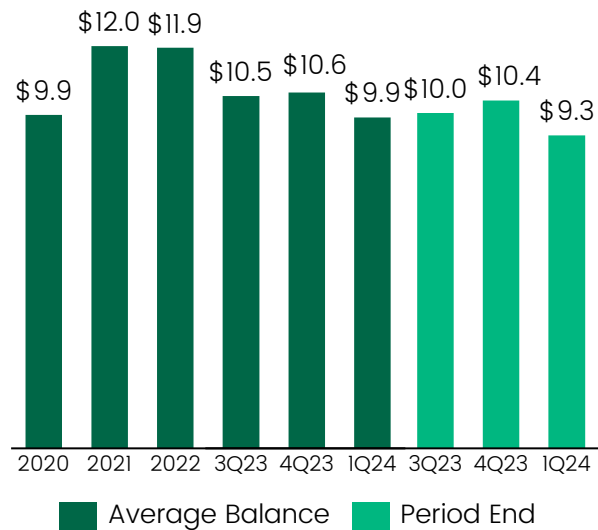
- TCE/TA of 9.24%, an increase of 39 bps over Q4. Tier 1 leverage at 11.75%.
- Purchased \$42.0MM of common stock vs. \$20.2MM in Q4.
- AOCI loss increased from \$(891MM) at Q4 to \$(931MM) at Q1.
- Tendered 823,477 of Visa Class B-1 shares, awaiting notification of acceptance and the closing of the exchange offer.

DEPOSIT BALANCE TRENDS

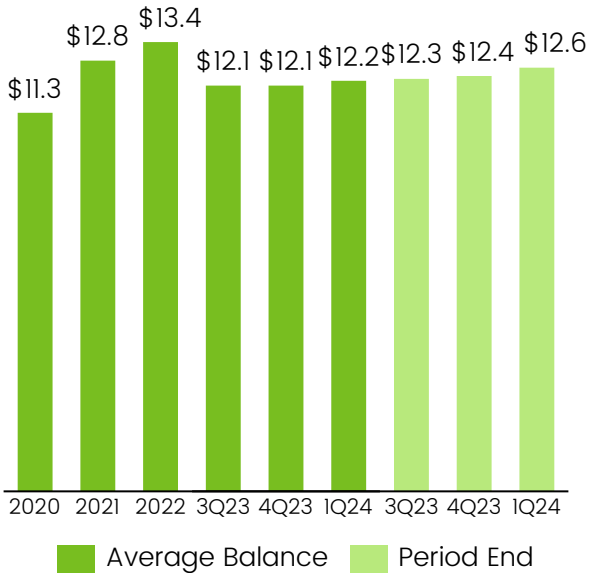
Segment view

\$ in billions

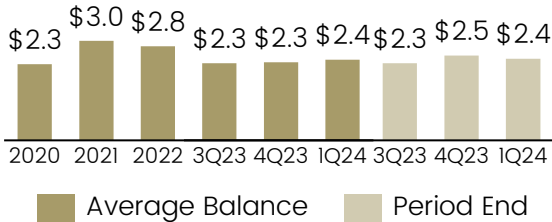
Commercial



Consumer



Wealth



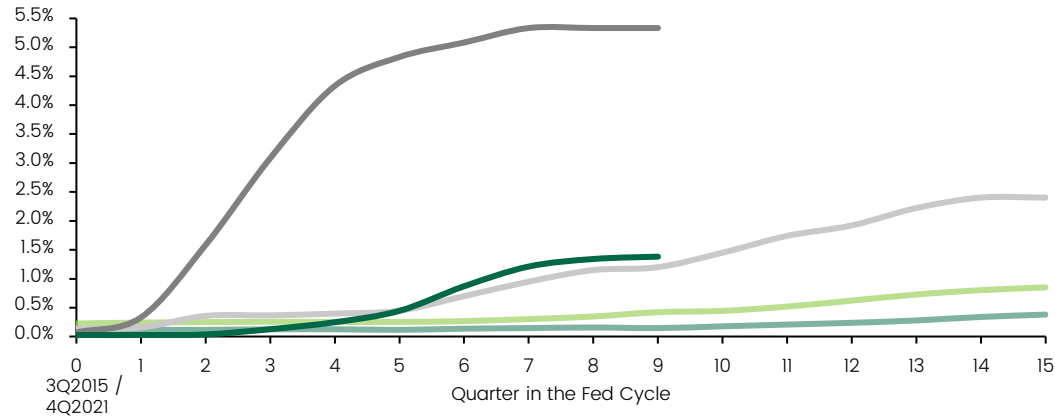
Segment balances do not include brokered deposits.
2020 through 2022 are full year average balances.

