

# COMMERCE BANCSHARES, INC.

## EARNINGS HIGHLIGHTS

### 3<sup>rd</sup> Quarter 2024



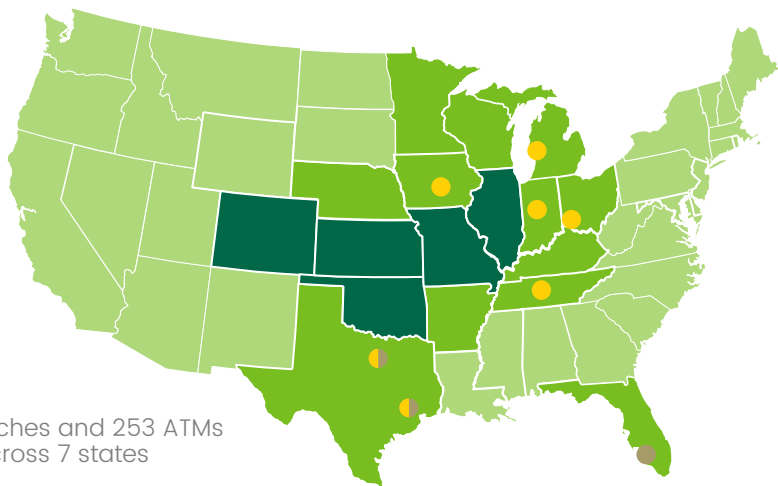
Commerce Bancshares, Inc.

# 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, 2<sup>nd</sup> Quarter 2024 Report on Form 10-Q and the Corporation’s Current Reports on Form 8-K.

# COMMERCE BANCSHARES

## 159 YEARS IN BUSINESS



142 branches and 253 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 • Houston<sup>1</sup>

### ● WEALTH MANAGEMENT OFFICES

Dallas • Houston<sup>1</sup> • Naples<sup>1</sup>

### U.S. PRESENCE

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

### TOTAL ASSETS

**\$31.5**  
BILLION

42<sup>ND</sup>

LARGEST U.S. BANK  
BASED ON ASSET SIZE<sup>2</sup>

### MARKET CAP

**\$7.6**  
BILLION

18<sup>TH</sup>

LARGEST U.S. BANK BASED  
ON MARKET CAP<sup>2</sup>

### TOTAL TRUST ASSETS UNDER ADMINISTRATION

**\$73.7**  
BILLION

20<sup>TH</sup>

LARGEST AMONG BANK-MANAGED  
TRUST COMPANIES BASED ON AUM<sup>2</sup>

### TIER 1 COMMON RISK- BASED CAPITAL RATIO

AS OF JUNE 30, 2024

**16.19%**

3<sup>RD</sup>

HIGHEST AMONG TOP 50 U.S.  
BANKS BASED ON ASSET SIZE<sup>2</sup>

### TOTAL DEPOSITS

**\$25.2**  
BILLION

### TOTAL LOANS<sup>3</sup>

**\$17.1**  
BILLION

**\$9.9**  
BILLION

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

**16.92%** RETURN ON  
AVERAGE  
COMMON  
EQUITY YTD

2<sup>ND</sup>

YTD ROACE FOR THE TOP  
50 U.S. BANKS BASED ON  
ASSET SIZE<sup>2</sup>

**a2** BASELINE CREDIT  
ASSESSMENT<sup>4</sup>

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

<sup>1</sup>Locations outside the core banking footprint that accept deposits

Sources: <sup>2</sup>S&P Global Market Intelligence – Regulated U.S. depositories which includes commercial banks, bank holding companies, and credit unions, rankings as of 6/30/2024; <sup>3</sup>Includes loans held for sale; <sup>4</sup>Moody's Sector Profile: Banks, August 28, 2024, Baseline Credit Assessment (BCA) reflects a bank's standalone credit strength; Company reports and filings, information as of 9/30/2024 unless otherwise noted.

# TRACK RECORD OF LONG-TERM OUTPERFORMANCE

## Revenue Diversification

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



## Continued Long-Term Investments

Core banking system implementation, Enterprise Digital, Expansion Markets, Wealth Management, **CommerceHealthcare**<sup>®</sup>

## Capital Management

Strong capital ratios, 56th consecutive year of common dividend increases<sup>4</sup>

## Deposit Franchise

\$23.7 billion in low-cost, diverse deposits<sup>2</sup> with peer-leading historical deposit betas

## Credit Quality

Conservative risk profile drives outperformance across credit cycles

## Consistent Earnings and Shareholder Value

Over 8% total annualized return to shareholders over the last 20 years, outperforming the annualized KBW Regional Bank Index return of 4%<sup>3</sup>



<sup>1</sup>As of YTD 9/30/2024; <sup>2</sup>Excludes certificates of deposit greater than \$100,000, period-end balance as of 9/30/2024;

<sup>3</sup>As of 9/30/2024; <sup>4</sup>Based on 1Q2024 paid dividend

# 3Q2024 HIGHLIGHTS

## Highlights

Net Income  
**\$138.0 million**

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PPNR<sup>1</sup>  
**\$183.8 million**

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EPS  
**\$1.07**

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ROAA  
**1.80%**

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ROACE  
**16.81%**

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Efficiency Ratio  
**56.31%**

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<sup>1</sup>See the non-GAAP reconciliation on page 24

## Well-positioned for current environment

- Net interest income was flat compared to Q2 at \$262MM.
- Net interest margin declined 5 bps from Q2 to 3.50%; excluding TIPs inflation income, Q3 net interest margin of 3.49%, up 4 bps over Q2.
- Total cost of deposits was flat compared to Q2 at 1.40%.
- Non-interest income increased 11% over the prior year and was 38% of total revenue.
- Non-interest expense increased 4% over the prior year.
- Purchases of available for sale debt securities in Q3 totaled \$976MM with a weighted average yield of approximately 3.87%.
- Average loan growth slowed, with average loans increasing slightly by \$58MM over the prior year.
- Net loan charge-offs of .22% and non-accrual loans of .11%.
- TCE/TA increased 65 bps over Q2 to 10.47%. Book value per share increased 10% over Q2 to \$26.90.

