

 **MOMENTUM: Innovation. Improvement. Growth.**

COMMERCE BANCSHARES, INC.

EARNINGS HIGHLIGHTS

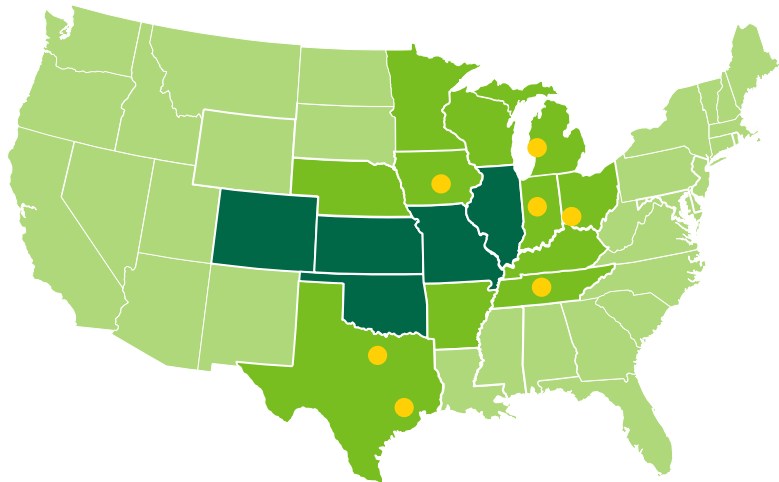
1st Quarter 2023

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 2022 Annual Report on Form 10-K and the Corporation’s Current Reports on Form 8-K.

COMMERCE BANCSHARES

158 YEARS IN BUSINESS



FULL-SERVICE BANKING FOOTPRINT

148 full-service branches and 293 ATMs
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

U.S. PRESENCE

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

Sources: ¹S&P Global Market Intelligence – Regulated U.S. depositories which includes commercial banks, bank holding companies, and credit unions, rankings as of 12/31/2022; ²Includes loans held for sale; ³Moody's Credit Opinion – Commerce Bancshares, Inc., February 15, 2023, Baseline Credit Assessment (BCA) reflects a bank's standalone credit strength; Company reports and filings, information as of 3/31/2023 unless otherwise noted.

TOTAL ASSETS

\$32.0
BILLION

43RD

LARGEST U.S. BANK
BASED ON ASSET SIZE¹

MARKET CAP

\$7.3
BILLION

21ST

LARGEST U.S. BANK BASED
ON MARKET CAP¹

TOTAL TRUST ASSETS UNDER ADMINISTRATION

\$62.0
BILLION

20TH

LARGEST AMONG BANK-MANAGED
TRUST COMPANIES BASED ON AUM¹

TIER 1 COMMON RISK- BASED CAPITAL RATIO

AS OF DECEMBER 31, 2022

14.1%

6TH

HIGHEST AMONG TOP 50 U.S.
BANKS BASED ON ASSET SIZE¹

TOTAL DEPOSITS

\$24.7
BILLION

TOTAL LOANS²

\$16.5
BILLION

\$10.4 **COMMERCIAL
CARD VOLUME**
BILLION AS OF DECEMBER 31, 2022

18.8% **RETURN ON
AVERAGE
COMMON
EQUITY YTD**

5TH YTD ROACE FOR THE TOP
50 U.S. BANKS BASED ON
ASSET SIZE¹

a1 **BASELINE CREDIT
ASSESSMENT³**

1 of 5 MOODY'S RANKS COMMERCE
AMONG THE TOP 5 BANKS IN
THE COUNTRY

TRACK RECORD OF LONG-TERM OUTPERFORMANCE

Revenue Diversification

Balanced earnings profile, fee revenue at 35%¹ of total revenue, bolstered by growing wealth and national payments businesses



CommercePayments

Deposit Franchise

\$23.6 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**

Consistent Earnings & Shareholder Value

Over 9% total annualized return to shareholders over the last 15 years, outperforming the annualized KBW Regional Bank Index return of 4%¹

Capital Management

Strong capital ratios, 55th consecutive year of common dividend increases³

Credit Quality

Conservative risk profile drives outperformance across credit cycles

¹As of 3/31/2023

²Excludes certificates of deposit greater than \$100,000, period-end balance as of 3/31/2023

³Based on 1Q2023 declared dividend

1Q2023 HIGHLIGHTS

Highlights

PPNR¹
\$165.1 million

Net Income
\$119.5 million

EPS
\$0.95

ROAA
1.54%

ROACE
18.75%

Efficiency Ratio
57.49%

Well-positioned for current environment

- PPNR¹ was up 22.4% year over year but down 5.5% from Q4.
- Net interest income decreased 1.2% from Q4.
- Net interest margin increased 81 bps year over year and 8 bps over Q4 to 3.26%.
- Non-interest income increased 0.6% over Q4 (35.4% of total revenue).
- Wealth management client assets increased 2.9% in Q1 to \$62.0 billion.
- Non-interest expense increased 3.4% over Q4.
- QTD average loans up 3.3% over Q4. Period-end loans up 1.4% over Q4.
- QTD average deposits decreased \$1.4 billion from Q4. Period-end deposits decreased \$1.5 billion from Q4. See *Liquidity and Capital Section (page 13)* for more information.
- Net charge-offs to total average loans of .17% and non-accrual loans to total loans of .05%.
- Tangible common equity to tangible assets of 7.92%. Leverage ratio of 10.61%.