WELL-POSITIONED FOR MULTIPLE RATE ENVIRONMENTS

Cost of Total Deposits & Deposit Beta: Prior & Current Fed Cycle

	Cost of Total Deposits		Deposit Beta ¹
	Before Fed Rate Increases	End of Fed Rate Increases / Current	
Commerce (3Q2015 – 2Q2019)	.12%	.38%	12%
Peer Median (3Q2015 – 2Q2019)	.23%	.85%	27%
Commerce (4Q2021 – 1Q2024)	.03%	1.38%	26%

— Effective Fed Funds Rate (3Q2015 – 2Q2019)
 — Effective Fed Funds Rate (4Q2021 – Current)



Source: S&P Global Market Intelligence

¹ Fed Rate increase cycle from 3Q2015 through 2Q2019, +225 bps; Fed Rate increase cycle from 4Q2021 through 1Q2024, +525 bps

Opportunities to enhance and protect NII.

- Net yield on interest earning assets increased 16 bps over Q4 to 3.33%.
- Loan yield increased 12 bps over Q4 to 6.27%.
- Total deposit costs increased 4 bps over Q4 to 1.38%.
- As of December 31, 2023, 57% of loans were variable rate, (73% commercial, 27% consumer).
- Large core deposit base and historically low betas.

Hedging Structures:

Four floor contracts (indexed to 1 Month SOFR) to hedge the risk of declining interest rates on floating rate commercial loans. The contracts have a term of 6 years.

- 3.5% floor contract with a notional value of \$500 million. The contract begins 7/2024.
- 3.25% floor contract with a notional value of \$500 million. The contract begins 11/2024.
- 3.0% floor contract with a notional value of \$500 million. The contract begins 3/2025.
- 2.75% floor contract with a notional value of \$500 million. The contract begins 7/2025.

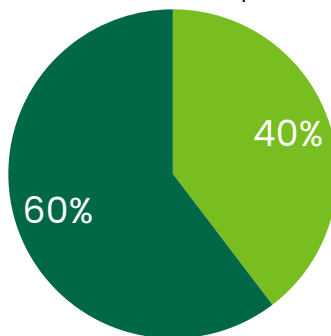
SUMMARY OF FIXED & FLOATING LOANS

Over 57% of total loans are variable; 65% of commercial loans have floating rates

