



PEOPLE, GROWTH AND POSSIBILITIES

# COMMERCE BANCSHARES, INC.

## INVESTOR UPDATE

### 2<sup>ND</sup> Quarter 2023



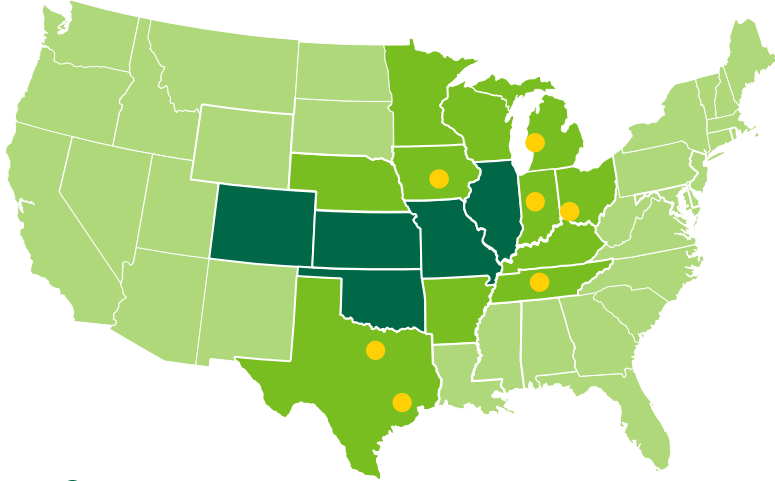
Commerce Bancshares, Inc.

# 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 2022 Annual Report on Form 10-K, 2<sup>nd</sup> Quarter 2023 Report on Form 10-Q and the Corporation’s Current Reports on Form 8-K.

# COMMERCE BANCSHARES

## 158 YEARS IN BUSINESS



### FULL-SERVICE BANKING FOOTPRINT

147 full-service branches and 288 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: <sup>1</sup>S&P Global Market Intelligence – Regulated U.S. depositories which includes commercial banks, bank holding companies, and credit unions, rankings as of 3/31/2023; <sup>2</sup>Includes loans held for sale; <sup>3</sup>August 7, 2023, Baseline Credit Assessment (BCA) reflects a bank's standalone credit strength; Company reports and filings, information as of 6/30/2023 unless otherwise noted.

### TOTAL ASSETS

**\$32.8**  
BILLION

40<sup>TH</sup>

LARGEST U.S. BANK  
BASED ON ASSET SIZE<sup>1</sup>

### MARKET CAP

**\$6.1**  
BILLION

17<sup>TH</sup>

LARGEST U.S. BANK BASED  
ON MARKET CAP<sup>1</sup>

### TOTAL TRUST ASSETS UNDER ADMINISTRATION

**\$63.4**  
BILLION

20<sup>TH</sup>

LARGEST AMONG BANK-MANAGED  
TRUST COMPANIES BASED ON AUM<sup>1</sup>

### TIER 1 COMMON RISK- BASED CAPITAL RATIO

AS OF JUNE 30, 2023

**14.8%**

4<sup>TH</sup>

HIGHEST AMONG TOP 50 U.S.  
BANKS BASED ON ASSET SIZE<sup>1</sup>

### TOTAL DEPOSITS

**\$25.9**  
BILLION

### TOTAL LOANS<sup>2</sup>

**\$17.0**  
BILLION

**\$10.4**  
BILLION

COMMERCIAL  
CARD VOLUME  
AS OF DECEMBER 31, 2022

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

7<sup>TH</sup>

YTD ROACE FOR THE TOP  
50 U.S. BANKS BASED ON  
ASSET SIZE<sup>1</sup>

**a2**

BASELINE CREDIT  
ASSESSMENT<sup>3</sup>

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

# SUPER-COMMUNITY BANK PLATFORM

A consistent strategy with a long-term view

## Community Bank

- Award-winning customer service
- Focus on the full client relationship
- Core values embraced by team members
- Quickly adapt to customer needs and changing preferences

Customer relationship-based:  
**Challenge Accepted.®**

High-performing teams and engaged workforce

Long history of top quartile credit quality metrics

Investment in distinctive, high-return businesses

Focus on operational efficiencies

Disciplined approach to acquisitions

## Super-Regional Bank

- Sophisticated payment system capabilities
- Broad consumer product offerings
- Private Banking; Trust; Capital Markets
- Shareholder driven and strong financial performance
- Competitive on unit costs



# TRACK RECORD OF LONG-TERM OUTPERFORMANCE

## Revenue Diversification

Balanced earnings profile, fee revenue at 36%<sup>1</sup> of total revenue, bolstered by growing wealth and national payments businesses



## Deposit Franchise

\$24.2 billion in low-cost, diverse deposits<sup>2</sup> with peer-leading historical deposit betas

## Continued Long-Term Investments

Core banking system implementation, Enterprise Digital, Expansion Markets, Wealth Management, **CommerceHealthcare**<sup>3</sup>

## Consistent Earnings & Shareholder Value

Nearly 9% total annualized return to shareholders over the last 15 years, outperforming the annualized KBW Regional Bank Index return of 6%<sup>3</sup>

## Capital Management

Strong capital ratios, 55<sup>th</sup> consecutive year of common dividend increases<sup>4</sup>

## Credit Quality

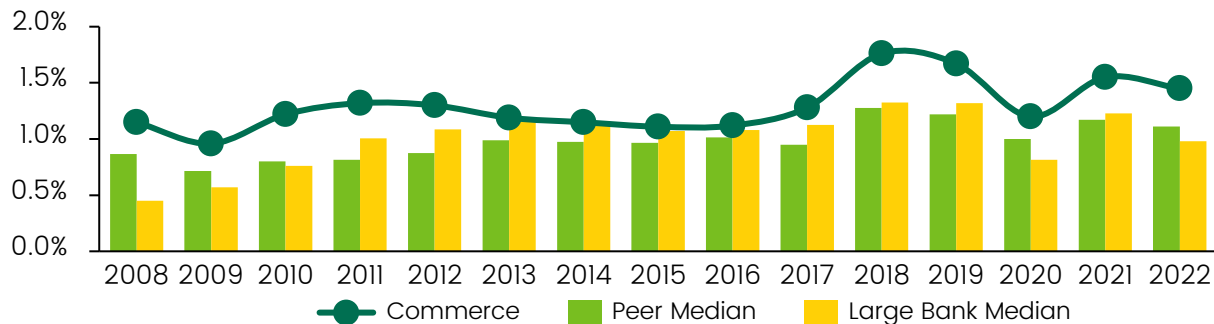
Conservative risk profile drives outperformance across credit cycles

<sup>1</sup>As of YTD 6/30/2023; <sup>2</sup>Excludes certificates of deposit greater than \$100,000, period-end balance as of 6/30/2023;

<sup>3</sup>As of 6/30/2023; <sup>4</sup>Based on 1Q2023 paid dividend

# COMMERCE BANK MAINTAINS SOLID PERFORMANCE OVER TIME

## Return on Average Assets

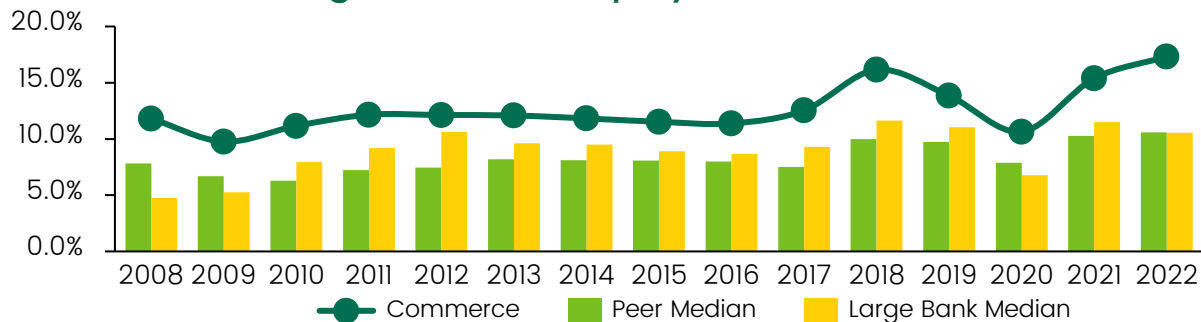


ROAA 15-yr average

**CBSH: 1.30%**

Peers: 0.98%

## Return on Average Common Equity

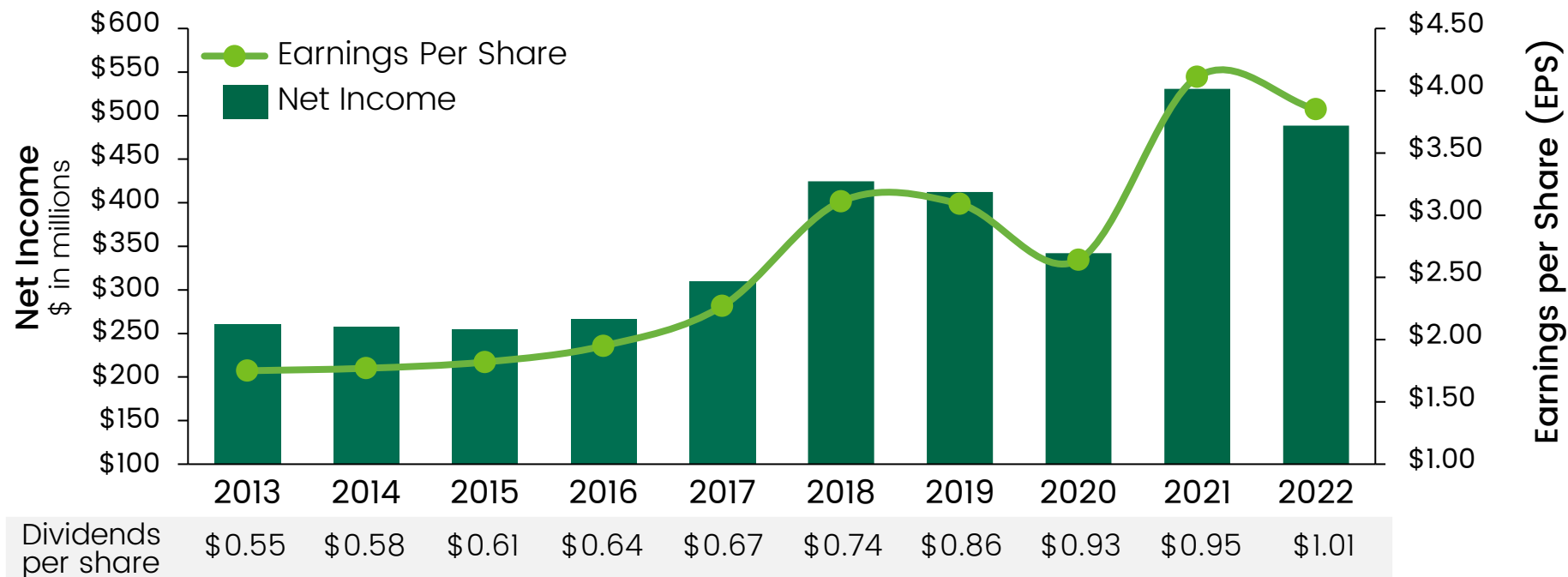


ROACE 15-yr average

**CBSH: 12.6%**

Peers: 8.3%

# LONG-TERM VIEW: NET INCOME AND EARNINGS PER SHARE



***EPS REMAINS STRONG***

***2023 MARKS THE 55<sup>TH</sup> CONSECUTIVE YEAR OF DIVIDEND GROWTH<sup>1</sup>***

All data has been restated for 5% stock dividend distributed in December 2022

Net Income represents Net Income Available to Common Shareholders

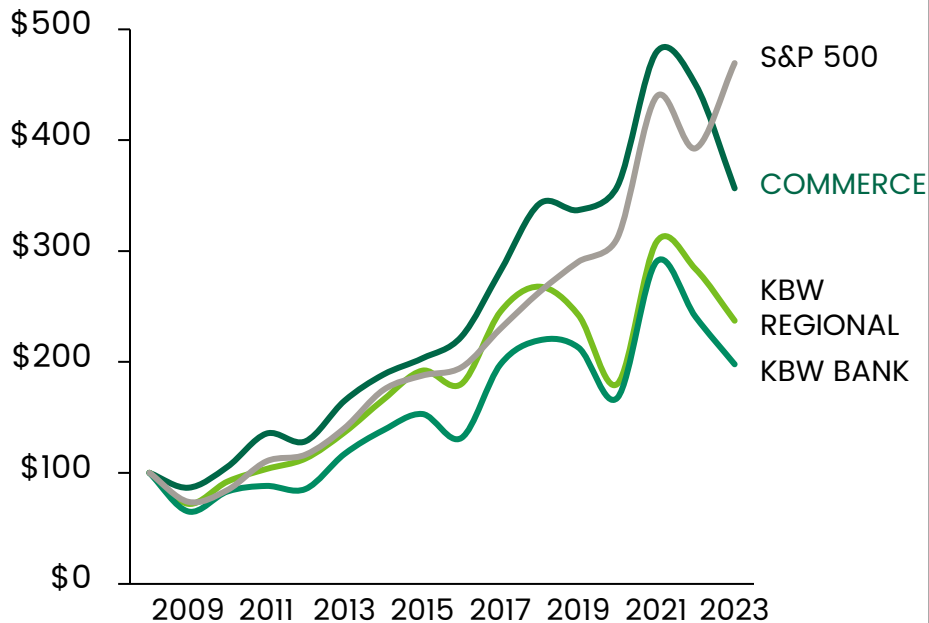
<sup>1</sup> Based on 1Q2023 paid dividend