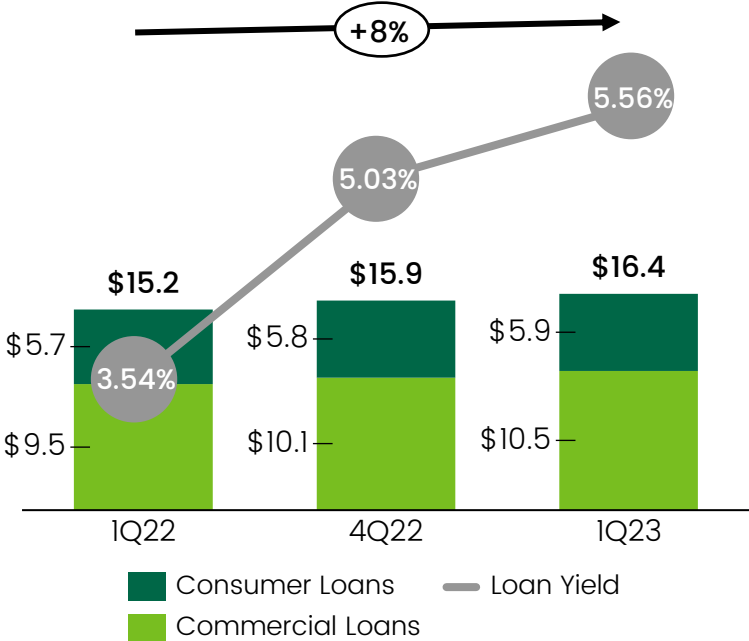
BALANCE SHEET HIGHLIGHTS

Quarterly Average Balances \$ in millions	Change vs.		Highlights	
	1Q23	4Q22		1Q22
Commercial ¹	\$10,545.3	↑ \$497.5	↑ \$991.2	<ul style="list-style-type: none"> Linked quarter (LQ) and prior year (PY) reflects growth in business, business real estate, and construction loans
Consumer	5,858.6	↑ 21.4	↑ 189.5	
Total Loans	\$16,403.9	↑ \$518.9	↑ \$1,180.7	
Investment Securities	\$12,097.9	↓ \$(577.5)	↓ \$(3,089.3)	<ul style="list-style-type: none"> LQ decrease mainly due to sales, maturities and pay downs of AFS securities No investment securities are classified as held-to-maturity
Interest Earning Deposits with Banks	\$809.9	↑ \$169.9	↓ \$(1,798.1)	
Deposits	\$25,249.0	↓ \$(1,358.0)	↓ \$(4,100.6)	<ul style="list-style-type: none"> 5.1% decline from LQ See the <i>Liquidity and Capital</i> section starting on page 13 for more information
Book Value per Share ²	\$21.51	↑ \$1.66	↓ \$(1.92)	<ul style="list-style-type: none"> Lower long-term interest rates (AOCI impact) and higher net income drove quarterly increase

BALANCE SHEET

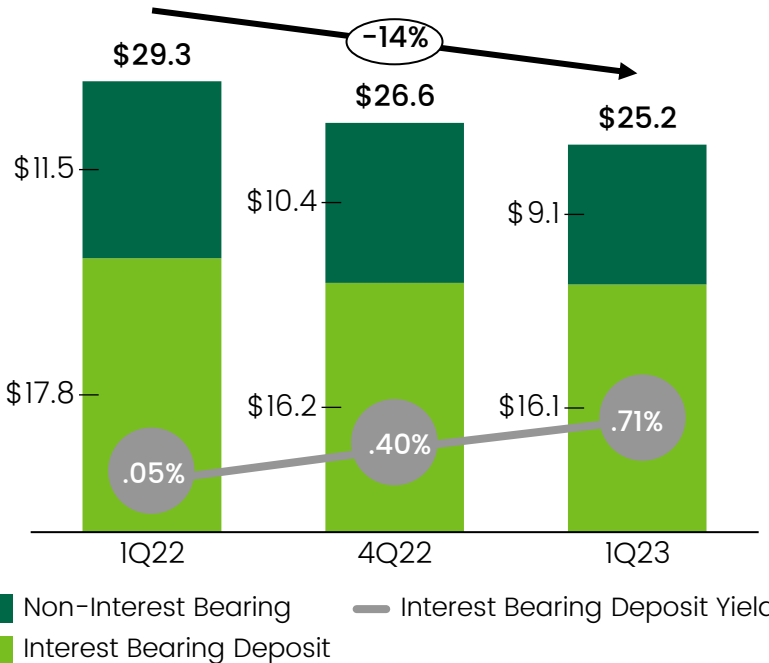
Loans

QTD Average Balances
\$ billions



Deposits

QTD Average Balances
\$ billions



LOAN PORTFOLIO

Period-End Balances

QTD Average Balances

\$ in 000s	3/31/2023	12/31/2022	3/31/2022	QoQ	YoY	\$ in 000s	3/31/2023	12/31/2022	3/31/2022	QoQ	YoY
Business	\$5,704,467	\$5,661,725	\$5,508,508	0.8%	3.6%	Business	\$5,656,104	\$5,478,241	\$5,324,172	3.2%	6.2%
Construction	1,437,419	1,361,095	1,144,411	5.6%	25.6%	Construction	1,410,835	1,268,900	1,134,902	11.2%	24.3%
Business Real Estate	3,486,543	3,406,981	3,109,668	2.3%	12.1%	Business Real Estate	3,478,382	3,300,697	3,095,068	5.4%	12.4%
Personal Real Estate	2,952,042	2,918,078	2,820,076	1.2%	4.7%	Personal Real Estate	2,933,750	2,886,686	2,808,980	1.6%	4.4%
Consumer	2,094,389	2,059,088	2,053,160	1.7%	2.0%	Consumer	2,067,385	2,089,912	2,040,200	-1.1%	1.3%
Revolving Home Equity	295,478	297,207	264,401	-0.6%	11.8%	Revolving Home Equity	296,748	293,681	273,859	1.0%	8.4%
Consumer Credit Card	558,669	584,000	544,579	-4.3%	2.6%	Consumer Credit Card	556,223	559,463	540,844	-0.6%	2.8%
Overdrafts	6,515	14,957	14,211	-56.4%	-54.2%	Overdrafts	4,449	7,428	5,178	-40.1%	-14.1%
Total Loans	\$16,535,522	\$16,303,131	\$15,459,014	1.4%	7.0%	Total Loans	\$16,403,876	\$15,885,008	\$15,223,203	3.3%	7.8%