# BALANCE SHEET HIGHLIGHTS

Quarterly Average Balances		3Q24 vs. 2Q24		3Q24 vs. 3Q23	
\$ in millions	3Q24	\$ Change	% Change	\$ Change	% Change
Commercial	\$10,948.1	\$-169.8	-2%	\$-52.0	0%
Consumer	6,077.7	21.2	0%	109.5	2%
Total Loans	\$17,025.9	\$-148.6	-1%	\$57.6	0%
Investment Securities <sup>1</sup>	\$9,021.6	\$-140.4	-2%	\$-1,468.2	-14%
Interest Earning Deposits with Banks	\$2,565.2	\$465.4	22%	\$227.4	10%
Deposits	\$24,350.7	\$65.3	0%	\$-1,214.9	-5%
Book Value per Share <sup>2</sup>	\$26.90	\$2.42	10%	\$7.00	35%

**Average Loans:**  
Increased slightly compared to the prior year.

**Investment securities:**  
Purchased \$976 million of available for sale debt securities; sold remaining Visa Class C shares.

**Interest Earning Deposits with Banks:** Ample levels of liquidity on balance sheet.

**Average Deposits:**  
Increased slightly compared to previous quarter.

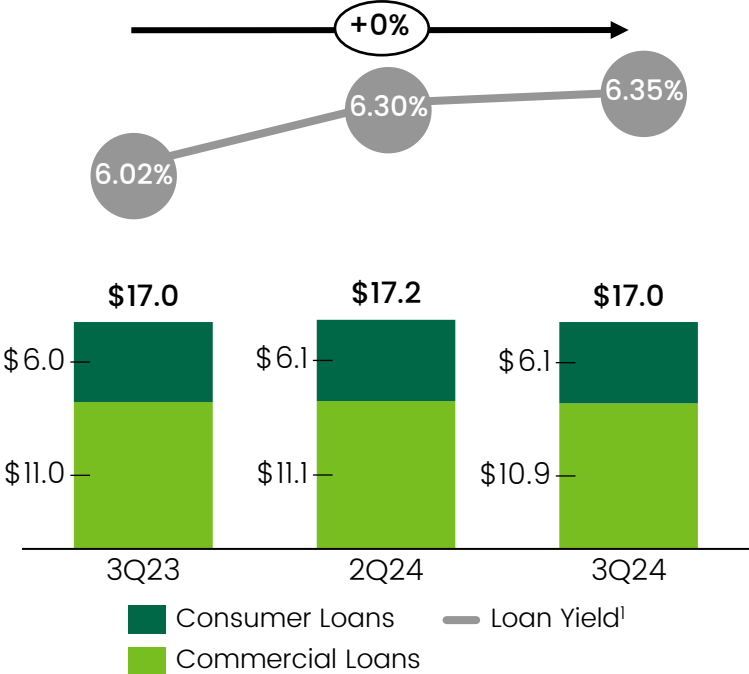
<sup>1</sup>At fair value

<sup>2</sup>For the quarters ended September 30, 2024, June 30, 2024, and September 30, 2023