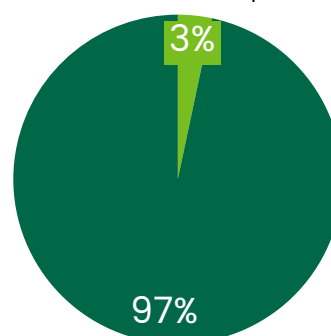


Commercial

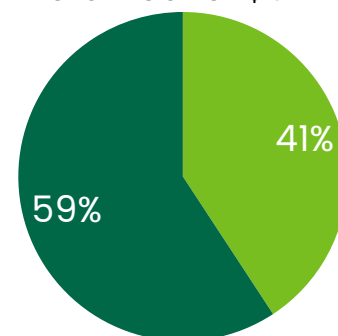
Business
Total Loans: \$6.0B



Construction
Total Loans: \$1.4B

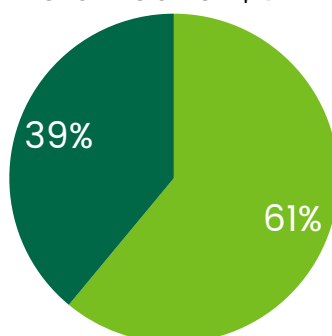


Business RE
Total Loans: \$3.7B

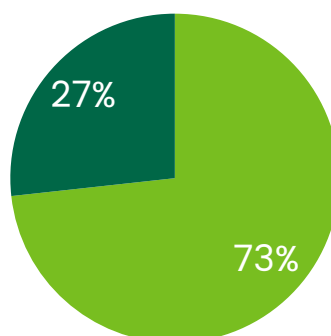


Consumer

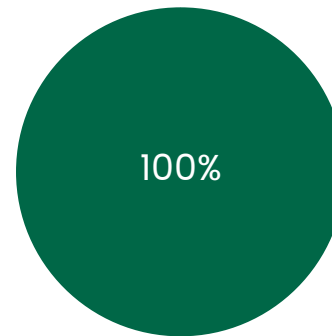
Personal RE
Total Loans: \$3.0B



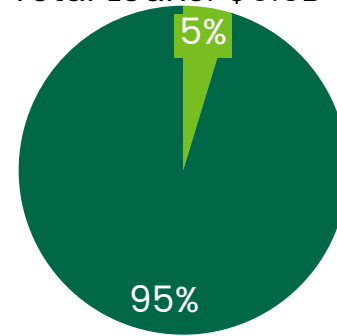
Consumer
Total Loans: \$2.1B



HELOC
Total Loans: \$0.3B



Consumer Card
Total Loans: \$0.6B

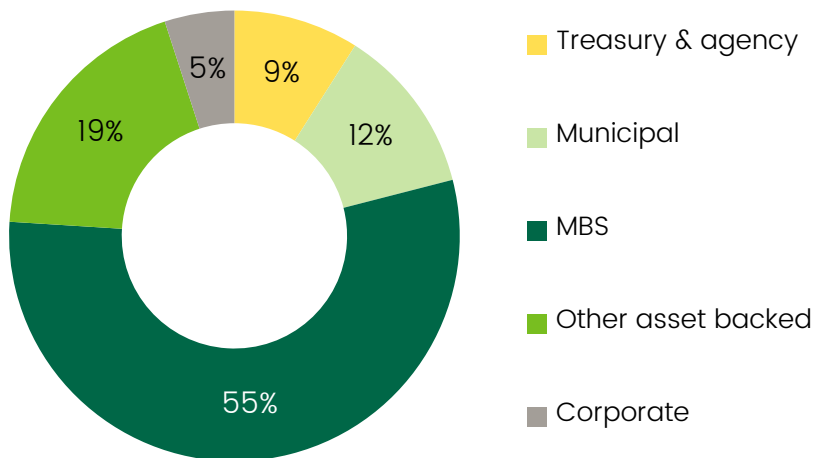


HIGH QUALITY, HIGHLY LIQUID AND DIVERSE INVESTMENT PORTFOLIO

Composition of AFS Portfolio

As of March 31, 2024

Total available for sale securities
Average balance: \$9.5 billion, at fair value



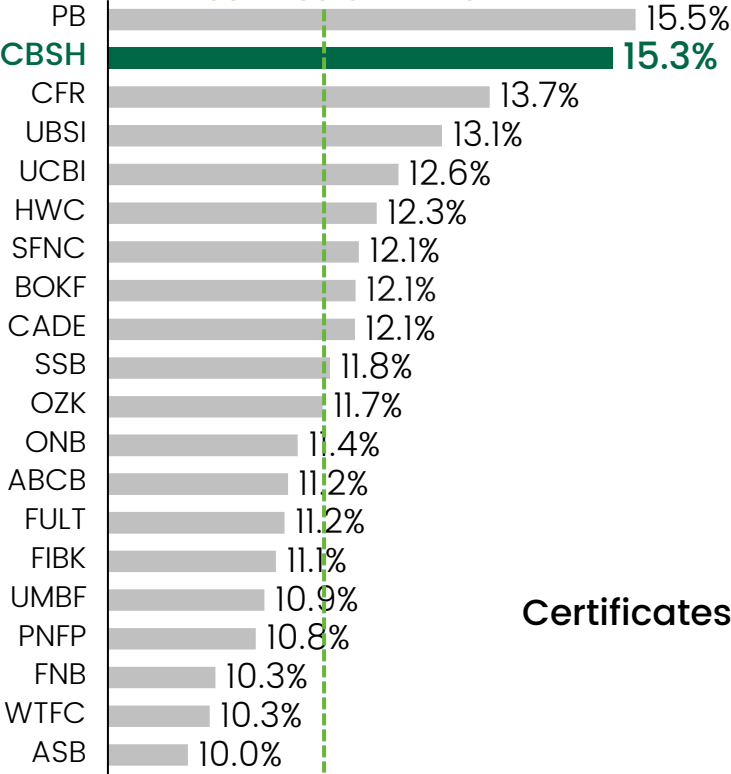
QTD – March 31, 2024	Avg Rate	Duration (yrs)
Treasury & agency ¹	1.61%	2.5
Municipal	1.97% ²	5.2
MBS	2.19%	5.1
Other asset-backed	2.39%	1.0
Corporate	1.93%	3.3
Total	2.18%	4.2