INCOME STATEMENT HIGHLIGHTS

\$ in millions	Change vs.				Highlights
	1Q23	4Q22	1Q22		
Net Interest Income	\$251.6	↓ \$ (3.0)	↑ \$42.8		<ul style="list-style-type: none"> Linked quarter (LQ) decrease due to higher interest expense and lower investment securities balances, partly offset by higher interest earned on loans
Non-Interest Income	\$137.6	↑ \$0.8	↑ \$5.8		<ul style="list-style-type: none"> See page 10
Non-Interest Expense	\$224.1	↑ \$7.4	↑ \$18.5		<ul style="list-style-type: none"> See page 11
Pre-Tax, Pre-Provision Net Revenue ¹	\$165.1	↓ \$ (9.6)	↑ \$30.2		
Investment Securities Losses, Net	\$ (0.3)	↓ \$ (9.2)	↓ \$ (7.5)		<ul style="list-style-type: none"> 1Q23 net losses resulted from losses of \$3.1 million on sales of available for sale debt securities, mostly offset by net fair value gains of \$2.3 million and a gain on the sale of an investment in the private equity investment portfolio
Provision for Credit Losses	\$11.5	↓ \$ (4.0)	↑ \$21.3		<ul style="list-style-type: none"> 1Q23 provision reflects an increase in the ACL on loans of \$9.2 million and a decrease in the liability for unfunded lending commitments of \$4.5 million
Net-Income Attributable to Commerce Bancshares, Inc.	\$119.5	↓ \$ (12.2)	↑ \$1.3		
For the three months ended	1Q23	4Q22	1Q22		
Net Income per Common Share – Diluted	\$0.95	↓ \$1.04	↑ \$0.92		
Net Yield on Interest Earning Assets	3.26%	↑ 3.18%	↑ 2.45%		<ul style="list-style-type: none"> Higher rates on earning assets supported quarterly margin expansion

¹See the non-GAAP reconciliation on page 26

NON-INTEREST INCOME HIGHLIGHTS

\$ in millions	1Q23	Change vs.		1Q22	Highlights	
		4Q22				
Bank Card Transaction Fees	\$46.7	↑	\$2.1	↑	\$4.6	• Prior year (PY) increase mainly due to higher corporate card fees
Trust Fees	\$45.3	↑	\$.6	↓	\$(2.5)	• 1Q23 reflects lower market values on assets under management compared to prior year (PY)
Deposit Account Charges and Other Fees	\$21.8	↓	\$(.2)	↓	\$(.6)	
Capital Market Fees	\$3.4		—	↓	\$(.8)	
Consumer Brokerage Services	\$5.1	↑	\$.6	↑	\$.6	
Loan Fees and Sales	\$2.6		—	↓	\$(1.6)	• Decline from PY reflects lower mortgage banking revenue
Other	\$12.8	↓	\$(2.2)	↑	\$6.0	• Increase over PY mainly due to higher sweep fees of \$2.6 million, a \$2.0 million increase in deferred compensation adjustments and a write down on a branch of \$956 thousand in the PY
Total Non-Interest Income	\$137.6	↑	\$.8	↑	\$5.8	

NON-INTEREST EXPENSE HIGHLIGHTS

\$ in millions	1Q23	Change vs.		1Q22	Highlights	
		4Q22				
Salaries and Employee Benefits	\$144.4	↑	\$5.9	↑	\$8.4	<ul style="list-style-type: none"> Increase over prior year (PY) mostly due to higher full-time salaries expense of \$7.6 million and higher benefits expense of \$1.4 million
Net Occupancy	\$12.8	↑	\$1.0	↑	\$5	
Equipment	\$4.8	↓	\$ (.2)	↑	\$3	
Supplies and Communication	\$4.6	↑	\$1	↓	\$ (.1)	
Data Processing and Software	\$28.1	↑	\$2	↑	\$1.1	<ul style="list-style-type: none"> Increase over PY due to higher bank card processing fees and increased costs for service providers
Marketing	\$5.5	↑	\$1	↓	\$ (.9)	
Other	\$23.9	↑	\$3	↑	\$9.2	<ul style="list-style-type: none"> Increase over PY mostly due to growth in FDIC insurance (\$2.3 million), deferred compensation (\$2.0 million) miscellaneous losses (\$1.3 million), and travel and entertainment expense (\$1.1 million)
Total Non-Interest Expense	\$224.1	↑	\$7.4	↑	\$18.5	

PRE-TAX, PRE-PROVISION NET REVENUE (PPNR)

Net Interest Income (+)

Non-Interest Expense (-)

Non-Interest Income (+)

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



See the non-GAAP reconciliation on page 26

LIQUIDITY AND CAPITAL

LIQUIDITY AND CAPITAL HIGHLIGHTS

Liquidity / Borrowing

- \$1.3B of cash at Federal Reserve Bank (FRB) at Q1.
- \$1.5B in Federal Home Loan Bank (FHLB) advances at Q1.
- No borrowings from Federal Reserve lending facilities during Q1.
- Increased borrowing capacity in Q1 from \$8.0B at Q4 to \$9.2B.
- AFS debt securities portfolio duration of 3.9 years.
- Cash flows from maturities and paydowns of approximately \$2.7B expected over the next twelve months.
 - AFS debt securities of \$2 billion
 - Securities purchased under agreements to resell of \$700 million

Deposits

- Average loan to deposit ratio of 65%.
- Seasonal deposit runoff in January occurred in line with expectations.
- Uninsured deposits² of 32% of total deposits at Q1.
- Largest industry segment commercial deposit concentration was 5.1%¹ of total deposits.

Capital

- TCE/TA of 7.92%, an increase of .60% over Q4. Tier 1 leverage at 10.61%.
- AOCI declined 13% from \$1.1B at Q4 to \$940MM at Q1.
- No Held-To-Maturity securities.

¹Largest commercial deposit sector (Finance and Insurance) includes affiliate deposits.