# BALANCE SHEET

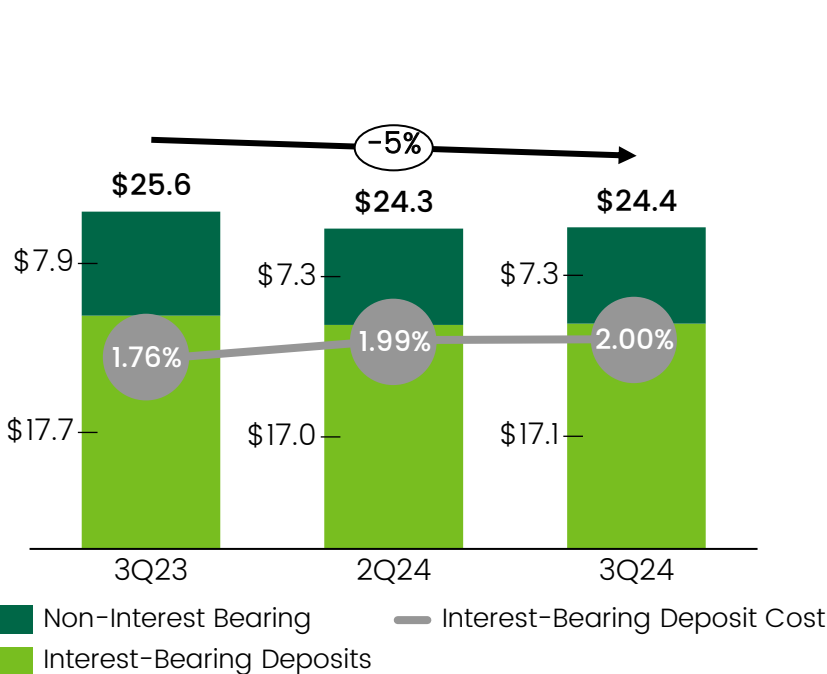
## Loans

QTD Average Balances  
\$ billions



## Deposits

QTD Average Balances  
\$ billions



<sup>1</sup>Tax equivalent yield

# LOAN PORTFOLIO

## Period-End Balances

## QTD Average Balances

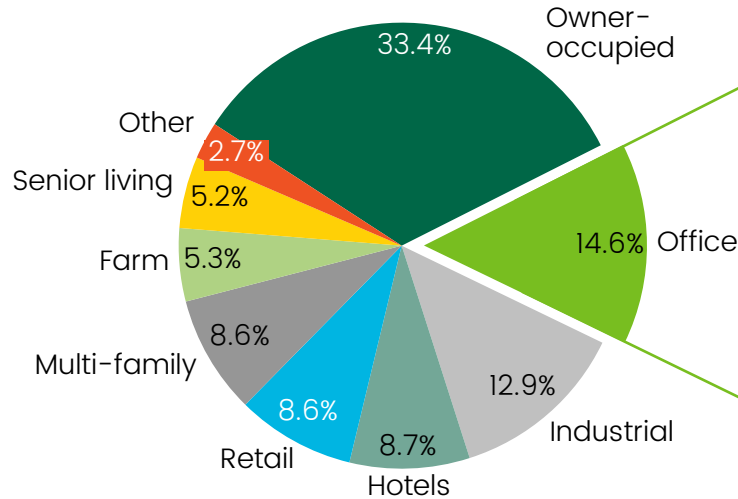
\$ in 000s	9/30/2024	6/30/2024	9/30/2023	QoQ	YoY	\$ in 000s	9/30/2024	6/30/2024	9/30/2023	QoQ	YoY
Business	\$6,048,328	\$6,090,724	\$5,908,330	-7%	2.4%	Business	\$5,966,797	\$5,980,364	\$5,849,227	-.2%	2.0%
Construction	1,381,607	1,396,515	1,539,566	-1.1%	-10.3%	Construction	1,400,563	1,471,504	1,508,850	-4.8%	-7.2%
Business Real Estate	3,586,999	3,572,539	3,647,168	.4%	-1.6%	Business Real Estate	3,580,772	3,666,057	3,642,010	-2.3%	-1.7%
Personal Real Estate	3,043,391	3,055,182	3,024,639	-.4%	.6%	Personal Real Estate	3,047,563	3,044,943	2,992,500	.1%	1.8%
Consumer	2,108,281	2,145,609	2,125,804	-1.7%	-8%	Consumer	2,129,483	2,127,650	2,102,281	.1%	1.3%
Revolving Home Equity	342,376	331,381	305,237	3.3%	12.2%	Revolving Home Equity	335,817	326,204	304,055	2.9%	10.4%
Consumer Credit Card	574,746	566,925	574,829	1.4%	-.0%	Consumer Credit Card	559,410	552,896	564,039	1.2%	-.8%
Overdrafts	4,272	4,190	3,753	2.0%	13.8%	Overdrafts	5,460	4,856	5,341	12.4%	2.2%
<b>Total Loans</b>	<b>\$17,090,000</b>	<b>\$17,163,065</b>	<b>\$17,129,326</b>	<b>-.4%</b>	<b>-.2%</b>	<b>Total Loans</b>	<b>\$17,025,865</b>	<b>\$17,174,474</b>	<b>\$16,968,303</b>	<b>-.9%</b>	<b>.3%</b>



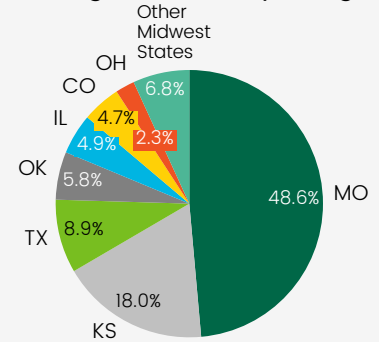
# COMMERCIAL REAL ESTATE BREAKDOWN

Real Estate - Business Loans	% of Total Loans
Owner - Occupied	7.0%
Office	3.1%
Industrial	2.7%
Retail	1.8%
Hotels	1.8%
Multi-family	1.8%
Farm	1.1%
Senior living	1.1%
Other	.6%
<b>Total</b>	<b>21.0%</b>

## Real Estate - Business Loans \$3.6 billion



## Real Estate - Business Loans: Office Outstanding Balances by Geography<sup>1</sup>



## Real Estate - Business Loans: Office Attributes as of September 30, 2024

- TTM Net Charge-offs on Office loans: .00%
- Delinquent Office Loans: .00%
- Non-Performing Office Loans: .00%
- Criticized<sup>2</sup> Office Loans to Total Office Loans: 13.4%
- Weighted Average LTV of Office Loans: 65.3%<sup>3</sup>
- Percent of loans at floating interest rate: 72.1%

<sup>1</sup>Geography determined by location of collateral. Includes only loans with a balance of \$1 million and above, which represents 94% of outstanding balance of the stabilized, non-owner occupied office loans

<sup>2</sup>Criticized is defined as special mention, substandard, and non-accrual loans

<sup>3</sup>LTV 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 94% of outstanding balance of the stabilized, non-owner occupied office loans

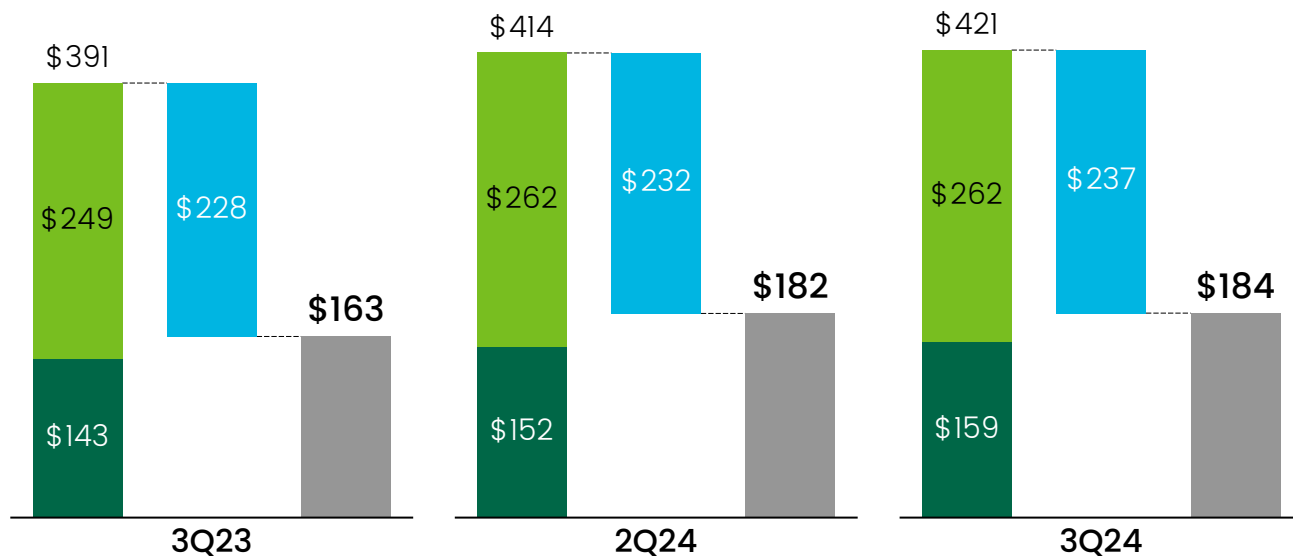
# INCOME STATEMENT HIGHLIGHTS

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

\$ in millions

- Net Interest Income (+)
- Non-Interest Income (+)
- Non-Interest Expense (-)
- Pre-Tax, Pre-Provision Net Revenue (=)