# STEADY SHAREHOLDER RETURNS

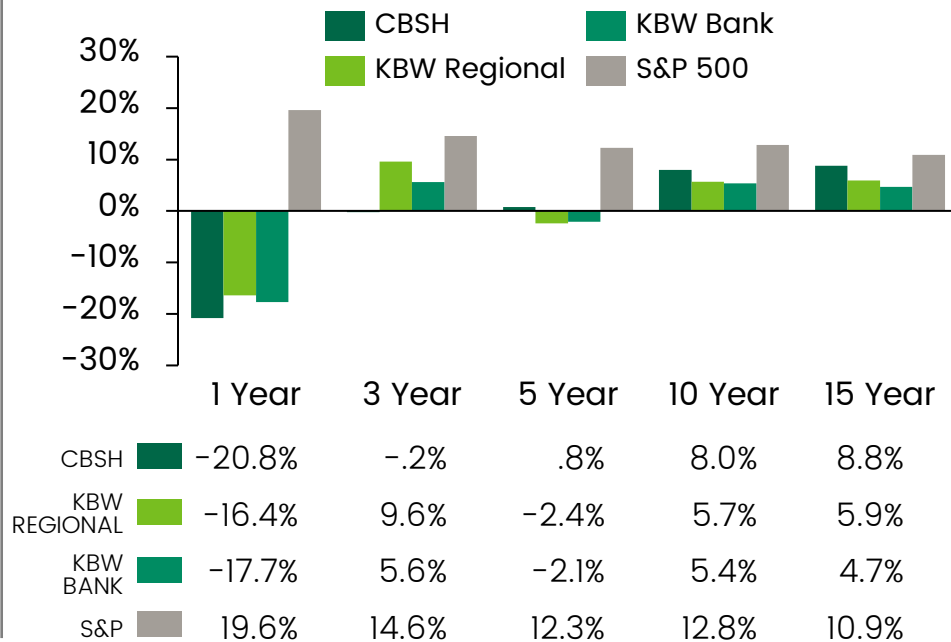
as of June 30, 2023

## Total Shareholder Returns

Indexed, 6/30/2008 = \$100



## Annualized Comparison Total Shareholder Returns



*Consistent, positive returns to shareholders  
Significant outperformance relative to banks over long period*



# A STRONG CULTURE IS THE FOUNDATION OF OUR SUCCESS

At Commerce, **our core values** shape the way we live and work:



How we put our culture into practice:



What defines us, ultimately, is our culture.  
It's how we communicate and how we work together.  
Culture is the foundation and the enabler for our strategies.

# COMMERCE'S FOCUS EXTENDS BEYOND BANKING

Supporting our communities, our customers and our team members



## Nonprofit organizations supported by

Commerce team members through leadership roles by serving on boards

 **OUTSTANDING**  
Community  
Reinvestment Act  
rating for **26 years**<sup>1</sup>

“ As a socially responsible corporate citizen, we continuously seek opportunities to make a difference. ”

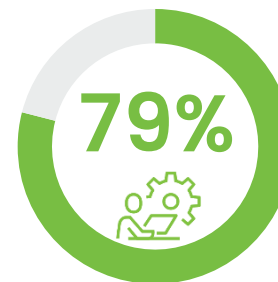


## 2022 Environmental, Social & Governance Report

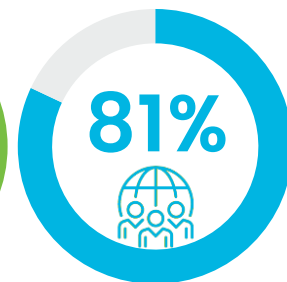
[ESG Report](#) is available on  
[commercebank.com](https://commercebank.com) and  
[investor.commercebank.com](https://investor.commercebank.com)

## 2023 Engagement and Enablement<sup>2</sup>

Consistently scoring above the U.S. High Performance and U.S. Financial Services norms for engagement, enablement and effectiveness



**ENABLEMENT**  
vs. **73%** U.S. High  
Performing Norm



**ENGAGEMENT**  
vs. **74%** U.S. High  
Performing Norm

<sup>1</sup>Federal Reserve Bank and Office of the Comptroller of the Currency

<sup>2</sup>The Korn Ferry Hay Group – 2023 survey results

# OUR COMMITMENT TO DIVERSITY, EQUITY AND INCLUSION

Our longstanding approach of “doing what’s right” continues to guide our focus on our team members, customers and communities



A Blue Chip initiative centered on improving **Diversity, Equity and Inclusion** in and around Commerce.

We will build on years of forward progress to advance our efforts against each pillar.



## Customer

Deeper focus on growing a diverse customer base



## Community

Investing, both financially and with our time, in our communities



## Supplier

Improve the diversity of our suppliers and spend



## Internal

Enhance internal talent mobility and external recruiting practices to increase the diversity of our teams and leaders

**A culture that celebrates inclusion and diversity**  
Commerce offers a variety of internal resource groups, mentoring programs and networking opportunities



EMERGE

Connecting young professionals  
850+ members

PRIDE

Engaging LGBTQIA+ community  
550+ members

Started in  
November 2022



SALUTE

Supporting veterans and their families  
350+ members



RISE

Empowering women  
1,250+ members



VIBE

Valuing multi-cultural perspectives  
550+ members



**Commerce Bancshares, Inc.**

# RECENT RECOGNITION



**2022**

*Forbes* World's  
Best Banks<sup>1</sup>

4 consecutive years



**BEST**

Customer Service,  
*Newsweek's* Best  
Banks 2022 List<sup>2</sup>

2 consecutive years



2022 CORE  
TRANSFORMATION  
AWARD

FROM TEMENOS  
Modernized Core  
Banking Platform to  
Drive Efficiency<sup>3</sup>



**2022**

*Forbes* America's  
Best Banks<sup>4</sup>

13 consecutive years



**90**

Human Rights  
Campaign  
Corporate Equality  
Index Score<sup>5</sup>



**2023**

*Forbes* America's  
Best Midsize  
Employers<sup>6</sup>

6 consecutive years

<sup>1</sup> *Forbes*, February 2022

<sup>2</sup> *Newsweek*, October 2021

<sup>3</sup> *Temenos*, May 2022

<sup>4</sup> *Forbes*, 2022

<sup>5</sup> *Human Rights Campaign Foundation*, 2022

<sup>6</sup> *Forbes*, February 2023



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# LIQUIDITY AND CAPITAL

# LIQUIDITY AND CAPITAL HIGHLIGHTS

## Liquidity / Borrowing

- \$2.6B of cash at Federal Reserve Bank (FRB) at Q2.
- FHLB advances declined from \$1.5B to \$1.0B.
- AFS debt securities portfolio duration of 3.9 years.
- Cash flows from maturities and paydowns of investments and resale agreements of approximately \$2.7B expected over the next twelve months.
  - AFS debt securities of \$2.0 billion
  - Securities purchased under agreements to resell of \$700 million

## Deposits

- Average loan to deposit ratio of 66%.
- Uninsured deposits<sup>1</sup> of 32% of total deposits at Q2.
- Added brokered deposits of \$904MM to boost short-term liquidity levels.

## Capital

- TCE/TA of 7.70%, a decrease of .22% from Q1. Tier 1 leverage at 10.46%.
- AOCI loss increased 10% from \$(940MM) at Q1 to \$(1.0B) at Q2.
- No Held-To-Maturity securities.

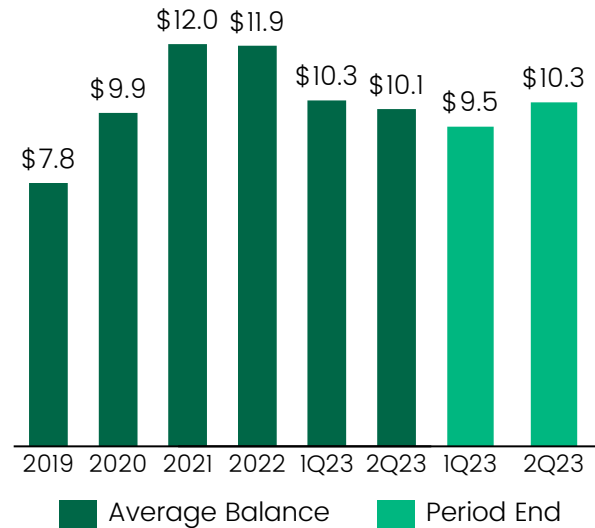
<sup>1</sup>Excludes affiliate and collateralized deposits

# DEPOSIT BALANCE TRENDS

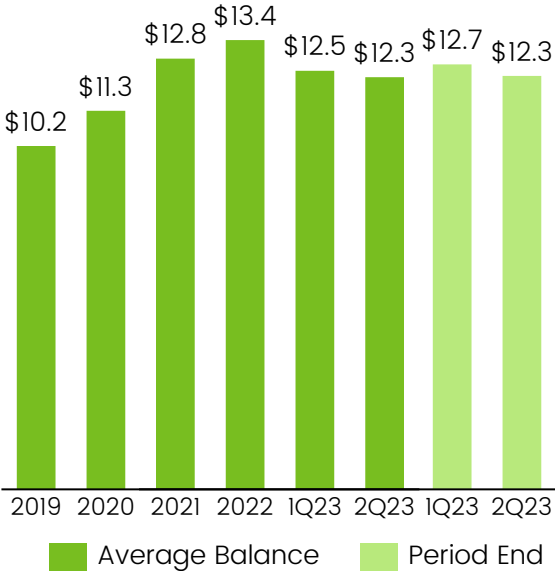
## Segment view

\$ in billions

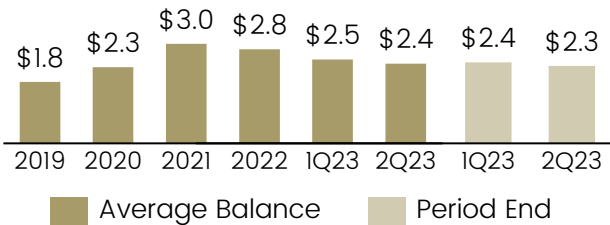
### Commercial



### Consumer



### Wealth



Segment balances do not include brokered deposits.  
2019 through 2022 are full year average balances.