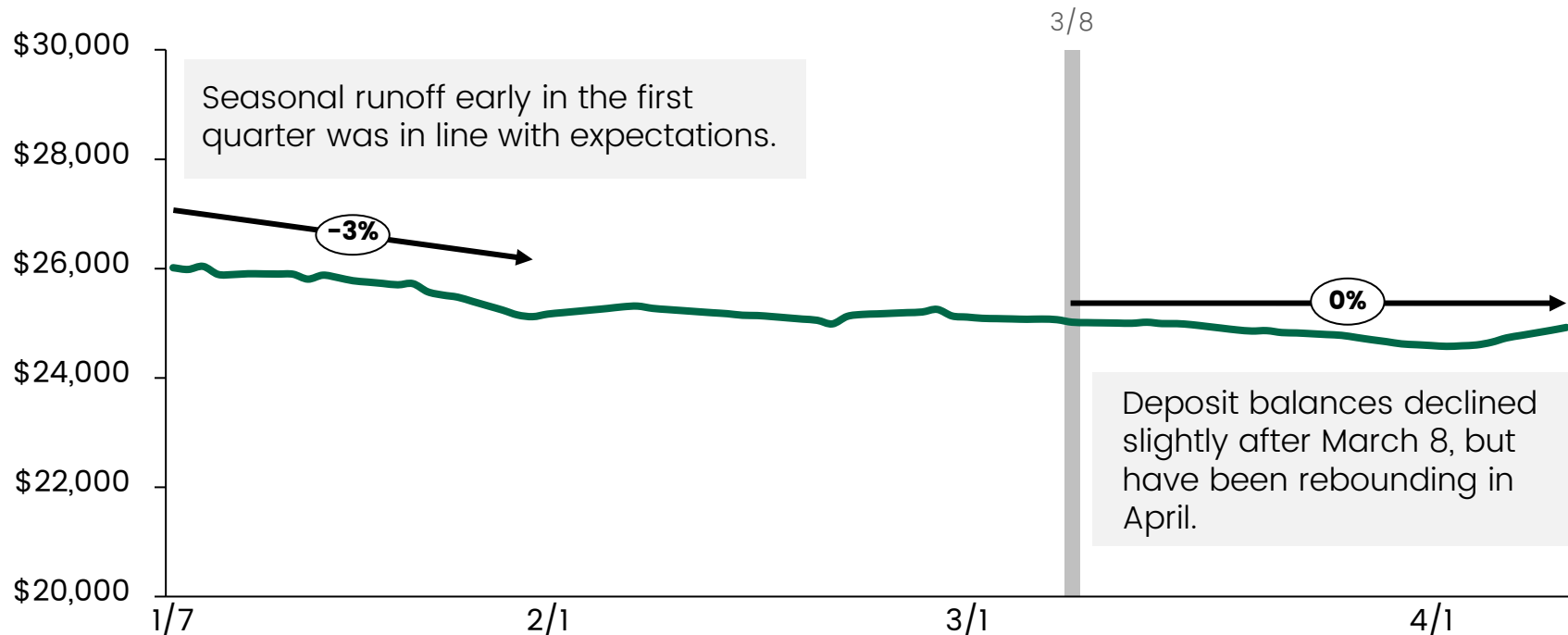
²Excludes affiliate and collateralized deposits

DEPOSIT TRENDS – YTD 2023

January 1, 2023 – April 10, 2023

7-Day Moving Average

\$ in millions

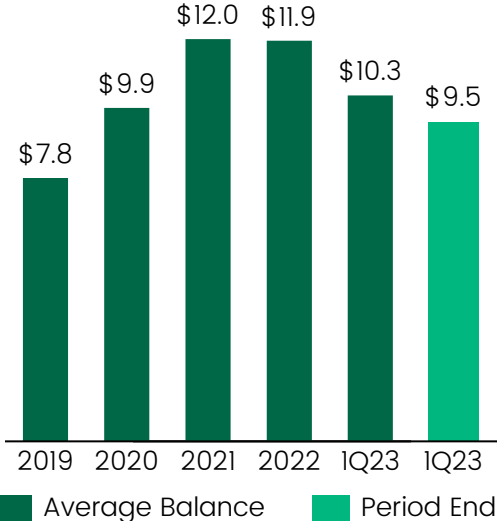


DEPOSIT BALANCE TRENDS

Segment view

\$ in billions

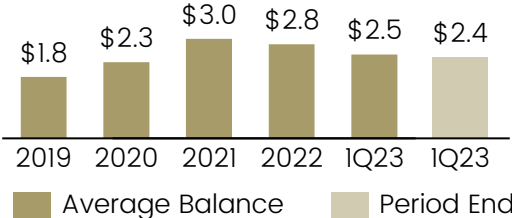
Commercial



Consumer



Wealth



2019 through 2022 are full year average balances

DEPOSIT PORTFOLIO CHARACTERISTICS

Percent of accounts
under \$250,000

99%

Percent of deposits
(\$) uninsured²

32%

Average balance of
accounts

\$25,294

Average balance of
accounts < \$250,000

\$13,922

Top 10 Commercial Sectors (NAICS Sector / Industry)	% of Commercial Segment Deposits	% of Total Deposits
Finance and Insurance	13.3%	5.1% ¹
Construction	10.0%	3.8%
Educational Services	9.7%	3.7%
Professional, Scientific and Technical Services	8.9%	3.4%
Health Care and Social Assistance	8.8%	3.4%
Public Administration	8.7%	3.3%
Manufacturing	8.4%	3.2%
Other Services (except Public Administration)	6.6%	2.5%
Real Estate and Rental & Leasing	5.9%	2.3%
Wholesale Trade	4.4%	1.7%

Uninsured Deposit Analysis \$ in billions	3/31/2023
Uninsured Deposits	\$ 9.8
Less: Affiliate Deposits	\$ 0.3
Less: Collateralized Deposits	\$ 1.7
Uninsured deposits²	\$ 7.8
Total Deposits	\$ 24.7
Uninsured deposits² as % of Total Deposits	32%

¹Finance and Insurance Sector includes affiliate deposits.