3Q24 Comparison	
vs. 3Q23	12.4%
vs. 2Q24	.8%



Revenue increased 1.7% over Q2 and increased 7.6% over the prior year.

Expenses increased 2.3% over Q2 and increased 4.2% over the prior year.

<sup>1</sup>See the non-GAAP reconciliation on page 24

# INCOME STATEMENT HIGHLIGHTS

\$ in millions	3Q24	3Q24 vs. 2Q24		3Q24 vs. 3Q23	
		\$ Change	% Change	\$ Change	% Change
Net Interest Income	\$262.4	\$ .1	0%	\$13.8	6%
Non-Interest Income	\$159.0	\$6.8	4%	\$16.1	11%
Non-Interest Expense	\$237.6	\$5.4	2%	\$9.6	4%
Pre-Tax, Pre-Provision Net Revenue <sup>1</sup>	\$183.8	\$1.5	1%	\$20.3	12%
Investment Securities Gains, Net	\$3.9	\$ .6	20%	-\$ .4	-10%
Provision for Credit Losses	\$9.1	\$3.7	67%	-\$2.5	-22%
Net-Income Attributable to Commerce Bancshares, Inc.	\$138.0	-\$1.5	-1%	\$17.4	14%
For the three months ended	3Q24	2Q24	3Q24 vs. 2Q24	3Q23	3Q24 vs. 3Q23
Net Income per Common Share – Diluted	\$1.07	\$1.07	0%	\$.92	16%
Net Yield on Interest Earning Assets	3.50%	3.55%	-5 bps	3.11%	39 bps

<sup>1</sup>See the non-GAAP reconciliation on page 24

# NON-INTEREST INCOME HIGHLIGHTS

\$ in millions	3Q24	3Q24 vs. 2Q24		3Q24 vs. 3Q23	
		\$ Change	% Change	\$ Change	% Change
Trust Fees	\$54.7	\$2.4	5%	\$5.5	11%
Bank Card Transaction Fees	47.6	.1	0%	.7	1%
Deposit Account Charges and Other Fees	25.4	.1	0%	2.3	10%
Capital Market Fees	6.0	1.2	26%	2.5	70%
Consumer Brokerage Services	4.6	.1	3%	.8	21%
Loan Fees and Sales	3.4	.0	0%	.5	16%
Other	17.3	2.8	20%	3.9	29%
<b>Total Non-Interest Income</b>	<b>\$159.0</b>	<b>\$6.8</b>	<b>4%</b>	<b>\$16.1</b>	<b>11%</b>

## Trust Fees:

Increase over prior year mainly due to higher private client fees.

## Deposit Account Charges and Other Fees:

Increase compared to the prior year mainly due to higher corporate cash management fees.

## Capital Market Fees:

Increase over the prior year mainly due to higher trading securities income.

## Other:

Increase compared to the prior year due to gain on sales of real estate (\$3.4 million), increase in fair value adjustments on deferred compensation plan (\$1.8 million) and lower tax credit sales income (\$1.4 million).

# NON-INTEREST EXPENSE HIGHLIGHTS

\$ in millions	3Q24	3Q24 vs. 2Q24		3Q24 vs. 3Q23	
		\$ Change	% Change	\$ Change	% Change
Salaries and Employee Benefits	\$153.1	\$4.0	3%	\$6.3	4%
Data Processing and Software	32.2	.7	2%	1.5	5%
Net Occupancy	13.4	.9	7%	-.5	-4%
Professional and other services	8.8	.2	2%	.5	6%
Marketing	7.3	1.9	36%	1.1	18%
Equipment	5.3	.2	4%	.6	13%
Supplies and Communication	5.0	.3	7%	.0	0%
Deposit Insurance	2.9	.6	24%	-1.1	-27%
Other	9.6	-3.4	-26%	1.2	15%
<b>Total Non-Interest Expense</b>	<b>\$237.6</b>	<b>\$5.4</b>	<b>2%</b>	<b>\$9.6</b>	<b>4%</b>

**Salaries and employee benefits:**  
Increase compared the prior year mainly due to higher full-time salaries and incentive compensation.

**Deposit Insurance:**  
Accrual adjustment of \$525 thousand decreased expense for Q3 when compared to the prior year.

**Other:**  
Lower than previous quarter due to \$5 million contribution in Q2 to a related charitable foundation.

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# LIQUIDITY AND CAPITAL

# LIQUIDITY AND CAPITAL HIGHLIGHTS

## Liquidity

- \$2.6B in cash at Federal Reserve Bank (FRB) at Q3.
- QTD average loan to deposit ratio of 70%.
- AFS debt securities portfolio duration of 4.0 years.
- Investment securities purchases in Q3 totaled \$976MM at a weighted average yield of approximately 3.87%.
- Cash flows from maturities and paydowns of investments and resale agreements of approximately \$1.7B expected over the next twelve months.
  - AFS debt securities of \$1.6B
  - Securities purchased under agreements to resell of \$125MM