# DEPOSIT PORTFOLIO CHARACTERISTICS

Percent of accounts  
under \$250,000

99%

Percent of deposits  
(\$ ) uninsured<sup>1</sup>

32%

Average balance  
of accounts

\$27,262

Average balance of  
accounts < \$250,000

\$15,547

## Uninsured Deposit Analysis \$ in billions

6/30/2023

Uninsured Deposits	\$	10.4
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Less: Affiliate Deposits	\$	0.3
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Less: Collateralized Deposits	\$	1.9
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Uninsured deposits <sup>1</sup>	\$	8.2
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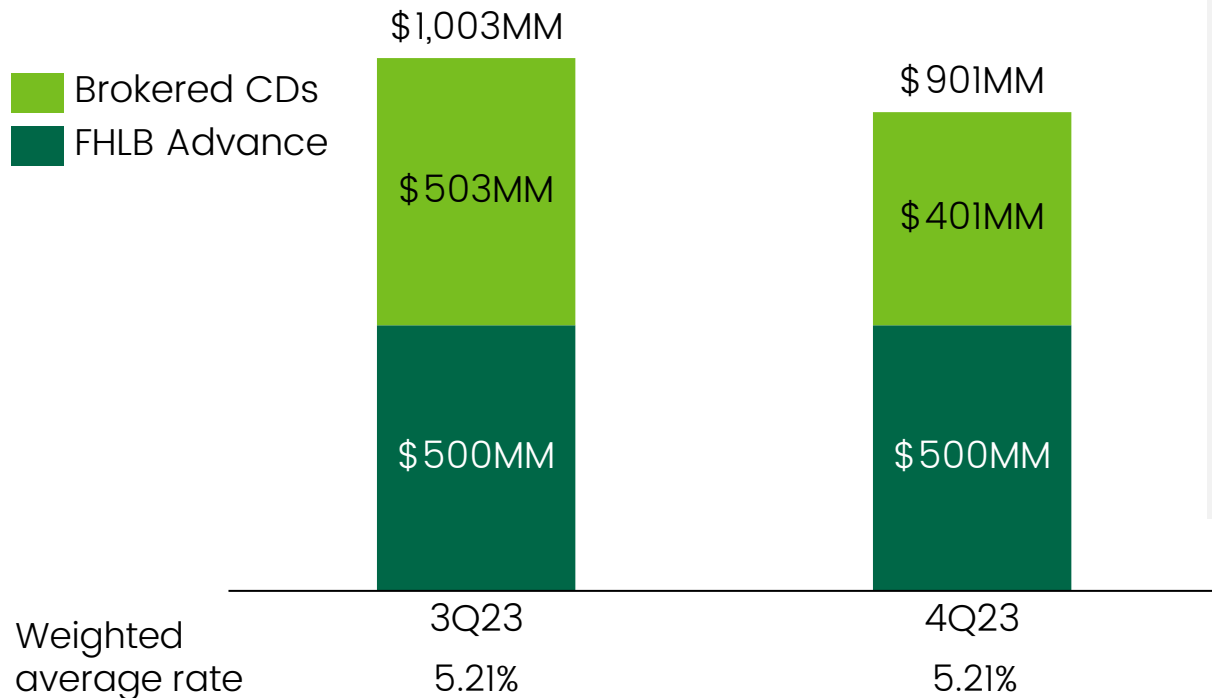
Total Deposits	\$	25.9
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Uninsured deposits <sup>1</sup> as % of Total Deposits		32%
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<sup>1</sup>Excludes affiliate and collateralized deposits



# FHLB ADVANCES & BROKERED CDS BY MATURITY



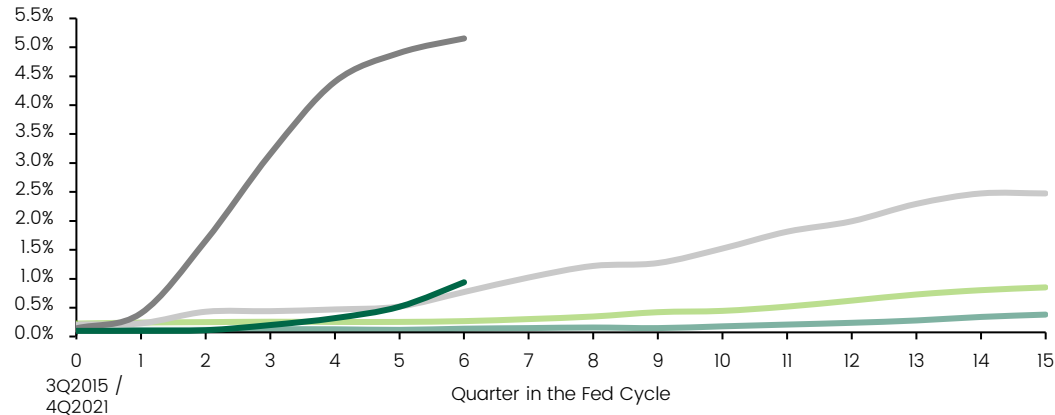
- Short-term, wholesale funding added providing ample liquidity cushion
- FHLB advances and brokered CDs mature by December 31, 2023

# WELL-POSITIONED FOR MULTIPLE RATE ENVIRONMENTS

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

	Cost of Total Deposits		Deposit Beta <sup>1</sup>
	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 – 2Q2023)	.03%	.87%	17%

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



Source: S&P Global Market Intelligence

<sup>1</sup> Fed Rate increase cycle from 3Q2015 through 2Q2019, +225 bps; Fed Rate increase cycle from 4Q2021 through 2Q2023, +500 bps

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

- Net yield on interest earning assets decreased 14 bps from Q1 to 3.12%.
- Loan yield increased 28 bps over Q1 to 5.84%.
- Total deposit costs increased 42 bps over Q1 to .87%.
- 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.

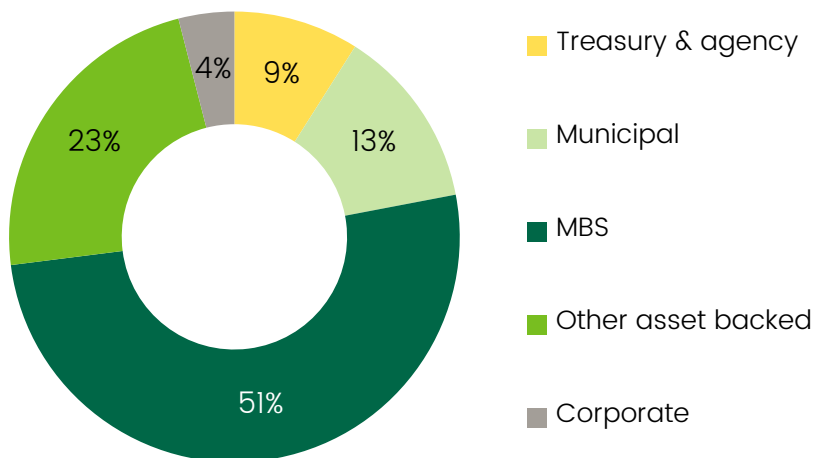
- 3Q2022: One 2.5% floor contract with a notional value of \$500 million. The contract begins 1/2024.
- 4Q2022: One 3.0% floor contract with a notional value of \$500 million. The contract begins 4/2024.
- 1Q2023: One 3.5% floor contract with a notional value of \$500 million. The contract begins 7/2024.

# HIGH QUALITY, HIGHLY LIQUID AND DIVERSE INVESTMENT PORTFOLIO

## Composition of AFS Portfolio

As of June 30, 2023

Total available for sale securities  
Average balance: \$11.0 billion, at fair value

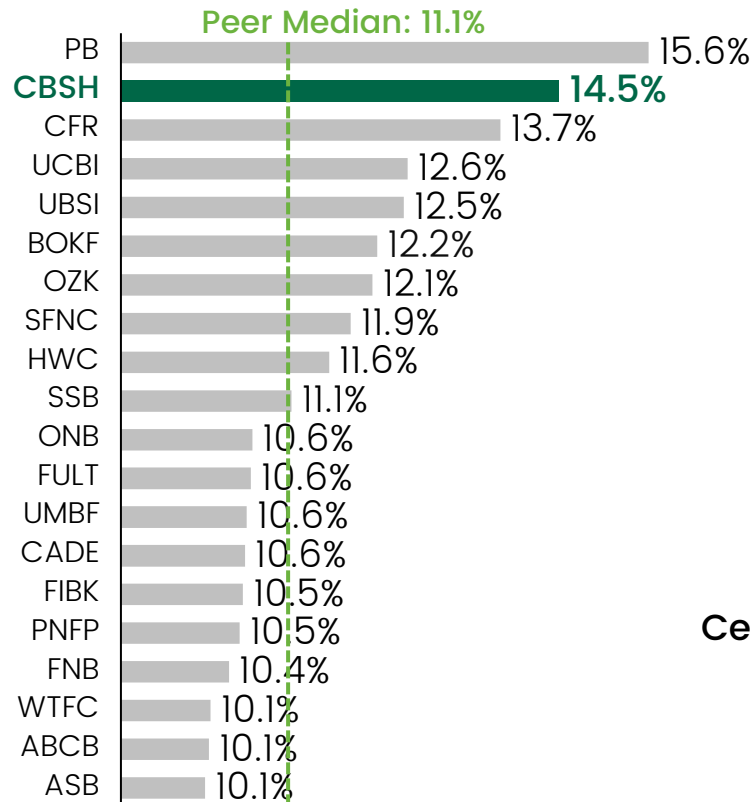


QTD – June 30, 2023	Avg Rate	Duration (yrs)
Treasury & agency <sup>1</sup>	1.22%	2.0
Municipal	2.04% <sup>2</sup>	5.6
MBS	2.09%	5.2
Other asset-backed	2.08%	1.2
Corporate	1.86%	3.8
Total	2.19%	3.9

<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

Core Deposits

**\$22.6**  
Billion<sup>2</sup>

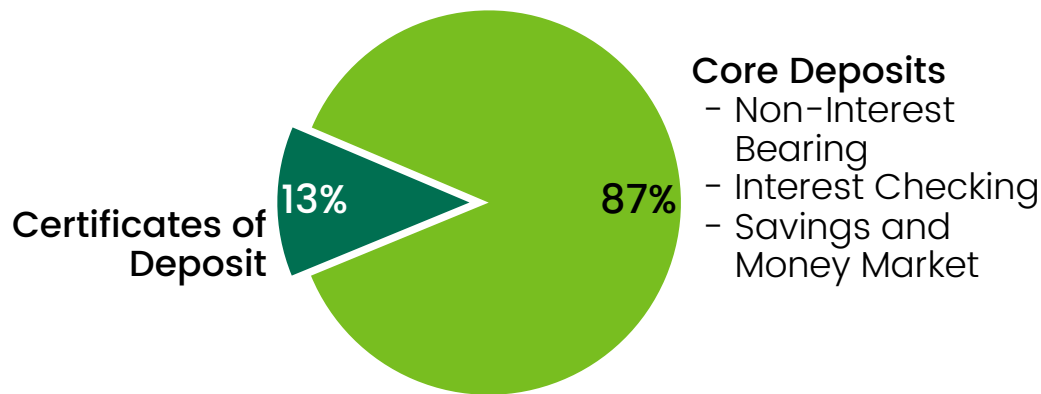
**66%**  
Commerce

Average Loan to  
Deposit Ratio<sup>3</sup>

**82%**  
Peer Average

Average Loan to  
Deposit Ratio<sup>1</sup>

## Total Deposits



<sup>1</sup>S&P Global Market Intelligence, Information as of March 31, 2023

<sup>2</sup>Period-end balances, as of June 30, 2023

<sup>3</sup>Includes loans held for sale, for the quarter ended June 30, 2023

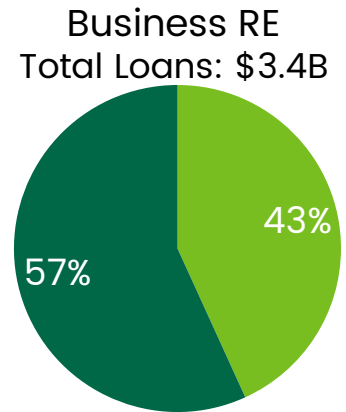
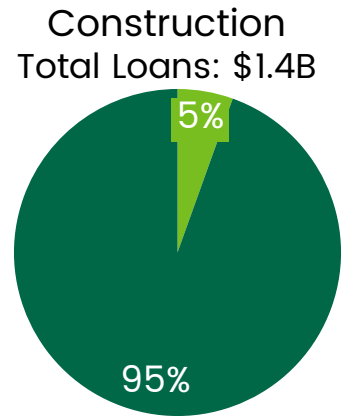
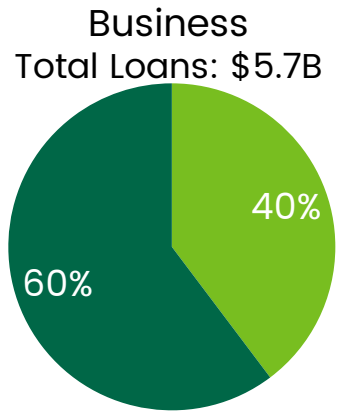