¹Excludes inflation effect on TIPs; ²Tax equivalent yield

SOUND CAPITAL AND LIQUIDITY POSITION

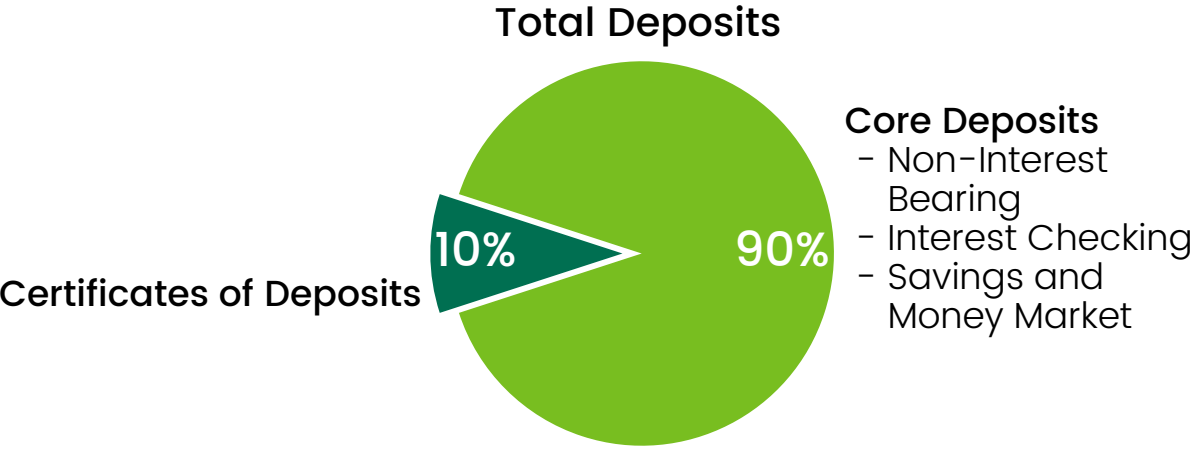
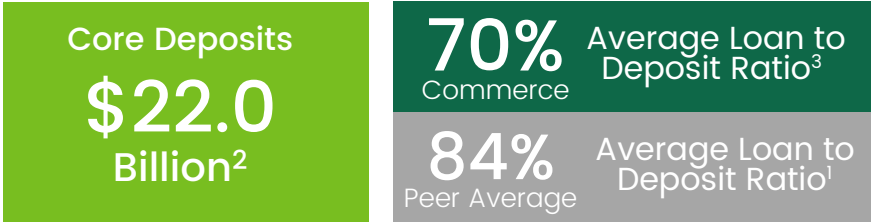
Tier 1 Risk-Based Capital Ratio¹

Peer Median: 11.7%



Loan to Deposit Ratio

Large, stable deposit base



¹S&P Global Market Intelligence, Information as of December 31, 2023

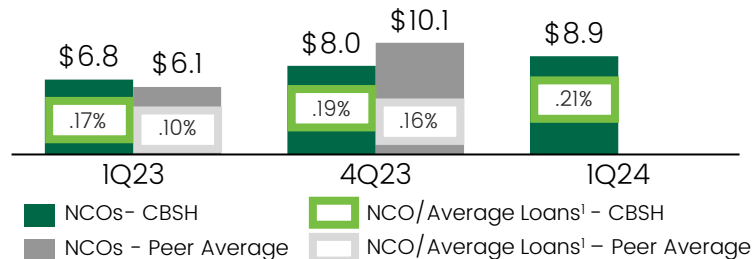
²Period-end balances, as of March 31, 2024