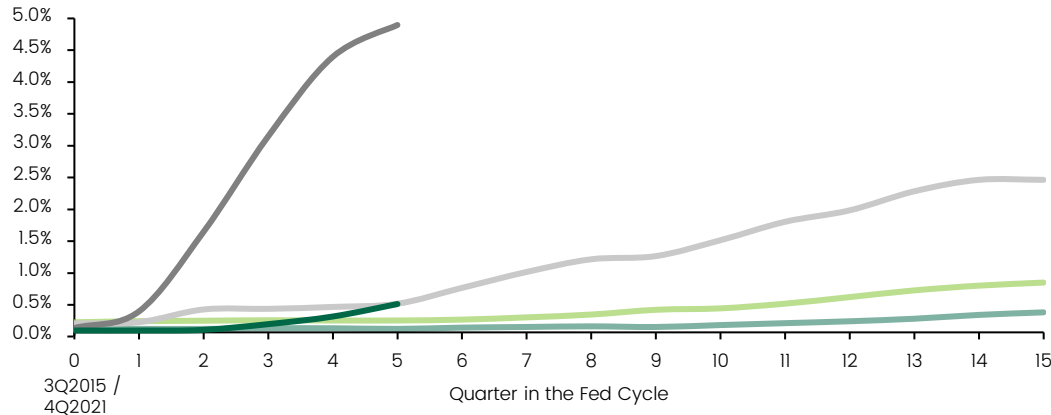
²Excludes affiliate and collateralized deposits

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 – 1Q2023)	.03%	.45%	9%

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



Source: S&P Global Market Intelligence, 2022 10-K

¹ Fed Rate increase cycle from 3Q2015 through 2Q2019, +225 bps; Fed Rate increase cycle from 4Q2021 through 1Q2023, +475 bps; ² As of December 31, 2022

Opportunities to enhance and protect NII in a rising rate environment.

- Net yield on interest earning assets increased 8 bps over Q4 to 3.26% in Q1.
- Loan yield increased 53 bps over Q4 to 5.56% in Q1.
- Total deposit costs increased 21 bps over Q4 to .45% in Q1.
- As of December 31, 2022, 56% of loans were variable rate, (64% commercial, 42% consumer).
- Large core deposit base and historically low betas.

Hedging actions:

Entered into three 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.

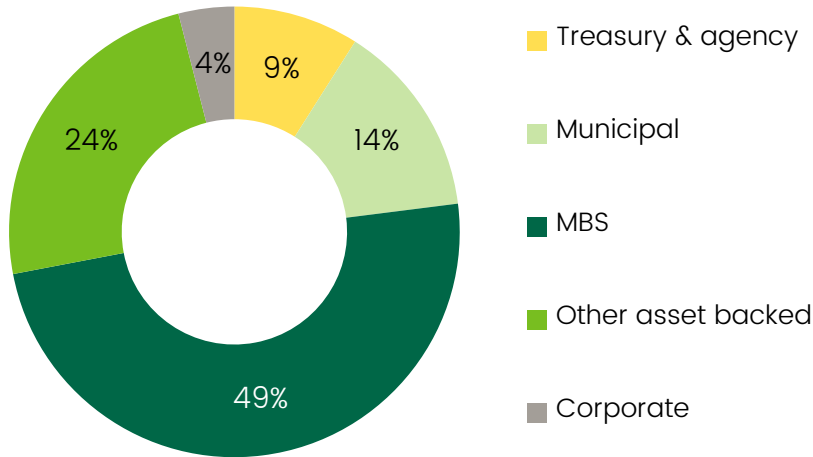
- 3Q2022: One 2.5% floor contract with a notional value of \$500 million. The contract begins 1/2024.
- 4Q2022: One 3.0% floor contract with a notional value of \$500 million. The contract begins 4/2024.
- 1Q2023: One 3.5% floor contract with a notional value of \$500 million. The contract begins 7/2024.

HIGH QUALITY, HIGHLY LIQUID AND DIVERSE INVESTMENT PORTFOLIO

Composition of AFS Portfolio

As of March 31, 2023

Total available for sale securities
Average balance: \$11.8 billion, at fair value

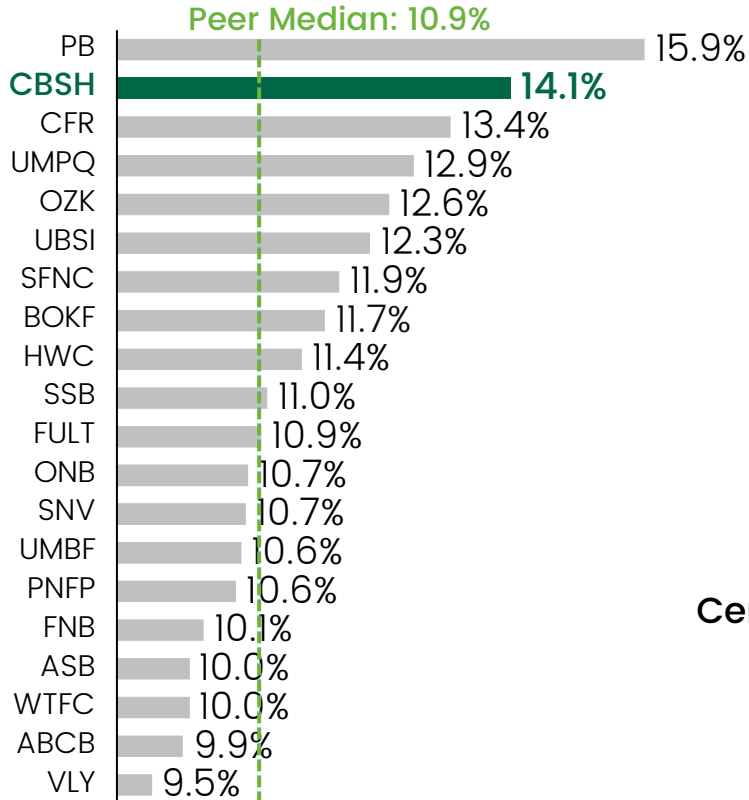


QTD – March 31, 2023	Avg Rate	Duration (yrs)
Treasury & agency ¹	1.32%	2.2
Municipal	2.26% ²	5.3
MBS	2.06%	5.1
Other asset-backed	2.01%	1.3
Corporate	1.93%	3.9
Total	2.07%	3.9