# SUMMARY OF FIXED & FLOATING LOANS

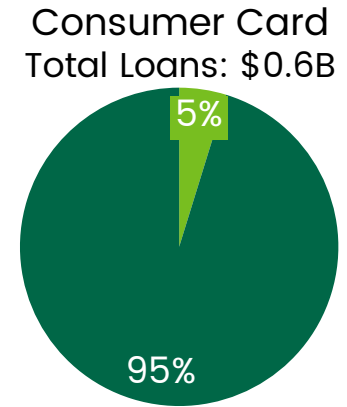
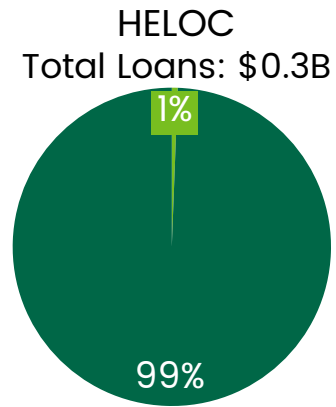
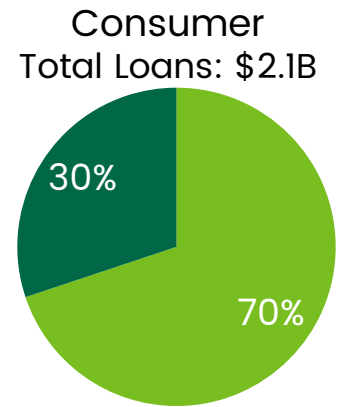
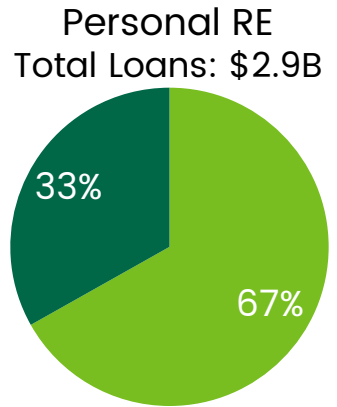
Over 55% of total loans are variable; 64% of commercial loans have floating rates



Commercial

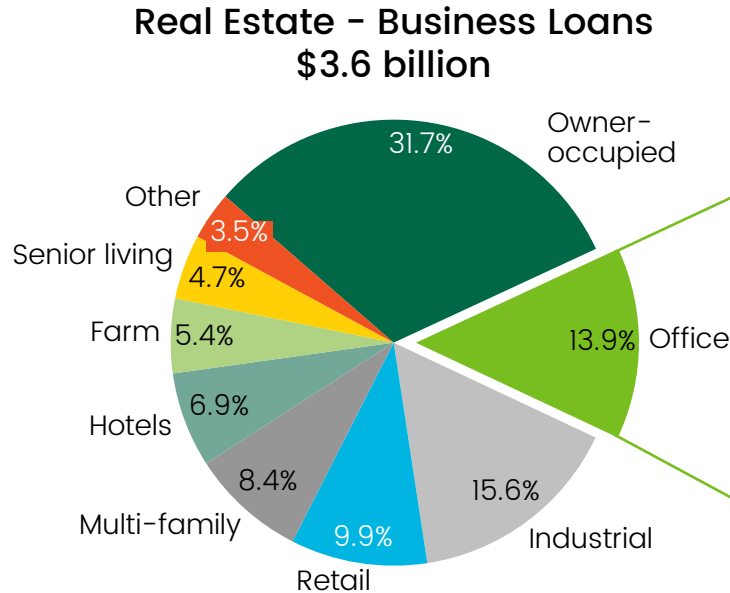


Consumer

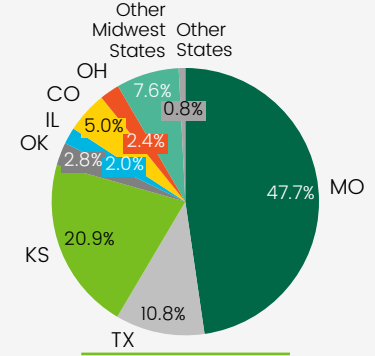


# COMMERCIAL REAL ESTATE BREAKDOWN

Real Estate – Business Loans	% of Total Loans
Owner – Occupied	6.8%
Office	3.0%
Industrial	3.3%
Retail	2.1%
Multi-family	1.8%
Hotels	1.5%
Farm	1.2%
Senior living	1.0%
Other	.7%
<b>Total</b>	<b>21.4%</b>



**Real Estate – Business Loans: Office Outstanding Balances by Geography<sup>1</sup>**



**Real Estate – Business Loans: Office Attributes**  
as of June 30, 2023

- 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: .66%
- Weighted Average LTV of Office Loans: 61.0%<sup>3</sup>
- Percent of loans at floating interest rate: 75.6%

<sup>1</sup>Geography 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

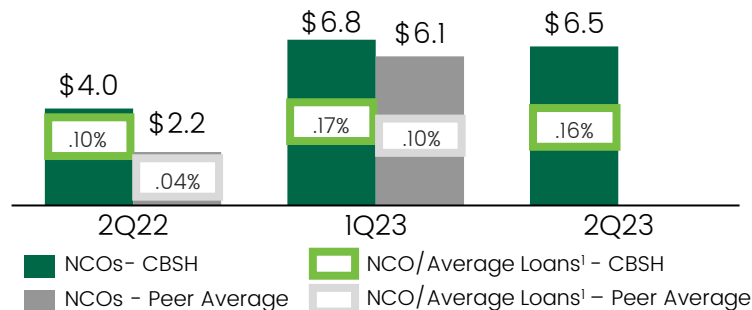
<sup>2</sup>Criticized is defined as special mention, substandard, and non-accrual loans

<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 93% of outstanding balance of the stabilized, non-owner occupied office loans

# MAINTAINING STRONG CREDIT QUALITY

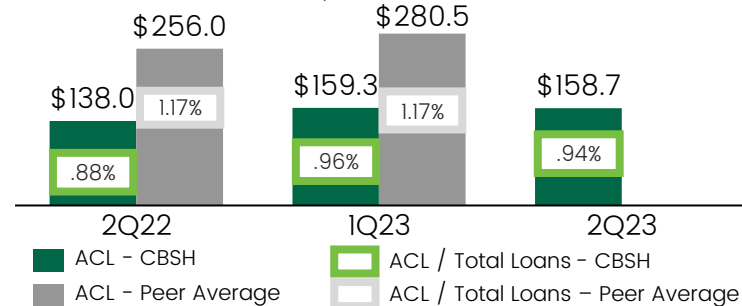
## Net Loan Charge-Offs (NCOs)

\$ in millions



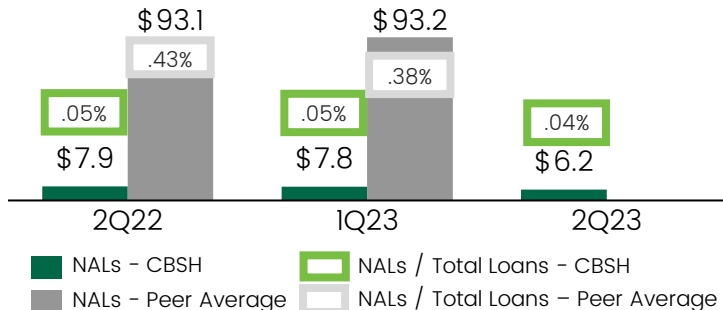
## Allowance for Credit Losses on Loans (ACL)

\$ in millions

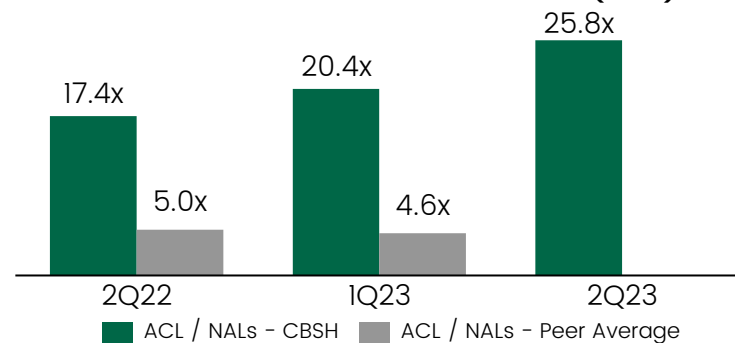


## Non-Accrual Loans (NALs)

\$ in millions



## Allowance for Credit Losses on Loans (ACL) to NALs



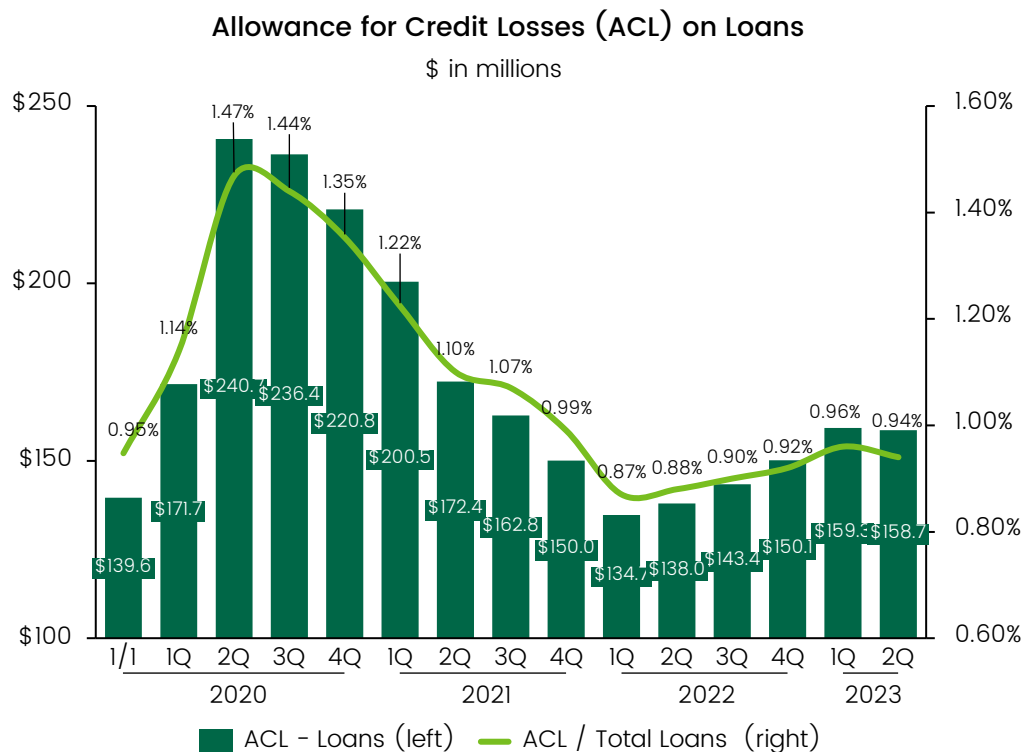
Percentages are illustrative and not to scale; Peer Banks include: ABCB, ASB, BOKF, CADE, CFR, FIBK, FNB, FULT, HWC, ONB, OZK, PB, PNFP, SFNC, SSB, UBSI, UCBI, UMBF, WFTC

<sup>1</sup>As a percentage of average loans (excluding loans held for sale)

# ALLOCATION OF ALLOWANCE

CECL allowances reflect the economic and market outlook

	March 31, 2023		June 30, 2023	
\$ in millions	Allowance for Credit Losses (ACL)	% of Outstanding Loans	Allowance for Credit Losses (ACL)	% of Outstanding Loans
Business	\$ 49.5	.87%	\$ 47.1	.80%
Bus R/E	27.7	.80%	29.9	.83%
Construction	31.4	2.19%	31.0	2.14%
<b>Commercial total</b>	<b>\$ 108.6</b>	<b>1.02%</b>	<b>\$ 108.0</b>	<b>.98%</b>
Consumer	11.5	.55%	11.5	.55%
Consumer CC	25.9	4.64%	26.7	4.65%
Personal R/E	11.5	.39%	10.7	.36%
Revolving H/E	1.7	.58%	1.6	.52%
Overdrafts	.1	1.84%	.1	1.92%
<b>Consumer total</b>	<b>\$ 50.7</b>	<b>.86%</b>	<b>\$ 50.7</b>	<b>.85%</b>
<b>Allowance for credit losses on loans</b>	<b>\$ 159.3</b>	<b>.96%</b>	<b>\$ 158.7</b>	<b>.94%</b>