## Capital

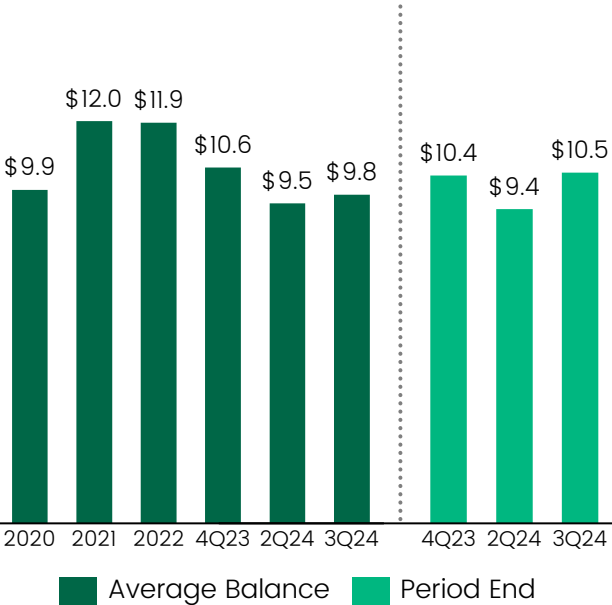
- TCE/TA of 10.47%, an increase of 65 bps over Q2. Tier 1 leverage at 12.31%.
- Purchased \$44MM of common stock vs. \$38MM in Q2.
- AOCI loss decreased from \$(808MM) at Q2 to \$(577MM) at Q3.
- Book value per share increased 10% over Q2 to \$26.90.

# DEPOSIT BALANCE TRENDS

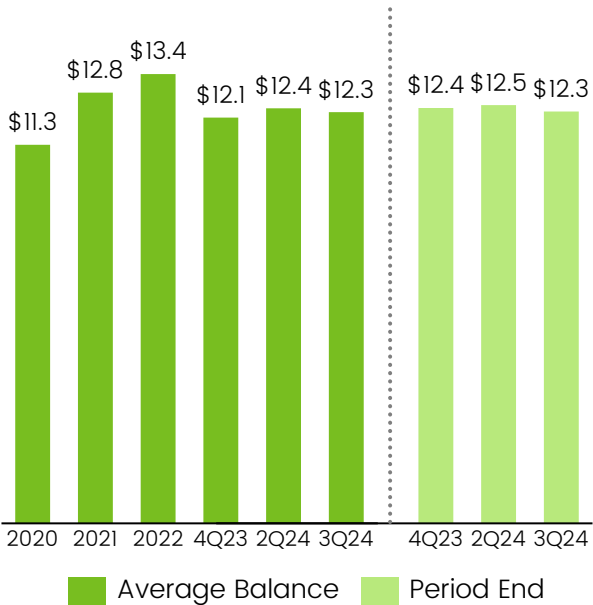
## Segment view

\$ in billions

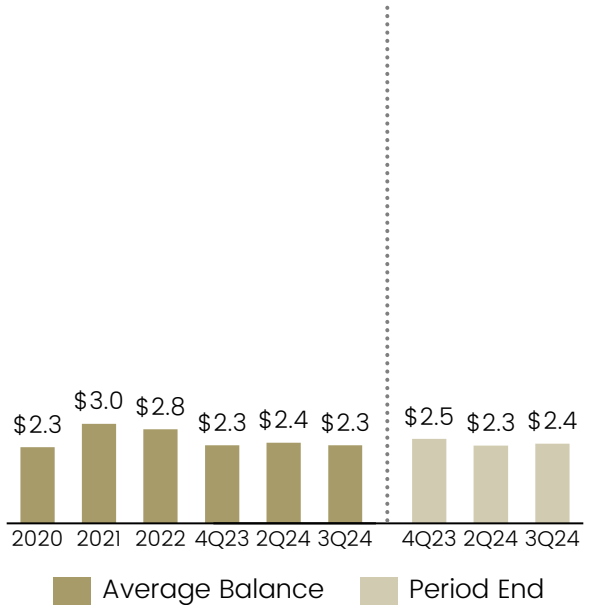
### Commercial



### Consumer



### Wealth



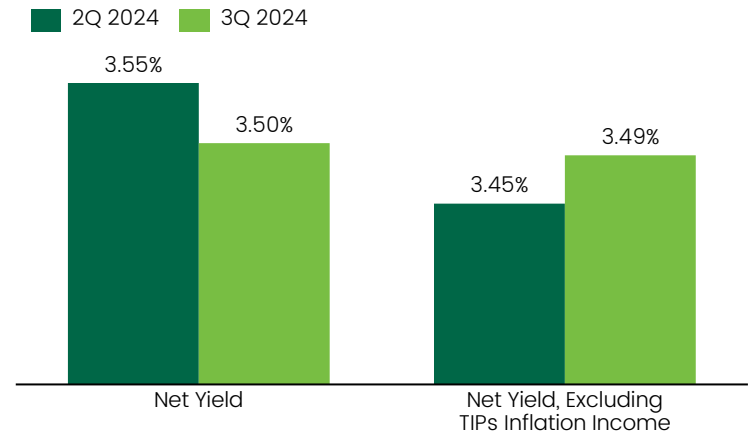
Segment balances do not include brokered deposits.  
2020 through 2022 are full year average balances.



# OPPORTUNITIES TO ENHANCE AND PROTECT NET INTEREST INCOME

- Net yield on interest earning assets decreased 5 bps from Q2 to 3.50%.
- Loan yield increased 5 bps over Q2 to 6.35%.
- Total cost of deposits was flat compared to Q2 at 1.40%.
- As of December 31, 2023, 57% of loans were variable rate.
- Purchases of investment securities in Q3 totaled \$976MM at a weighted average yield of approximately 3.87%.
- Cash flows from maturities and paydowns of investments and resale agreements of approximately \$1.7B expected over the next twelve months.

Quarterly Net Yield on Interest Earning Assets



## 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 4/2025.
- 2.75% floor contract with a notional value of \$500 million. The contract begins 7/2025.