¹Excludes inflation effect on TIPs; ²Tax equivalent yield

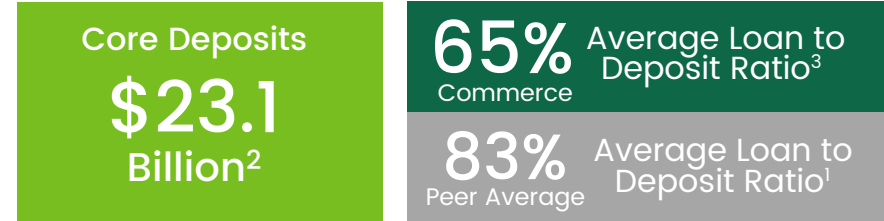
SOUND CAPITAL AND LIQUIDITY POSITION

Tier 1 Risk-Based Capital Ratio¹

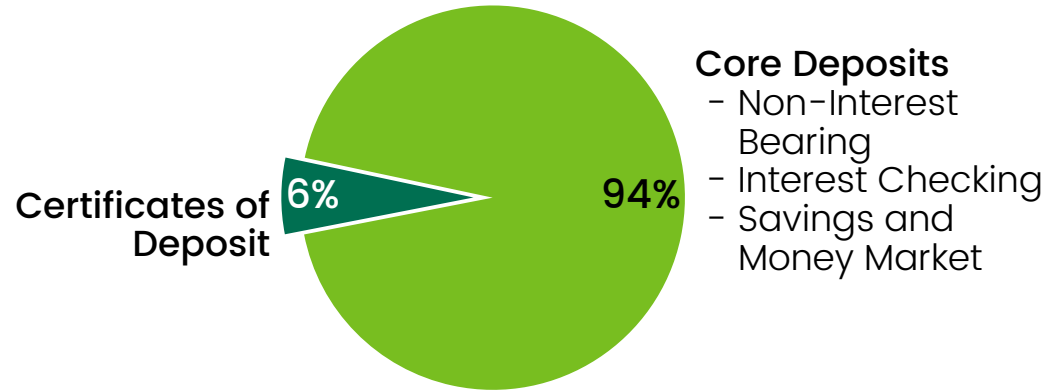


Loan to Deposit Ratio

Large, stable deposit base



Total Deposits



¹S&P Global Market Intelligence, Information as of December 31, 2022

²Period-end balances, as of March 31, 2023

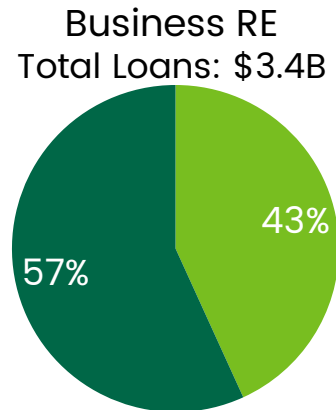
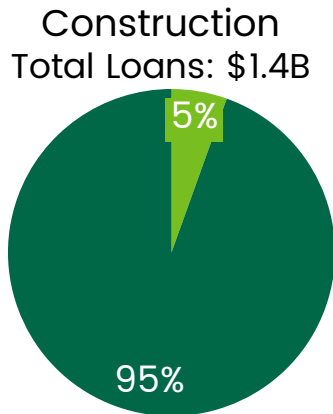
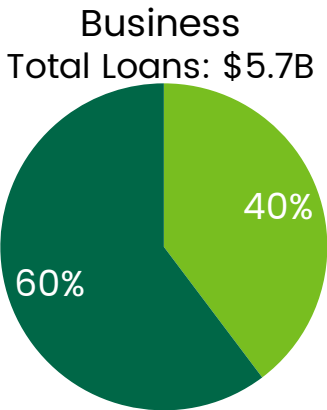
³Includes loans held for sale, for the quarter ended March 31, 2023

SUMMARY OF FIXED & FLOATING LOANS

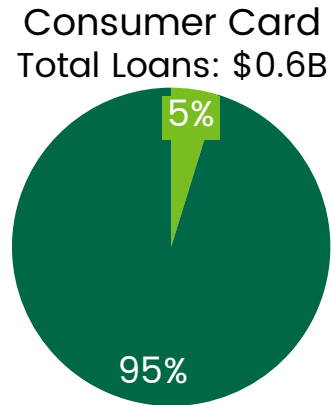
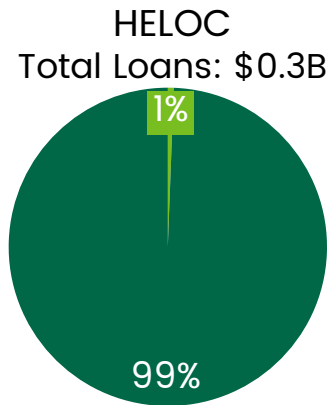
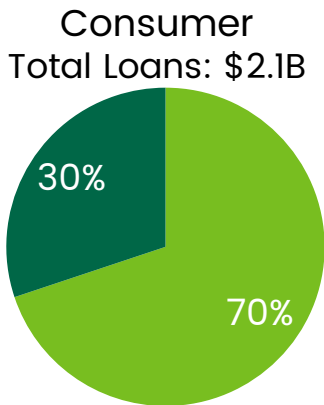
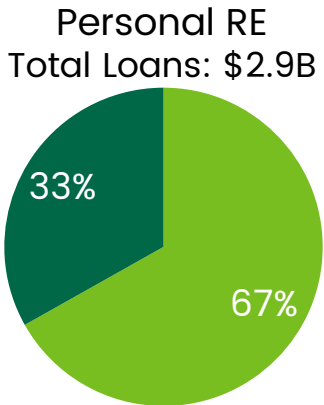
Over 55% of total loans are variable; 64% of commercial loans have floating rates