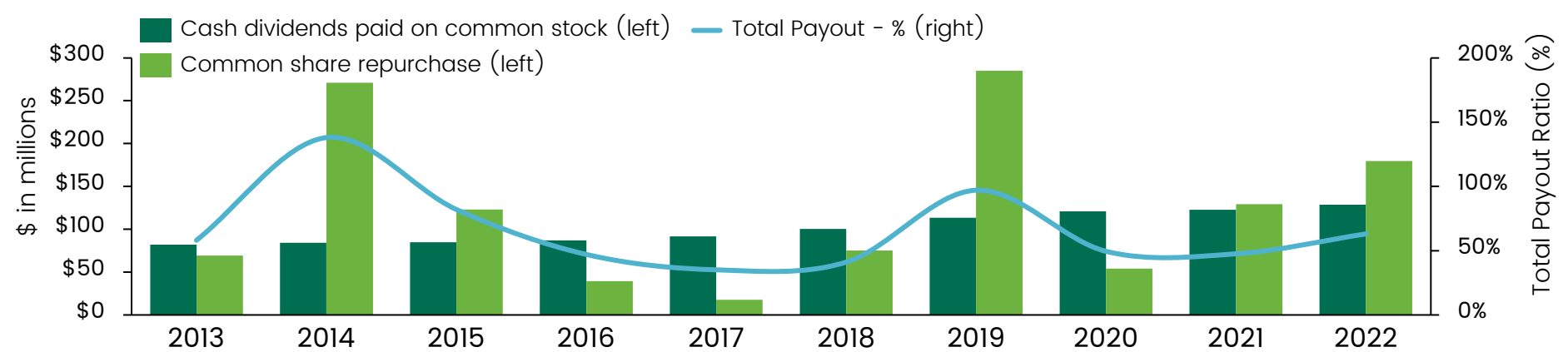




# STRONG CAPITAL POSITION – FLEXIBILITY IN CAPITAL PLANNING

55 consecutive years of regular common cash dividend increases<sup>1</sup>

## Capital Returned to Common Shareholders as a percentage of Net Income<sup>2</sup>



Capital Ratios – 06/30/2023	
Tier I common risk-based capital	14.8%
Tier I risk-based capital	14.8%
Total risk-based capital	15.5%

- 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 paid dividend).

<sup>1</sup>Based on 1<sup>st</sup> quarter 2023 paid dividend; <sup>2</sup>Net Income is defined as Net Income Available to Common Shareholders

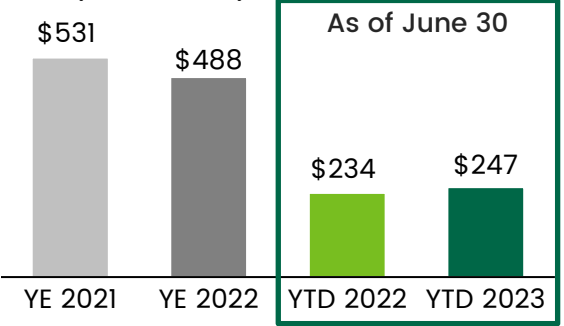
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# FINANCIAL RESULTS

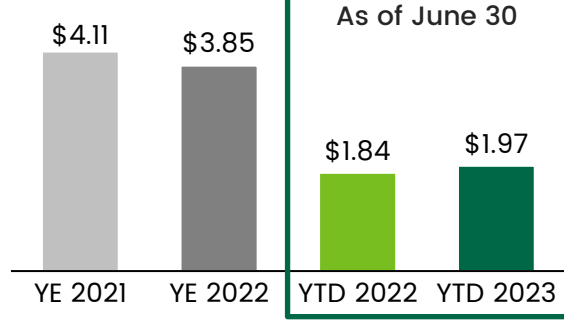
## 2Q2023

# FINANCIAL PERFORMANCE VS. PRIOR YEARS

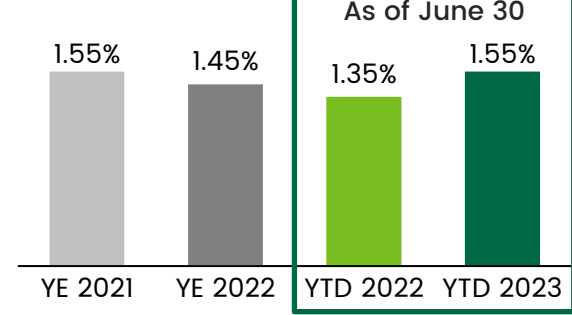
**Net Income** Attributable to CBI (\$ in Millions)



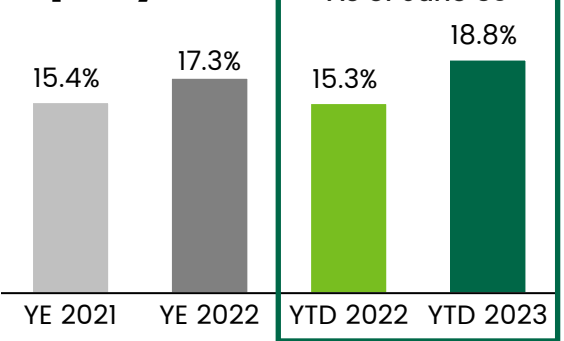
**Earnings per Common Share**



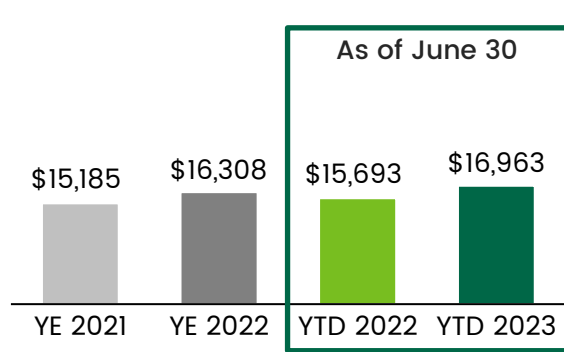
**Return on Total Average Assets**



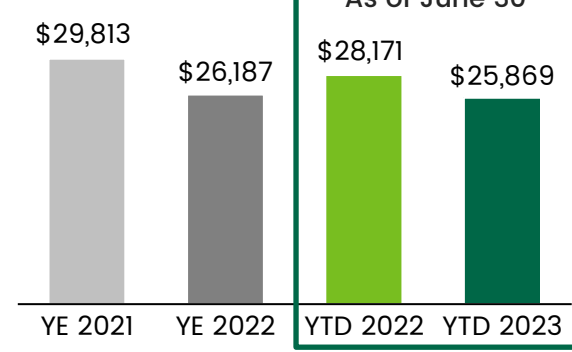
**Return on Average Common Equity**



**Period End Loans** (\$ in Millions)



**Period End Deposits** (\$ in Millions)



# 2Q2023 HIGHLIGHTS

## Highlights

PPNR<sup>1</sup>  
**\$169.5 million**

Net Income  
**\$127.8 million**

EPS  
**\$1.02**

ROAA  
**1.56%**

ROACE  
**18.81%**

Efficiency Ratio  
**57.22%**

## Well-positioned for current environment

- Built additional cushion of liquidity in Q2 – (Average cash at Fed of \$2.3B)
- Grew period end total deposits over Q1 by \$1.2B (\$904MM short-term brokered).
- Net interest margin decreased 14 bps from Q1.
  - Net interest margin was flat, excluding short-term liquidity build.
- Net interest income declined 1% to \$250MM.
- Total cost of deposits increased 42 bps to .87%.
- Average loans up 1.6% over Q1.
- Net charge-offs of .16% and non-accrual loans of .04%.
- Completed acquisition of LJ Hart & Company.

<sup>1</sup>See the non-GAAP reconciliation on page 52

# BALANCE SHEET HIGHLIGHTS

Quarterly Average Balances		2Q23 vs. 1Q23		2Q23 vs. 2Q22	
\$ in millions	2Q23	\$ Change	% Change	\$ Change	% Change
Commercial	\$10,748.4	\$203.1	2%	\$974.5	10%
Consumer	5,920.6	62.1	1%	209.0	4%
Total Loans	\$16,669.0	\$265.2	2%	\$1,183.5	8%
Investment Securities	\$11,289.5	\$ (808.4)	(7)%	\$ (3,248.8)	(22)%
Interest Earning Deposits with Banks	\$2,284.2	\$1,474.2	182%	\$1,035.2	83%
Deposits	\$25,207.1	\$ (41.9)	(0)%	\$ (3,520.0)	(12)%
Book Value per Share <sup>1</sup>	\$21.53	\$.02	0%	\$.30	1%

**Loans:** Quarterly growth in all categories except consumer card.

**Investment securities:** Continues to decline. No Q2 purchases.

**Interest Earning Deposits with Banks:** Increased liquidity with more cash at Fed.

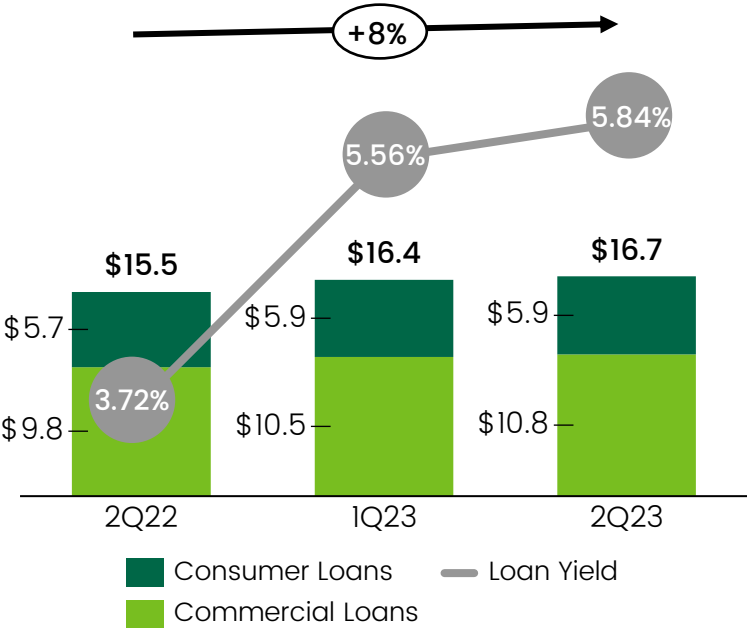
**Average Deposits:** Nearly flat from Q1.