³Includes loans held for sale, for the quarter ended March 31, 2024

MAINTAINING STRONG CREDIT QUALITY

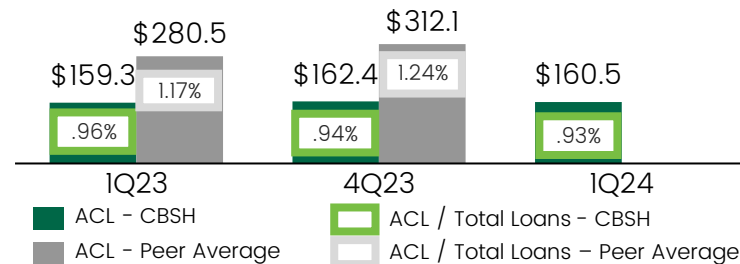
Net Loan Charge-Offs (NCOs)

\$ in millions



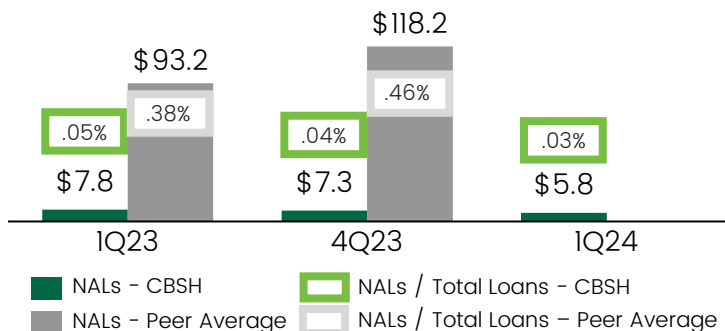
Allowance for Credit Losses on Loans (ACL)

\$ in millions

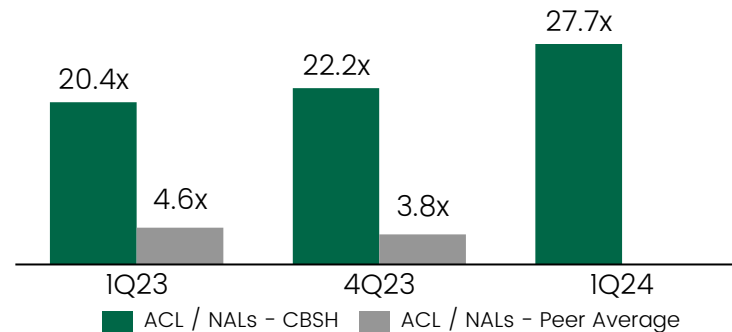


Non-Accrual Loans (NALs)

\$ in millions



Allowance for Credit Losses on Loans (ACL) to NALs



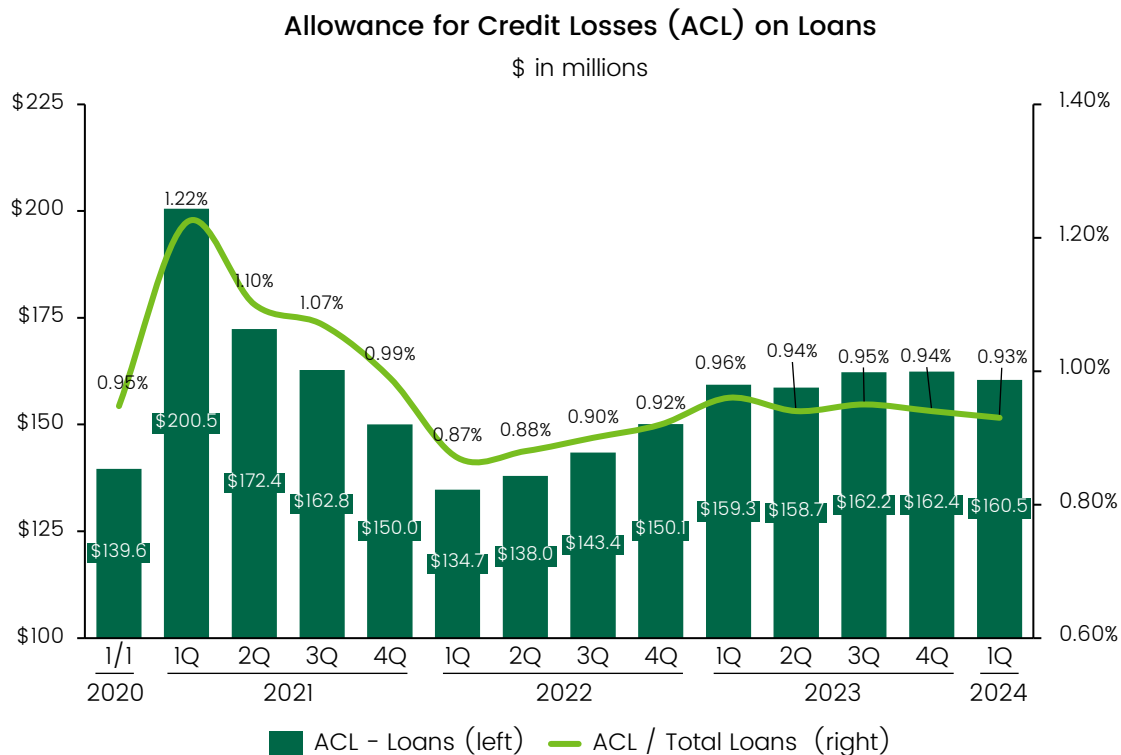
Percentages are illustrative and not to scale; Peer Banks include: ABCB, ASB, BOKF, CADE, CFR, FIBK, FNB, FULT, HWC, ONB, OZK, PB, PNFP, SFNC, SSB, UBSI, UCBI, UMBF, WFTC