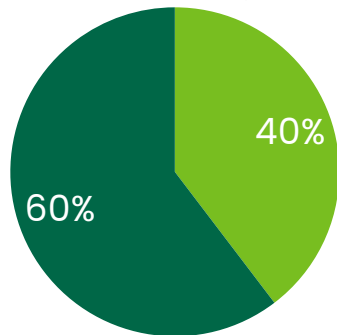
# SUMMARY OF FIXED & FLOATING LOANS

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

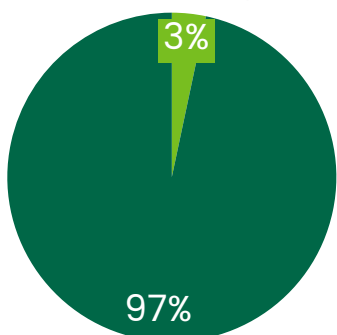


Commercial

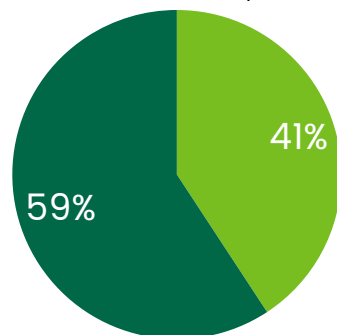
Business  
Total Loans: \$6.0B



Construction  
Total Loans: \$1.4B

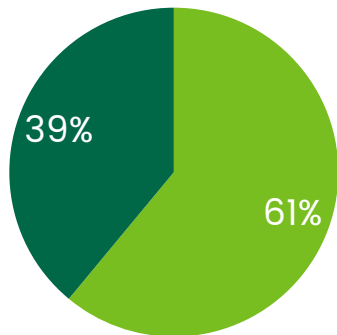


Business RE  
Total Loans: \$3.7B

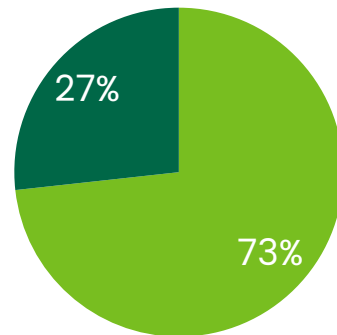


Consumer

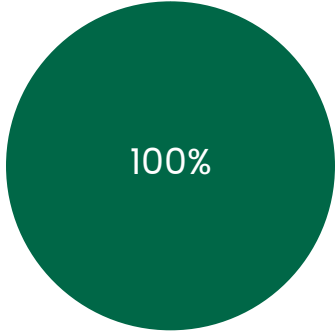
Personal RE  
Total Loans: \$3.0B



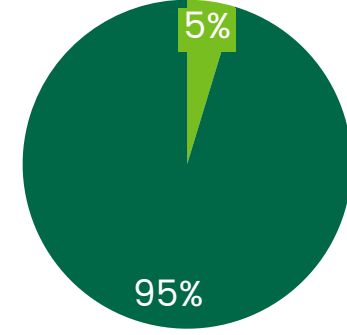
Consumer  
Total Loans: \$2.1B



HELOC  
Total Loans: \$0.3B



Consumer Card  
Total Loans: \$0.6B



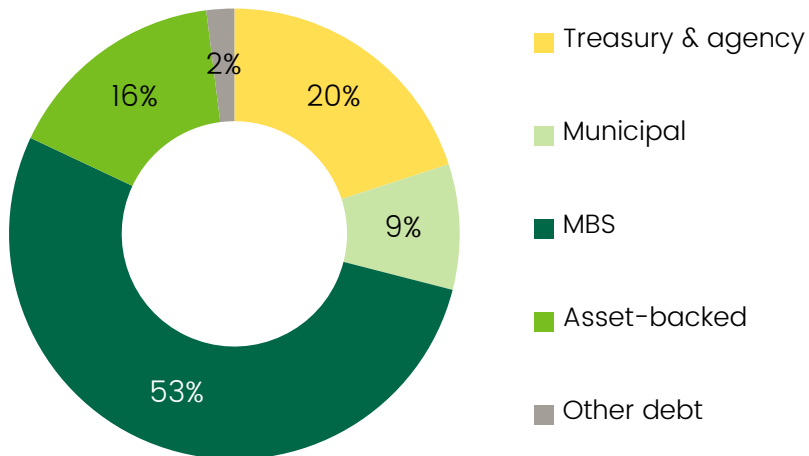
Source: 2023 10-K

# HIGH QUALITY, HIGHLY LIQUID AND DIVERSE INVESTMENT PORTFOLIO

## Composition of AFS Portfolio

As of September 30, 2024

Total available for sale securities  
Average balance: \$8.7 billion, at fair value

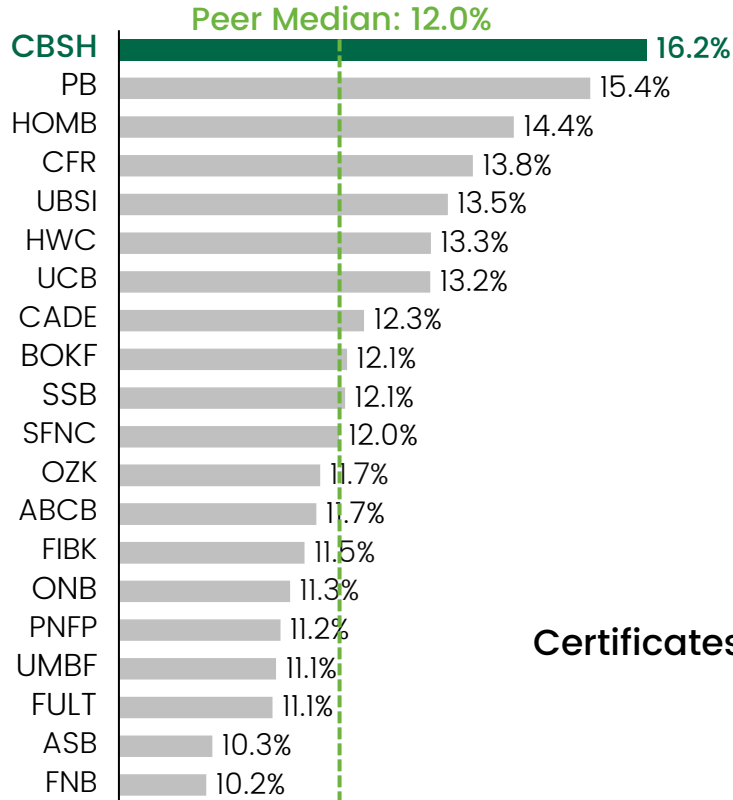


QTD – Sept. 30, 2024	Avg Rate	Duration (yrs)
Treasury & agency <sup>1</sup>	3.40%	3.2
Municipal	2.00% <sup>2</sup>	4.8
MBS	1.95%	5.4
Asset-backed	2.66%	1.0
Other debt	2.07%	2.3
<b>Total</b>	<b>2.41%</b>	<b>4.0</b>