<sup>1</sup>For the quarters ended June 30, 2023, March 31, 2023, and June 30, 2022

# BALANCE SHEET

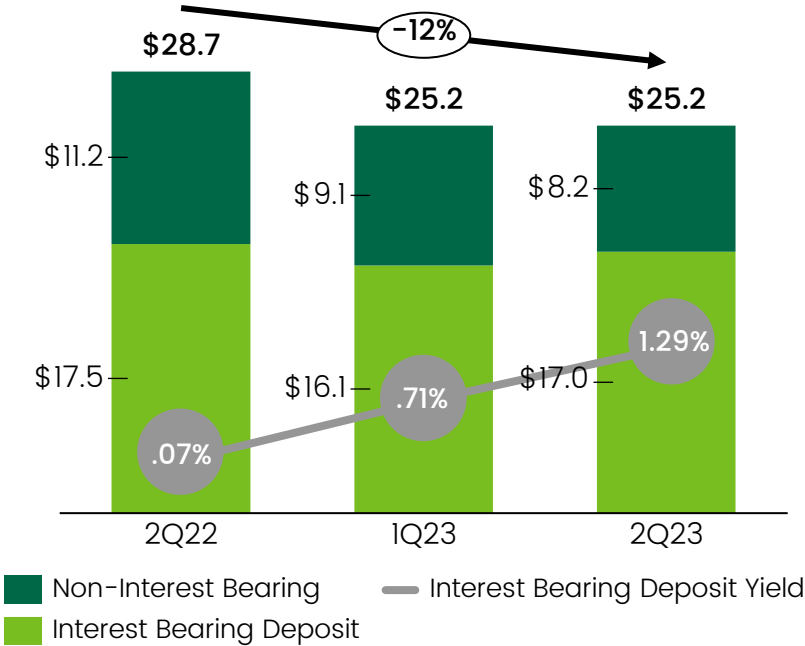
## Loans

QTD Average Balances  
\$ billions



## Deposits

QTD Average Balances  
\$ billions



# LOAN PORTFOLIO

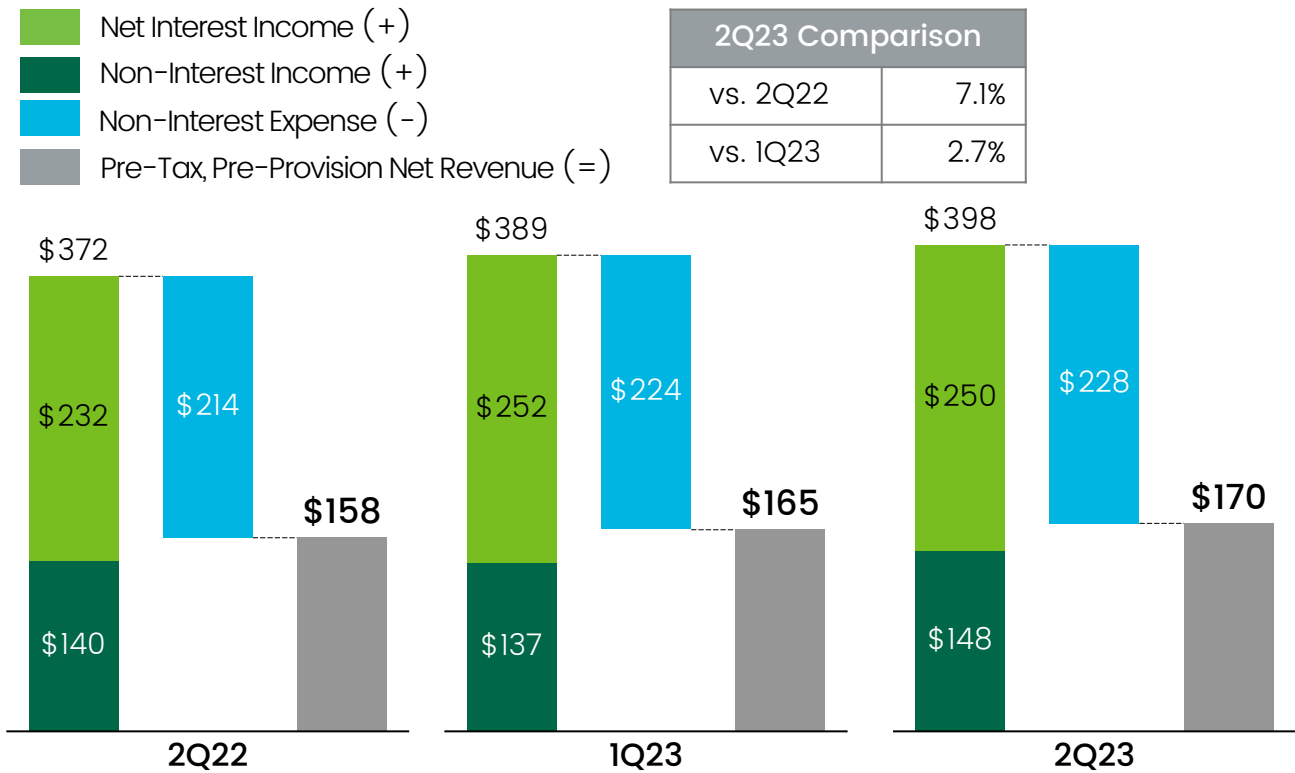
## Period-End Balances

## QTD Average Balances

\$ in 000s	6/30/2023	3/31/2023	6/30/2022	QoQ	YoY	\$ in 000s	6/30/2023	3/31/2023	6/30/2022	QoQ	YoY
Business	\$5,906,493	\$5,704,467	\$5,441,592	3.5%	8.5%	Business	\$5,757,388	\$5,656,104	\$5,385,181	1.8%	6.9%
Construction	1,451,783	1,437,419	1,266,260	1.0%	14.7%	Construction	1,450,196	1,410,835	1,225,267	2.8%	18.4%
Business Real Estate	3,621,222	3,486,543	3,215,578	3.9%	12.6%	Business Real Estate	3,540,851	3,478,382	3,163,508	1.8%	11.9%
Personal Real Estate	2,980,599	2,952,042	2,836,835	1.0%	5.1%	Personal Real Estate	2,960,962	2,933,750	2,825,578	.9%	4.8%
Consumer	2,110,605	2,094,389	2,089,592	.8%	1.0%	Consumer	2,098,523	2,067,385	2,070,560	1.5%	1.4%
Revolving Home Equity	303,845	295,478	271,854	2.8%	11.8%	Revolving Home Equity	300,623	296,748	272,280	1.3%	10.4%
Consumer Credit Card	574,755	558,669	558,102	2.9%	3.0%	Consumer Credit Card	555,875	556,223	537,681	-.1%	3.4%
Overdrafts	7,237	6,515	6,814	11.1%	6.2%	Overdrafts	4,630	4,449	5,524	4.1%	-16.2%
<b>Total Loans</b>	<b>\$16,956,539</b>	<b>\$16,535,522</b>	<b>\$15,686,627</b>	<b>2.5%</b>	<b>8.1%</b>	<b>Total Loans</b>	<b>\$16,669,048</b>	<b>\$16,403,876</b>	<b>\$15,485,579</b>	<b>1.6%</b>	<b>7.6%</b>

# INCOME STATEMENT HIGHLIGHTS

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



Revenue was up 2.0% over 1Q and up 6.8% over the same period last year.

Expenses were up 1.6% over 1Q and up 6.6% over the same period last year.



# INCOME STATEMENT

\$ in millions	2Q23	2Q23 vs. 1Q23		2Q23 vs. 2Q22	
		\$ Change	% Change	\$ Change	% Change
Net Interest Income	\$249.5	\$ (2.1)	-1%	\$17.2	7%
Non-Interest Income	147.6	10.0	7%	8.2	6%
Non-Interest Expense	227.6	3.5	2%	14.1	7%
Pre-Tax, Pre-Provision Net Revenue <sup>1</sup>	\$169.5	\$4.4	3%	\$11.2	7%
Investment Securities Gains, Net	\$3.4	\$3.7	1280%	\$2.4	230%
Provision for Credit Losses	\$6.5	\$ (5.0)	(44)%	\$ (.7)	(10)%
Net-Income Attributable to Commerce Bancshares, Inc.	\$127.8	\$8.3	7%	\$12.0	10%

For the three months ended	2Q23	1Q23	2Q23 vs. 1Q23	2Q22	2Q23 vs. 2Q22
Net Income per Common Share – Diluted	\$1.02	\$.95	7%	\$.92	11%
Net Yield on Interest Earning Assets	3.12%	3.26%	(14) bps	2.79%	33 bps

<sup>1</sup>See the non-GAAP reconciliation on page 52

# NON-INTEREST INCOME HIGHLIGHTS

\$ in millions	2Q23	2Q23 vs. 1Q23		2Q23 vs. 2Q22	
		\$ Change	% Change	\$ Change	% Change
Bank Card Transaction Fees	\$49.7	\$3.1	7%	5.9	13%
Trust Fees	47.3	1.9	4%	.5	1%
Deposit Account Charges and Other Fees	22.6	.9	4%	(2.9)	(11)%
Capital Market Fees	2.5	(.8)	(24)%	(.8)	(24)%
Consumer Brokerage Services	4.7	(.4)	(8)%	(.4)	(8)%
Loan Fees and Sales	2.7	.1	6%	\$ (.5)	(16)%
Other	18.0	\$5.2	40%	\$6.5	56%
Total Non-Interest Income	\$147.6	\$10.0	7%	\$8.2	6%

## Bank Card :

Corporate card fees increased over prior year due to higher interchange fee income and lower rewards expense.

## Other:

Increased over prior year due to higher swap fees, letter of credit fees, deferred compensation adjustment and a gain on the sale of real estate.

# NON-INTEREST EXPENSE HIGHLIGHTS

\$ in millions	2Q23	2Q23 vs. 1Q23		2Q23 vs. 2Q22	
		\$ Change	% Change	\$ Change	% Change
Salaries and Employee Benefits	\$145.4	\$1.1	1%	3.2	2%
Net Occupancy	13.0	.2	2%	.5	4%
Equipment	4.9	.0	0%	.1	3%
Supplies and Communication	4.6	.0	1%	.2	6%
Data Processing and Software	28.7	.6	2%	1.1	4%
Marketing	6.4	.9	16%	.5	9%
Other	24.6	.7	3%	8.4	52%
Total Non-Interest Expense	\$227.6	\$3.5	2%	\$14.1	7%

## Salaries and employee benefits:

Increased over prior year due to higher full-time salaries, partially offset by lower incentive compensation, largely due to one-time special bonuses in 2022.

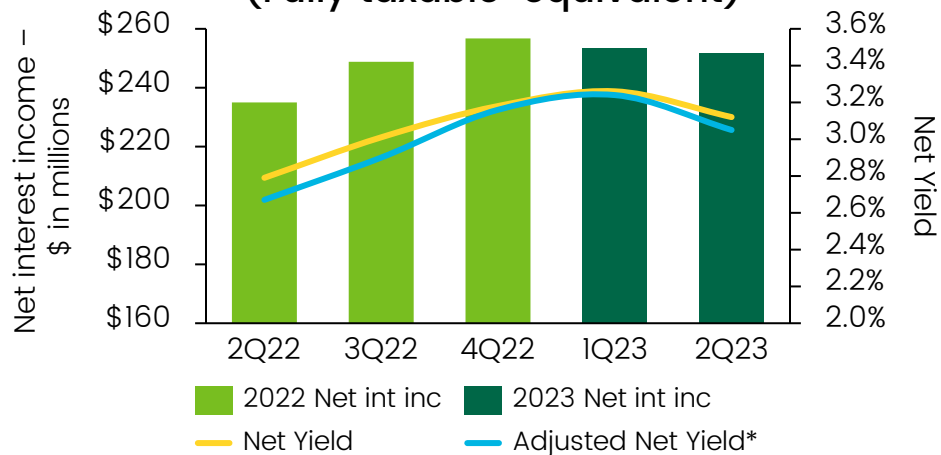
## Other:

Increased over prior year due to growth in deferred compensation, FDIC insurance and travel and entertainment expense.

Additionally, \$2.1 million deconversion expense relating to the transition of Commerce Financial Advisors support to a vendor platform.

# NET INTEREST INCOME: QTD – June 30, 2023

Quarterly Net Interest Income  
(Fully taxable-equivalent)

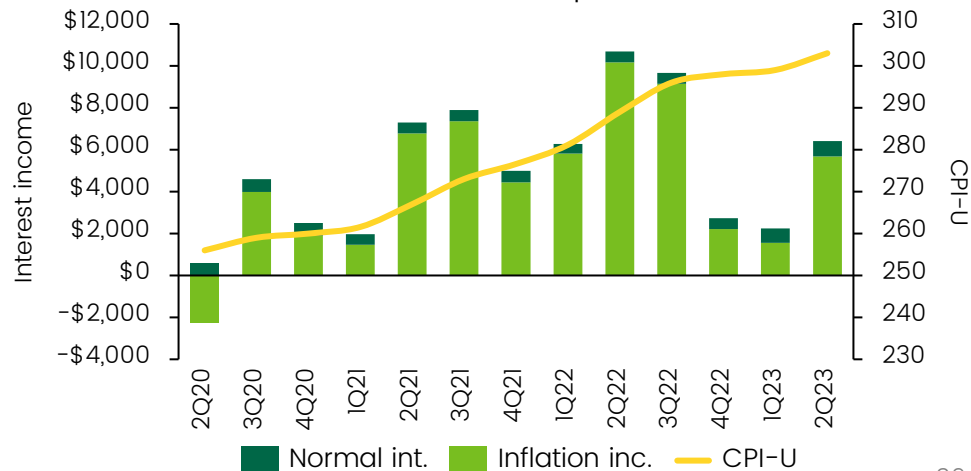


\*Adjusted to exclude TIPs inflation income

Fully taxable-equivalent - YTD	2022	2023	Change
Rates earned - assets	2.67%	4.17%	1.50%
Rates paid - liabilities	0.09%	1.55%	1.46%
Net yield - earning assets	2.62%	3.18%	0.56%

- Net interest income (fully taxable-equivalent) decreased \$1.7 million from the prior quarter.
- The net yield on interest earning assets decreased 14 basis points compared to the previous quarter, mostly due higher average balances and rates earned on loans, partly offset by higher average rates paid on deposits and borrowings and higher average balances on borrowings.