¹As a percentage of average loans (excluding loans held for sale)

ALLOCATION OF ALLOWANCE

CECL allowances reflect the economic and market outlook

	Dec. 31, 2023		March 31, 2024	
\$ in millions	Allowance for Credit Losses (ACL)	% of Outstanding Loans	Allowance for Credit Losses (ACL)	% of Outstanding Loans
Business	\$ 47.1	.78%	\$ 43.8	.73%
Bus R/E	29.7	.80%	30.2	.81%
Construction	31.4	2.17%	31.4	2.10%
Commercial total	\$ 108.2	.97%	\$ 105.5	.94%
Consumer	11.6	.56%	11.9	.56%
Consumer CC	28.7	4.86%	28.9	5.13%
Personal R/E	12.0	.40%	12.3	.40%
Revolving H/E	1.8	.55%	1.8	.56%
Overdrafts	.1	1.62%	.1	.30%
Consumer total	\$ 54.2	.90%	\$ 55.0	.90%
Allowance for credit losses on loans	\$ 162.4	.94%	\$ 160.5	.93%



CAPITAL FOR BUSINESS®

A middle-market private equity firm focused on the success of industrial growth companies

Quick Facts:

Small Business Investment
Company (SBIC) founded in 1959

Nationwide footprint with Greater
Midwest Focus

36 Portfolio Companies
Representing
\$960.2 million in Revenue
Over 3,300 Employees

Fair Value as of March 31, 2024:
\$183.7 million

Investment Criteria

- Manufacturing, distribution and certain service companies
- Cash flow positive
- Good management
- Consistent financial performers
- Operate in niche markets
- Significant and defensible market positions
- Differentiated products and services
- Scalable business platforms

Target Parameters

- Revenues – \$10 million to \$100 million
- EBITDA – \$2 million to \$7 million

Transaction Types

Management buyouts
Leveraged buyouts
Succession plans
Recapitalizations
Corporate divestitures

Investment Structures

Subordinated debt
Preferred stock
Common stock
Warrants

Other Information

Co-investors
Majority control
Target 5–7 year hold period
Management participation



NON-GAAP RECONCILIATIONS

Pre-tax, Pre-provision Net Revenue

(DOLLARS IN THOUSANDS)		For The Three Months Ended		
		Mar. 31, 2024	Dec. 31, 2023	Mar. 31, 2023
A	Net Interest Income	\$ 248,999	\$ 248,421	\$ 251,623
B	Non-Interest Income	\$ 148,848	\$ 144,879	\$ 137,612
C	Non-Interest Expense	\$ 245,697	\$ 251,254	\$ 224,107
Pre-Provision Net Revenue (A+B-C)		\$ 152,150	\$ 142,046	\$ 165,128



Commerce Bancshares, Inc.