Commercial



Consumer

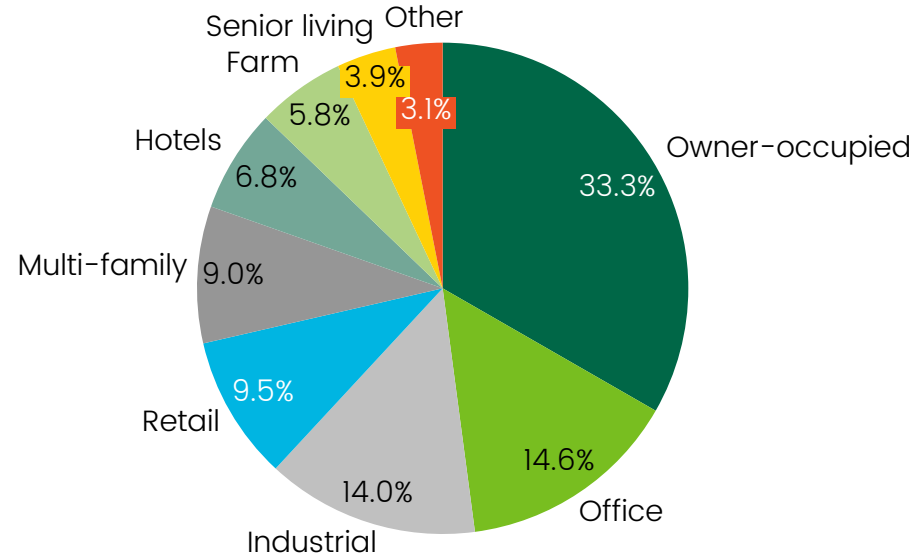


COMMERCIAL REAL ESTATE BREAKDOWN

Over 30% of CRE loans are owner-occupied real estate properties, which present lower risk profiles

Real Estate Business Loans	% of Total Loans
Owner – Occupied	7.0%
Office	3.1%
Industrial	2.9%
Retail	2.0%
Multi-family	1.9%
Hotels	1.4%
Farm	1.2%
Senior living	.8%
Other	.6%
Total	20.9%

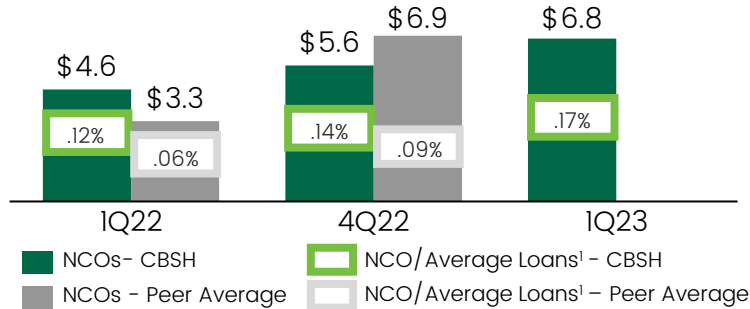
Business Real Estate Loans – \$3.4 billion



MAINTAINING STRONG CREDIT QUALITY

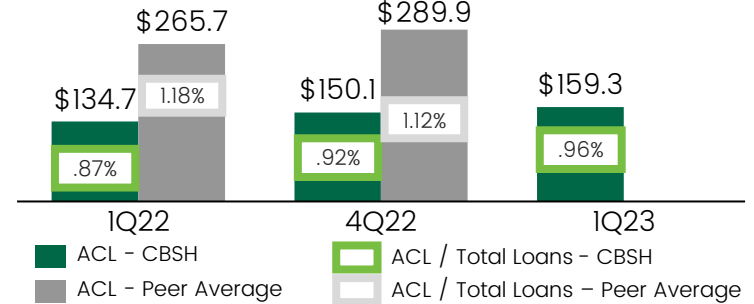
Net Loan Charge-Offs (NCOs)

\$ in millions



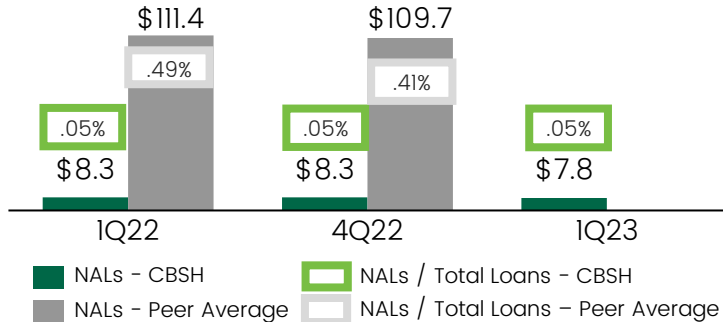
Allowance for Credit Losses on Loans (ACL)

\$ in millions

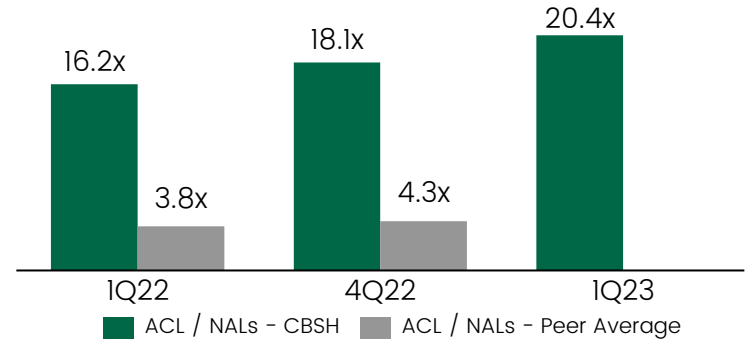


Non-Accrual Loans (NALs)