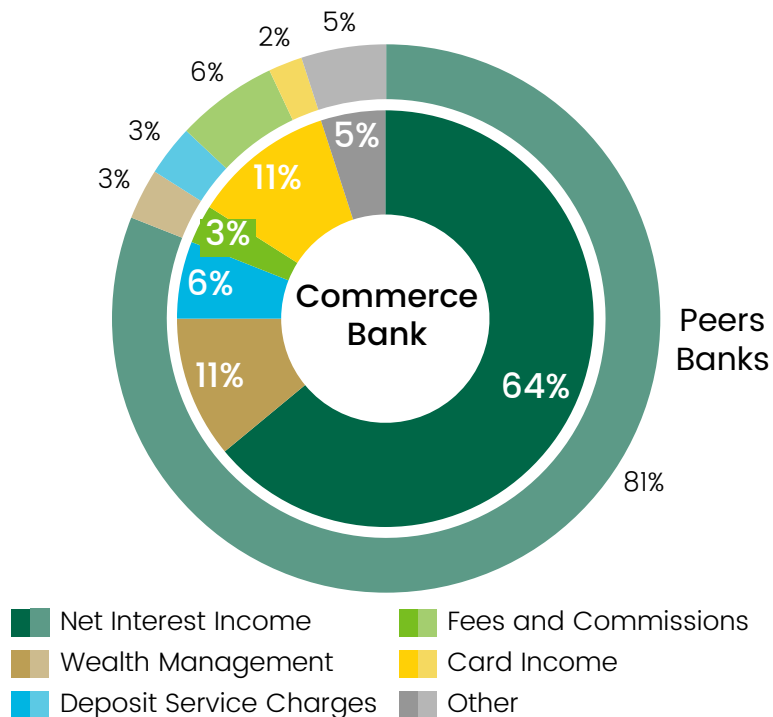
TIPs Interest - \$ in 000s



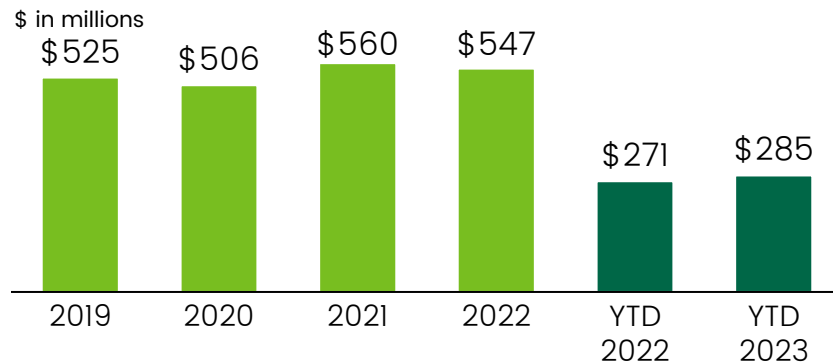
# A FULL-SERVICE, DIVERSIFIED OPERATING MODEL

Card, Wealth & Deposit fees provide stable, growing revenue source

## Revenue Source Diversification Compared to Peers<sup>1</sup>



## Non-Interest Income



Continued focus on growing fee income through new and existing product and service offerings

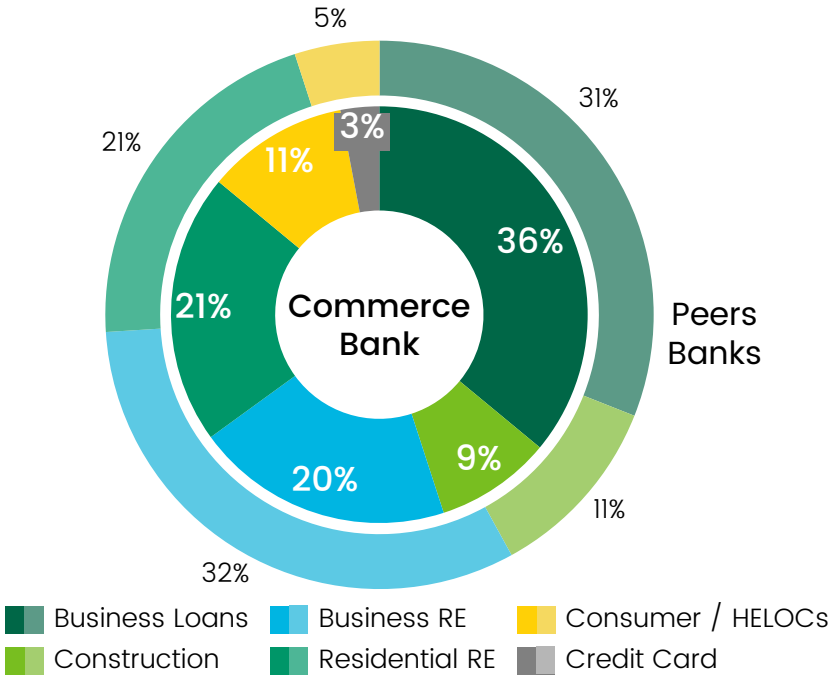
- Prepaid Expense
- **RemitConnect®**
- Claims Payments
- Horizons
- Accounts Payable Automation
- Interest Rate Swaps
- **CommerceHealthcare®**
- Asset Management

Peer Banks include: ABCB, ASB, BOKF, CADE, CFR, FIBK, FNB, FULT, HWC, ONB, OZK, PB, PNFP, SFNC, SBB, UBSI, UCBI, UMBF, WFTC

<sup>1</sup>Source: S&P Global Market Intelligence as of March 31, 2023

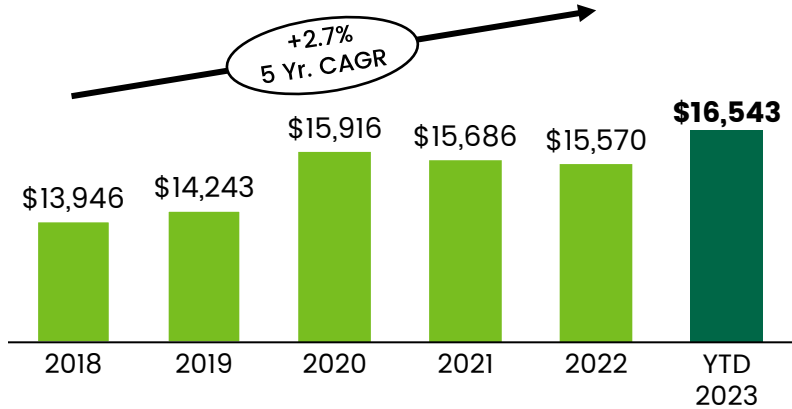
# WELL-DIVERSIFIED LOAN PORTFOLIO

## Loan Portfolio Diversification Compared to Peers<sup>1</sup>



## YTD Average Loans<sup>2</sup>

\$s in millions



## 2023 Loan Growth by Category

(Average loans Jun. 2023 vs. Mar. 2023)

Business/ lease/ tax-free	↑ \$101 million
Business RE	↑ \$62 million
Construction	↑ \$39 million
Consumer	↑ \$31 million
Personal RE	↑ \$27 million

Peer Banks include: ABCB, ASB, BOKF, CADE, CFR, FIBK, FNB, FULT, HWC, ONB, OZK, PB, PNFP, SFNC, SSB, UBSI, UCBI, UMBF, WFTC

<sup>1</sup>Source: S&P Global Market Intelligence as of March 31, 2023; <sup>2</sup>Includes loans held for sale

---

# STRATEGIC POSITION

# STRATEGIC POSTURE: MAINTAINING THE BALANCE

**STRONG PERFORMANCE** with ongoing refinement of the “Core Bank”

- Super-Community Bank platform
- Relationship-based banking
- High-touch customer service
- Full suite of product and service offerings
- Disciplined attention to risk return
- Divest in businesses & activities that no longer provide acceptable returns
- A highly engaged team
- Focus on profitability and shareholder return



**Challenge Accepted.®**

Disciplined focus on **PRIORITY BLUE CHIP** investments

- Diversity, Equity and Inclusion
- Enhancing our People Leadership
- Workplace Optimization
- Enterprise Digital Strategy
- Maximize Value of Key Retail Clients
- Grow the Private Bank Through a New Transformative Model
- Further Accelerate Expansion Market Growth
- Accelerate Growth in Healthcare



Commerce  
**EDGE**

...emphasis on culture, collaboration and core values





# CBI BLUE CHIP: ENTERPRISE DIGITAL STRATEGY

- Creates a single Digital Strategy expanding across all segments of the bank
- Committed to delivering customer digital solutions rapidly
- Investing in systems and technology to drive efficiencies & provide an enhanced experience

## Our Vision

**Transform the digital experience** by staying current on digital trends and creating seamless digital ecosystems that **place Commerce Bank at the nexus of meeting customers' financial needs.**

## Why it's Important

- Our current and potential customers' behaviors have changed, and **they expect more digital interactions**
- **Improved ability to leverage digital product development expertise** across the enterprise
- **Better positions us to remain competitive** with traditional and non-traditional competitors



**anywhere,  
any time.**

# DIGITAL TECHNOLOGY: APPLICATION MODERNIZATION

## BUSINESS DRIVERS



- New Capabilities
- Improved User Experience
- Flexibility
- Reduced Operational Expense
- Risk Management

## TECHNICAL DRIVERS



- Scalability / Reuse
- Accelerated Delivery
- Talent Availability
- Sustainability

## Payments

- Instant Payments (RTP, FedNow)
- Wires System Refresh
- ACH System Refresh

## Lending

- Private Banking Loan Origination & Servicing
- Commercial Loan Origination & Servicing
- Consumer Loan Origination & Servicing

## Sales & Service

- Branch Platform Refresh
- Consumer CRM Refresh

## Corporate

- General Ledger Replacement



Application Modernization is the **focused effort** to re-platform, replace, or significantly improve application platforms for the express purpose of modernizing **features and capabilities**, improving **total cost of ownership**, and/or reducing **operating risk**.



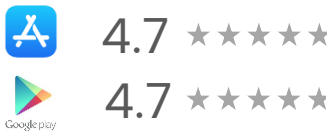
# CONSUMER BANKING SNAPSHOT



148 Full-service branches    293 ATMs



## Focus on Digital



Commerce Bank  
App Rating



68.6%  
Digital HH  
Penetration



\$73,345  
Digital Loan  
Sales (000s)



28.2%  
Mobile  
Deposit Use

Period end balances. All information as of December 31, 2022  
<sup>1</sup>Only includes primary households, excludes Wealth segment  
<sup>2</sup>Excludes loans from our Wealth segment and \$1.9 billion of personal real estate loans

# DISTINCTIVE DIGITAL OFFERINGS

## Commerce Bank CONNECT® Mobile App

Personalized experience allowing customers to engage with a banker they choose, right from their smartphone

- First in the region to introduce this innovation, enabling high-touch service through a digital channel
- Secure platform for customers to interact directly with a real person – a banker they've chosen – who can provide personalized guidance and advice
- Expanded the app experience to provide customers a way to make personal connections with our bankers anytime and anywhere



**98%**  
customer  
satisfaction

Find a banker  
you'll **click** with®

## Real Estate Lending

An end-to-end, fully coordinated solution for mortgage and home equity financing that allows the consumer to transact via web, phone, face-to-face, virtually or any combination – throughout the loan lifecycle, including servicing.