<sup>1</sup>Excludes inflation effect on TIPs; <sup>2</sup>Tax equivalent yield

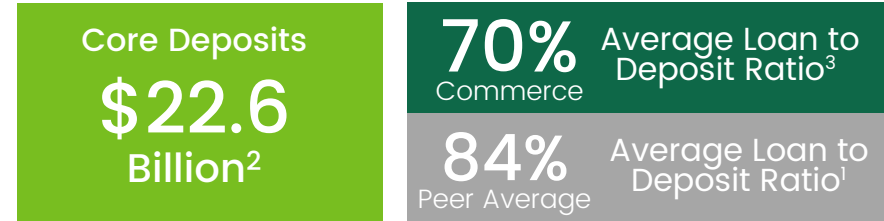
# SOUND CAPITAL AND LIQUIDITY POSITION

## Tier 1 Risk-Based Capital Ratio<sup>1</sup>

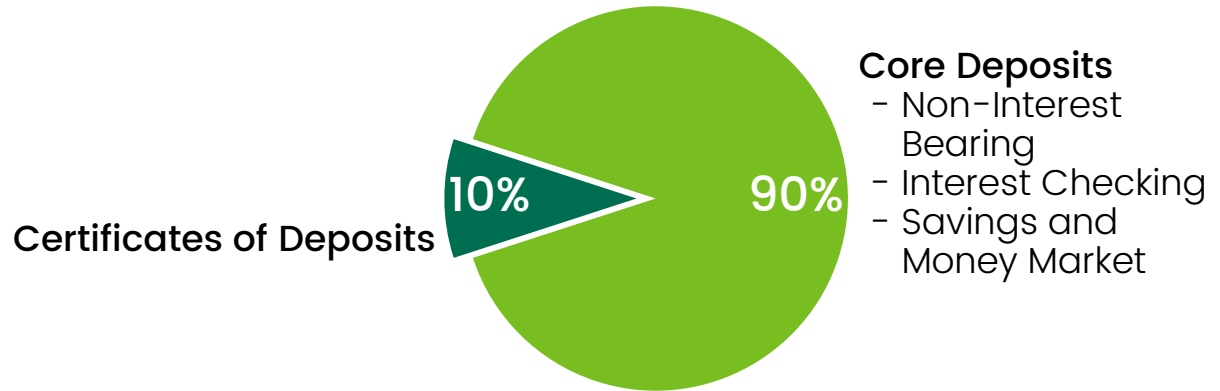


## Loan to Deposit Ratio

Large, stable deposit base



## Total Deposits



<sup>1</sup>S&P Global Market Intelligence, Information as of June 30, 2024

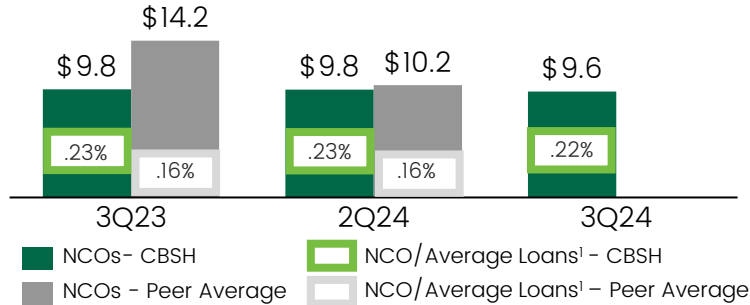
<sup>2</sup>Period-end balances, as of September 30, 2024

<sup>3</sup>Includes loans held for sale, for the quarter ended September 30, 2024

# MAINTAINING STRONG CREDIT QUALITY

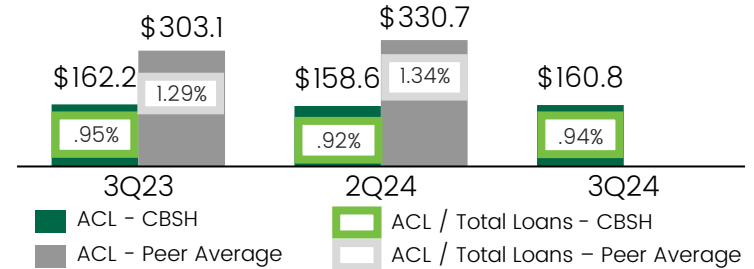
## Net Loan Charge-Offs (NCOs)

\$ in millions



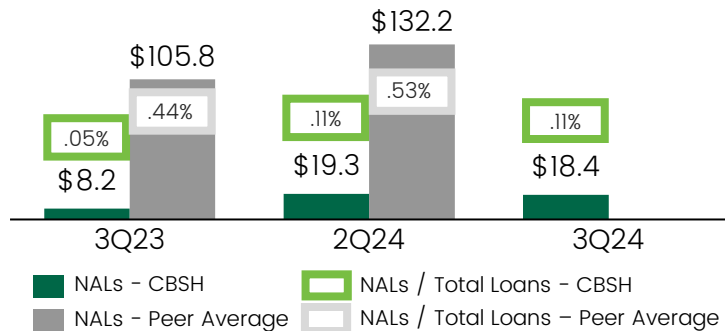
## Allowance for Credit Losses on Loans (ACL)