\$ in millions



Allowance for Credit Losses on Loans (ACL) to NALs



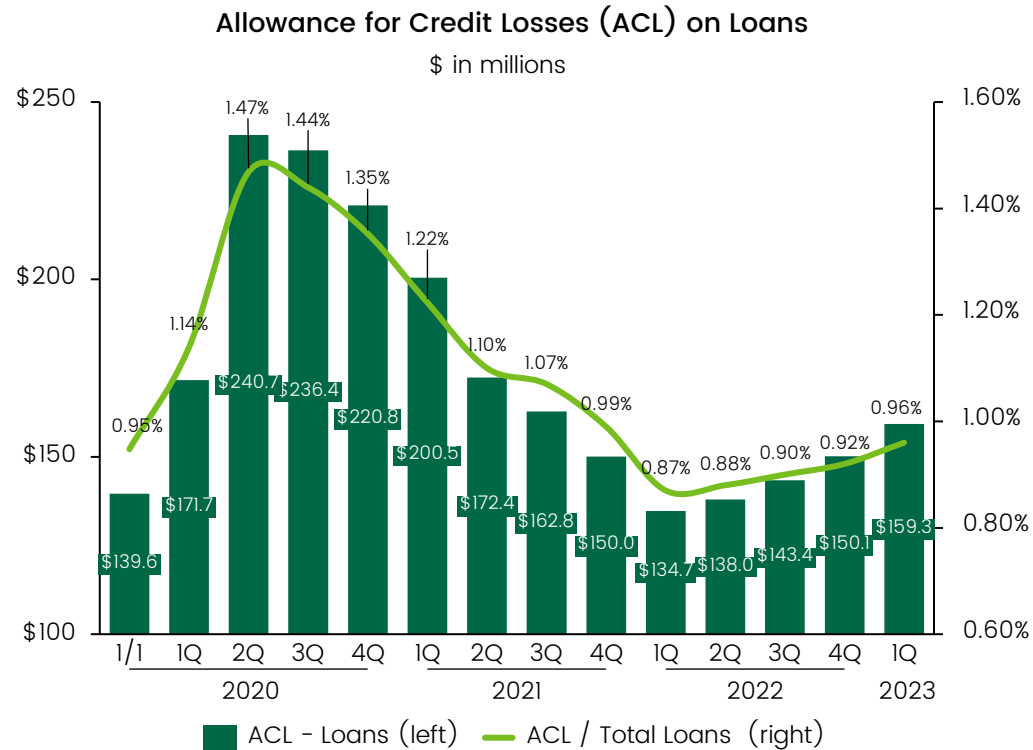
Percentages are illustrative and not to scale; Peer Banks include: ABCB, ASB, BOKF, CFR, FNB, FULT, HWC, ONB, OZK, PB, PNF, SFNC, SNV, SSB, UMBF, UMPQ, UBSI, VLY, WFCF

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

ALLOCATION OF ALLOWANCE

CECL allowances reflect the economic and market outlook

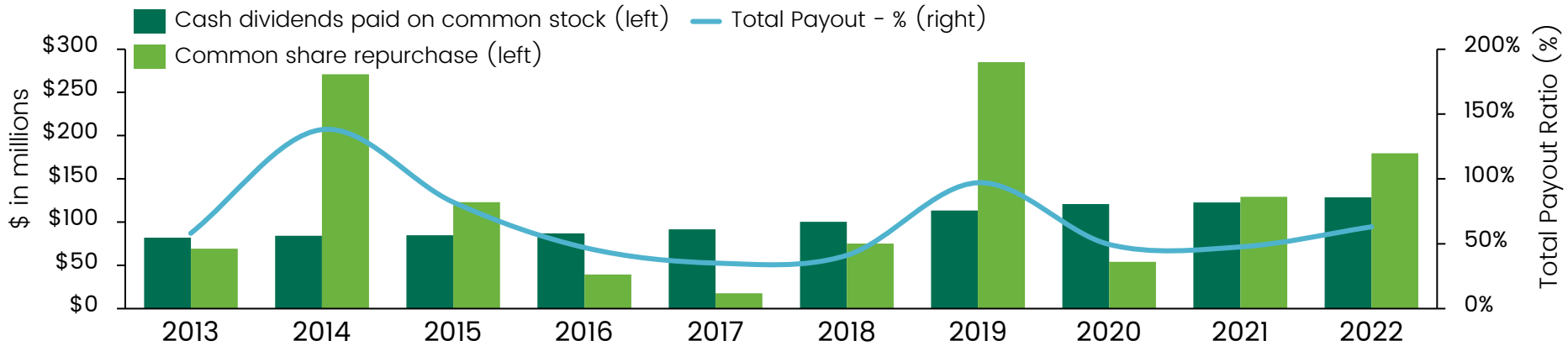
\$ in millions	December 31, 2022		March 31, 2023	
	Allowance for Credit Losses (ACL)	% of Outstanding Loans	Allowance for Credit Losses (ACL)	% of Outstanding Loans
Business	\$ 46.3	.82%	\$ 49.5	.87%
Bus R/E	28.2	.83%	27.7	.80%
Construction	28.8	2.12%	31.4	2.19%
Commercial total	\$ 103.3	.99%	\$ 108.6	1.02%
Consumer	10.3	.50%	11.5	.55%
Consumer CC	24.9	4.26%	25.9	4.64%
Personal R/E	10.0	.34%	11.5	.39%
Revolving H/E	1.6	.53%	1.7	.58%
Overdrafts	.1	.74%	.1	1.84%
Consumer total	\$ 46.8	.80%	\$ 50.7	.86%
Allowance for credit losses on loans	\$ 150.1	.92%	\$ 159.3	.96%



STRONG CAPITAL POSITION – FLEXIBILITY IN CAPITAL PLANNING

55 consecutive years of regular common cash dividend increases¹

Capital Returned to Common Shareholders as a percentage of Net Income²



Capital Ratios – 12/31/2022	
Tier I common risk-based capital	14.1%
Tier I risk-based capital	14.1%
Total risk-based capital	14.9%

- Special cash dividend paid in 2012 totaled \$131 million.
- 2014 included \$200 million accelerated share repurchase in conjunction with preferred stock issuance.
- 2015 included a \$100 million accelerated share repurchase.
- 2019 included a \$150 million accelerated share repurchase.
- In 2020, all \$150 million of preferred equity was redeemed.
- Common cash dividends increased 10% in 2018, 16% in 2019, 9% in 2020, 2% in 2021, 6% in 2022 and 7% in 2023 (based on 1Q2023 declared dividend).

¹Based on 1st quarter 2023 declared dividend; ²Net Income is defined as Net Income Available to Common Shareholders

NON-GAAP RECONCILIATIONS

Pre-tax, Pre-provision Net Revenue

		For The Three Months Ended		
(DOLLARS IN THOUSANDS)		Mar. 31, 2023	Dec. 31, 2022	Mar. 31, 2022
A	Net Interest Income	\$ 251,623	\$ 254,641	\$ 208,786
B	Non-Interest Income	\$ 137,612	\$ 136,825	\$ 131,769
C	Non-Interest Expense	\$ 224,107	\$ 216,740	\$ 205,648
Pre-Provision Net Revenue (A+B-C)		\$ 165,128	\$ 174,726	\$ 134,907