- Continue to enhance the digital mortgage platform to optimize the consumer experience
- Expand product offerings, particularly in new construction, renovation and home equity
- Explore opportunities to broaden our geographic reach



Mortgage  
made simple.



Connect with a  
home of your own.



### Commerce Bank Mortgage Concierge Team

Mortgage made simple. We've got this.

We understand time is of the essence when you're searching for a mortgage. That's why our Mortgage Concierge Team is here to help, with all your home loan needs.

**READY** Ready to start your mortgage process with someone in person? We'll schedule an appointment with a mortgage banker.

**READY** Ready to apply right now? We can connect you with a mortgage banker to take your application.

**?** Not ready to apply just yet but have a question? We can help.

**HELP** Forget a question when you were in the branch. Email us at [allthingsmortgage@commercebank.com](mailto:allthingsmortgage@commercebank.com). Or give us a call.

**Call direct:** 816.234.2600  
[commercebank.com/mortgage](http://commercebank.com/mortgage)



# Commerce Trust

Banking | Investments | Planning™

For high-net-worth individuals who are looking to simplify their complex financial life, Commerce Trust Company provides a full-service approach to wealth management.

20<sup>TH</sup>

Largest Among  
Bank-Managed  
Trust  
Companies<sup>1</sup>

\$60

BILLION  
Total Client  
Assets<sup>2</sup>

\$37

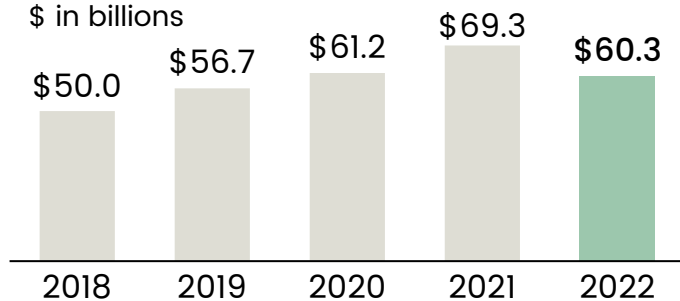
BILLION  
Assets Under  
Management

\$618

MILLION  
Managed  
Brokerage  
Assets

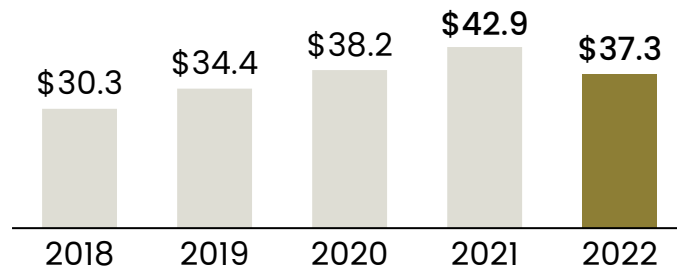
## Total Client Assets<sup>2</sup>

\$ in billions



## Assets Under Management

\$ in billions



Period end balances. Information as of December 31, 2022

<sup>1</sup>S&P Global Market Intelligence ranking as of 12/31/2022, based on assets under management

<sup>2</sup>Assets under administration



Commerce Bancshares, Inc.

## Wealth Key Growth Initiatives

- Utilize new private banking loan and deposit system to offer special products, services and automation
- Continued expansion into new concentrated wealth markets through de novo and acquisition efforts
- Expand our integrated referral strategy with affluent households
- Implement an enhanced sales and service process
- Invest in our team with additional development and targeted recruiting
- Invest in digital tools that support a seamless client experience

## Strengthening our Wealth Brands



# COMMERCIAL BANKING

## Revenue growth opportunities

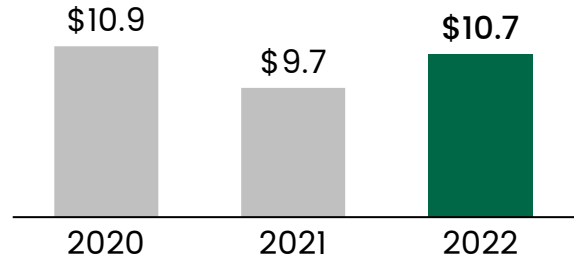
### Financing solutions and deposit capabilities customized for your business

- Working Capital Line of Credit
- Term Loans
- Equipment Financing
- Leasing Solutions
- Commercial Real Estate
- ESOP Loans
- Acquisition Financing
- Tax-Exempt Bonds
- Full suite of cash management solutions
- Robust Card and Merchant acceptance
- Consultative approach to payments cycle reviews
- Specialized vertical expertise



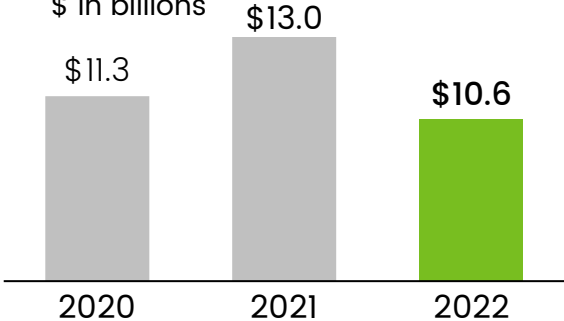
### Commercial Loans

\$ in billions



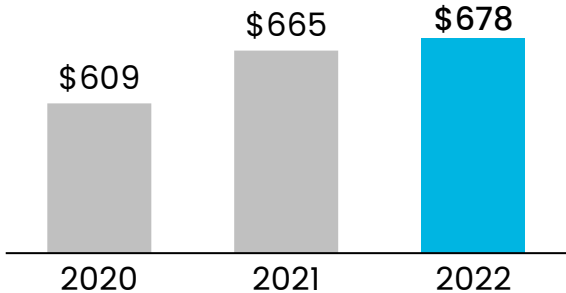
### Commercial Deposits

\$ in billions



### Commercial Revenue

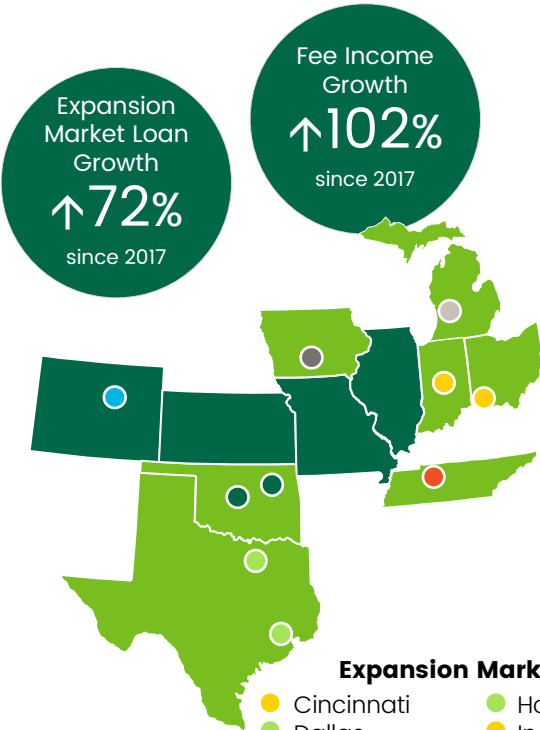
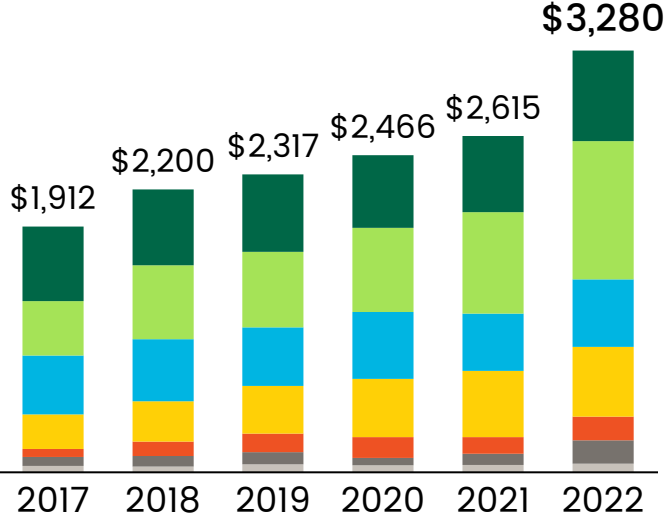
\$ in millions



# EXPANSION MARKETS OFFER GROWTH OPPORTUNITIES

## Expansion Market Loan Growth

\$ in millions



### Expansion Markets



Team Overview for  
Expansion Markets 2022  
# of team members per market  
(includes open positions)



Period end balances as of December 31, 2022



# INDUSTRY-LEADING COMMERCIAL PAYMENTS CAPABILITIES

Innovative payments solutions to manage payables and receivables to streamline cash flow

RECEIVABLES. PAYABLES. AUTOMATION.  
**URNS OUT COMMERCE IS WAY MORE THAN A BANK.**

- Multiple revenue-generating payment types
- Full-service implementation
- Protection against fraud
- Ongoing enrollment
- 150 years strong

**\$200**  
MILLION

Payments  
Revenue

**\$63**  
MILLION

Treasury  
Management  
Revenue

**\$10.4**  
BILLION

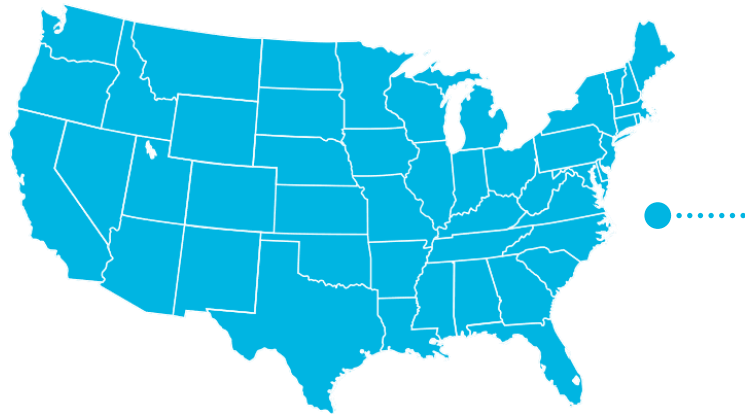
Commercial  
Card  
Volume

**\$7.7**  
BILLION

Merchant  
Volume

# CommerceHealthcare®

➤ We don't just serve the healthcare industry. **It's our specialty.**



Partner to **3,000+** healthcare providers and **500+** hospitals in all **48** contiguous states



**100+** entities and **over 42** million patient transactions annually

## Patient Engagement Solutions

- Patient Financing
- Online Bill Pay
- Patient Refunds

## Receivables Management Solutions

- Receivables Optimization
- Reconciliation Automation
- Healthcare Lockbox

## Accounts Payable Solutions

- Virtual Card Revenue Share Program
- Supplemental Card Program

## Traditional Banking Services

- Treasury Services
- Credit
- Days Cash Investment
- Institutional Trust Services



# A FULL SUITE OF INNOVATIVE CARD AND PAYMENT PRODUCT OFFERINGS

- Health Services Financing
- Claims Payments
- Multi Account Chip
- Co-Brand
- Prepaid Expense
- Credit Card Installment opportunity during purchase
- Contactless Visa® Debit Card Early adopter



# NON-GAAP RECONCILIATIONS

## Pre-tax, Pre-provision Net Revenue

(DOLLARS IN THOUSANDS)		For The Three Months Ended		
		Jun. 30, 2023	Mar. 31, 2023	Jun. 30, 2022
A	Net Interest Income	\$ 249,538	\$ 251,623	\$ 232,385
B	Non-Interest Income	\$ 147,605	\$ 137,612	\$ 139,427
C	Non-Interest Expense	\$ 227,611	\$ 224,107	\$ 213,505
Pre-Provision Net Revenue (A+B-C)		\$ 169,532	\$ 165,128	\$ 158,307

# Investor Relations

## Contact Information:

### **Matt Burkemper**

Senior Vice President, Commerce Bank  
Corporate Development and Investor Relations  
314.746.7485  
Matthew.Burkemper@commercebank.com

## Commerce Bancshares, Inc. Investor Relations website:

<http://investor.commercebank.com/>





# PEOPLE, GROWTH AND POSSIBILITIES



**Commerce Bancshares, Inc.**