\$ in millions

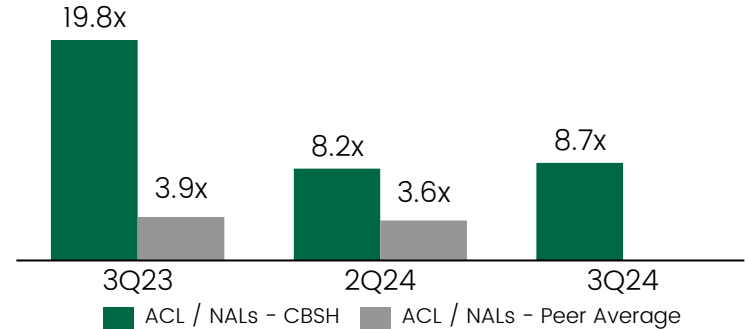


## Non-Accrual Loans (NALs)

\$ 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, HOMB, ONB, OZK, PB, PNFP, SFNC, SSB, UBSI, UCB, UMBF  
 \*As a percentage of average loans (excluding loans held for sale)

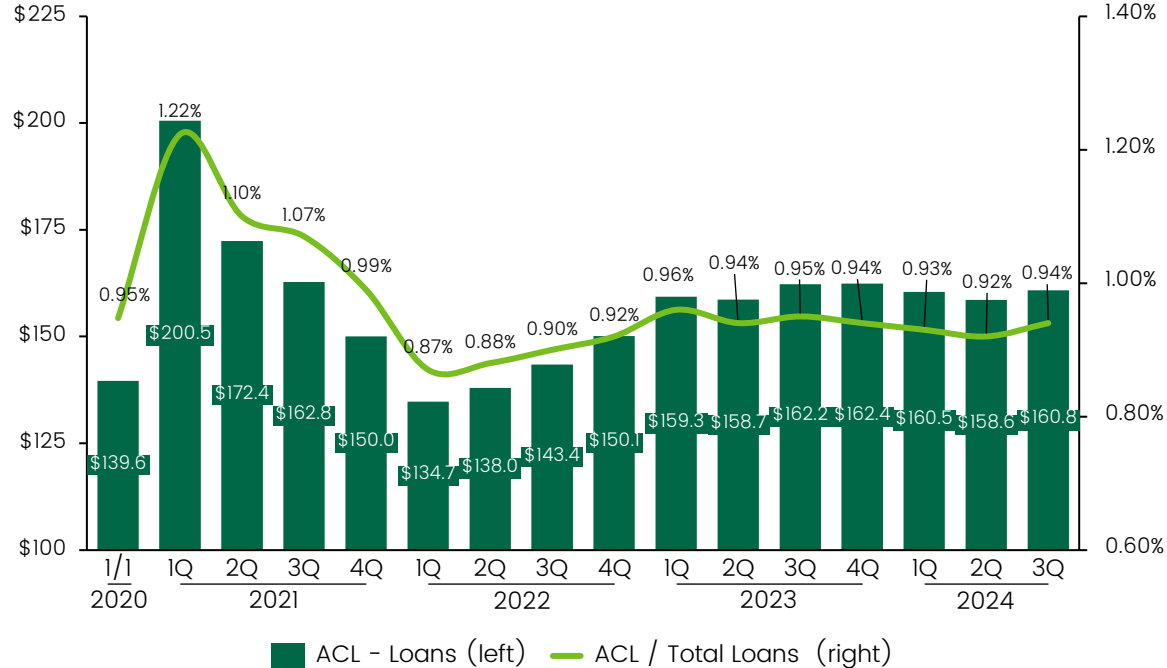
# ALLOCATION OF ALLOWANCE

CECL allowances reflect the economic and market outlook

	June 30, 2024		September 30, 2024	
\$ in millions	Allowance for Credit Losses (ACL)	% of Outstanding Loans	Allowance for Credit Losses (ACL)	% of Outstanding Loans
Business	\$ 45.1	.74%	\$ 43.7	.72%
Bus R/E	32.2	.90%	33.6	.94%
Construction	29.9	2.14%	29.7	2.15%
<b>Commercial total</b>	<b>\$ 107.2</b>	<b>.97%</b>	<b>\$ 107.0</b>	<b>.97%</b>
Consumer	11.1	.52%	11.3	.54%
Consumer CC	29.2	5.15%	30.0	5.23%
Personal R/E	9.1	.30%	10.4	.34%
Revolving H/E	1.8	.54%	1.9	.54%
Overdrafts	.2	3.70%	.2	3.53%
<b>Consumer total</b>	<b>\$ 51.3</b>	<b>.84%</b>	<b>\$ 53.8</b>	<b>.89%</b>
<b>Allowance for credit losses on loans</b>	<b>\$ 158.6</b>	<b>.92%</b>	<b>\$ 160.8</b>	<b>.94%</b>

## Allowance for Credit Losses (ACL) on Loans

\$ in millions



# 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

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Nationwide footprint with Greater Midwest Focus

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34 Portfolio Companies Representing

\$945.9 million in Revenue  
Over 3,000 Employees

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Fair Value as of September 30, 2024:  
**\$171.0 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

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## Investment Structures

Subordinated debt  
Preferred stock  
Common stock  
Warrants

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## Other Information

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



# NON-GAAP RECONCILIATIONS

## Pre-tax, Pre-provision Net Revenue

		For The Three Months Ended		
		Sept. 30, 2024	June 30, 2024	Sept. 30, 2023
(DOLLARS IN THOUSANDS)				
A	Net Interest Income	\$ 262,351	\$ 262,249	\$ 248,547
B	Non-Interest Income	\$ 159,025	\$ 152,244	\$ 142,949
C	Non-Interest Expense	\$ 237,600	\$ 232,214	\$ 228,010
<b>Pre-Provision Net Revenue (A+B-C)</b>		<b>\$ 183,776</b>	<b>\$ 182,279</b>	<b>\$ 163,486</b>



# Investor Relations

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