

Commerce Bancshares, Inc.

Annual Report
& Form 10-K

2024

Strategic Mindset for Growth

4.7

★★★★★

Mobile app rating on iOS platform



Forbes' America's Best Midsize Employers

Bank Director

RANKING BANKING

TOP 25 U.S. BANKS

Newsweek's America's Best Regional Banks

Outstanding Community Reinvestment Act rating for 29 years

For Commerce, this past year was marked by strong performance against an evolving macroeconomic and operating landscape. We stood as a trusted financial partner, guided by a strong foundation and a culture that is nearly 160 years in the making.

The following report highlights our results over the past year and reflects our **Strategic Mindset for Growth** — a commitment to innovation, improvement, and disciplined investment. When we bring these elements together, we're able to take advantage of opportunities to grow our business. Looking ahead, our franchise is well-positioned to execute against our long-term strategies, serve our customers and deliver value to our shareholders.

About the Cover

Growth in our expansion markets has been a priority initiative for Commerce Bank for many years and provides the opportunity to deliver our broad array of financial solutions to attractive geographies. In aggregate, these markets have experienced 52% loan growth and 74% fee income growth over the last five years and remain critical to Commerce's continued success. Foundational to our long-term growth is the talented team in these markets. Pictured on the cover are some of the key leaders who reinforce our culture and core values in these markets every day, as well as drive the collaboration that helps us build deep relationships with our customers.

Cover photo – left to right

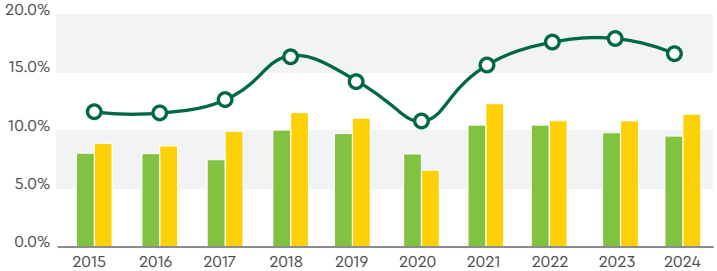
- **Shannon O'Doherty**, CEO – Oklahoma
- **John Creamer**, President – Tennessee
- **Sebastien Solar**, President – Houston

Financial Highlights

(In thousands, except per share data)	2020	2021	2022	2023	2024
OPERATING RESULTS					
Net interest income	$ 829,847	$ 835,424	$ 942,185	$ 998,129	$ 1,040,246
Provision for credit losses	137,190	(66,326)	28,071	35,451	32,903
Non-interest income	505,867	560,393	546,535	573,045	615,553
Investment securities gains (losses), net	11,032	30,059	20,506	14,985	7,823
Non-interest expense	768,378	805,901	848,777	930,982	951,229
Net income attributable to Commerce Bancshares, Inc.	354,057	530,765	488,399	477,060	526,331
Net income available to common shareholders	342,091	530,765	488,399	477,060	526,331
Cash dividends on common stock	120,818	122,693	127,466	134,734	139,503
AT YEAR END					
Total assets	$ 32,922,974	$ 36,689,088	$ 31,875,931	$ 31,701,061	$ 31,996,627
Loans, including held for sale	16,374,730	15,184,974	16,308,095	17,209,656	17,223,345
Investment securities	12,645,693	14,699,511	12,519,177	9,948,764	9,462,380
Deposits	26,946,745	29,813,073	26,187,440	25,363,898	25,293,644
Equity	3,399,972	3,448,324	2,481,577	2,964,230	3,332,475
Non-accrual loans	26,540	9,157	8,306	7,312	18,278
Common shares outstanding[1]	142,382	140,578	137,812	136,685	134,152
Tier I common risk-based capital ratio	13.71 %	14.34 %	14.13 %	15.25 %	16.71 %
Tier I risk-based capital ratio	13.71	14.34	14.13	15.25	16.71
Total risk-based capital ratio	14.82	15.12	14.89	16.03	17.48
Tier I leverage ratio	9.45	9.13	10.34	11.25	12.26
Tangible common equity to tangible assets ratio	9.92	9.01	7.32	8.85	9.92
Efficiency ratio	57.19	57.64	56.90	59.17	57.37
OTHER FINANCIAL DATA (based on average balances)					
Return on total assets	1.20 %	1.55 %	1.45 %	1.49 %	1.72 %
Return on common equity	10.64	15.37	17.31	17.94	16.66
Loans to deposits	67.73	56.46	55.41	66.31	69.73
Equity to total assets	11.18	10.11	8.39	8.33	10.29
Net yield on interest earning assets (FTE)	2.99	2.58	2.85	3.16	3.47
PER COMMON SHARE DATA					
Net income – basic[1]	$ 2.40	$ 3.73	$ 3.50	$ 3.47	$ 3.88
Net income – diluted[1]	2.39	3.73	3.50	3.46	3.87
Market price[1]	54.05	59.38	61.74	50.87	62.31
Book value[1]	23.88	24.53	18.00	21.69	24.84
Cash dividends[1]	0.846	0.864	0.916	0.980	1.029
Cash dividend payout ratio	35.32 %	23.12 %	26.10 %	28.24 %	26.50 %

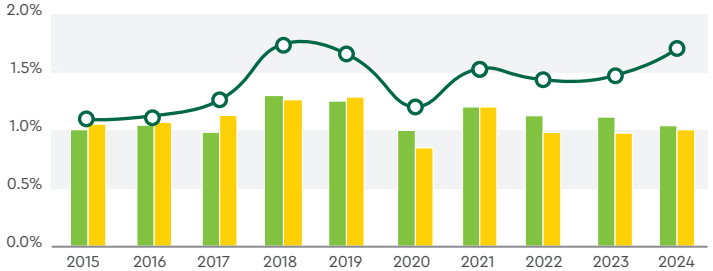
1 Restated for the 5% stock dividend distributed December 2024.

Return on Average Common Equity



Commerce 10-Year Average: 14.3% **Peer** 10-Year Average: 9.1%

Return on Average Assets



Commerce 10-Year Average: 1.4% **Peer** 10-Year Average: 1.1%

Sources: S&P Global Market Intelligence, and company reports and filings as of December 31, 2024

Letter to Our Shareholders



David W. Kemper
Executive Chairman
COMMERCE BANCSHARES, INC.
FEBRUARY 25, 2025

Annualized Shareholder Return
+8%
over the last 20 years

The macroeconomy remained fundamentally strong in 2024 despite ongoing challenges. Inflationary pressures and elevated interest rates shaped the financial markets, while geopolitical uncertainties added complexity to the global outlook. Against this backdrop, the U.S. economy exhibited strength driven by low unemployment, moderating inflation, and solid consumer spending.

The banking industry has adapted to the evolving dynamics of the past few years, navigating regulatory pressures, technological advancements, and a more competitive market for deposits. For Commerce Bancshares, agility has been key as we have remained focused on long-term growth while staying true to the principles that have defined us for nearly 160 years. In 2024, your company delivered solid financial performance. Revenue diversification, strong credit quality, and disciplined expense management were cornerstones of our success. Capital and liquidity levels remain robust, supporting our ability to meet our customers' needs while ensuring the safety and soundness of the bank.

Your company is committed to creating and sustaining superior long-term shareholder value. Consistent with our track record, we returned capital to shareholders through increased dividends. In January 2025, we increased our quarterly common dividend 7% to $.275 per share, marking the 57th consecutive year of dividend increases. Over the past 20 years, our annualized total return to shareholders has been 8%, significantly outperforming the KBW Regional Bank Index annualized return of 4%.

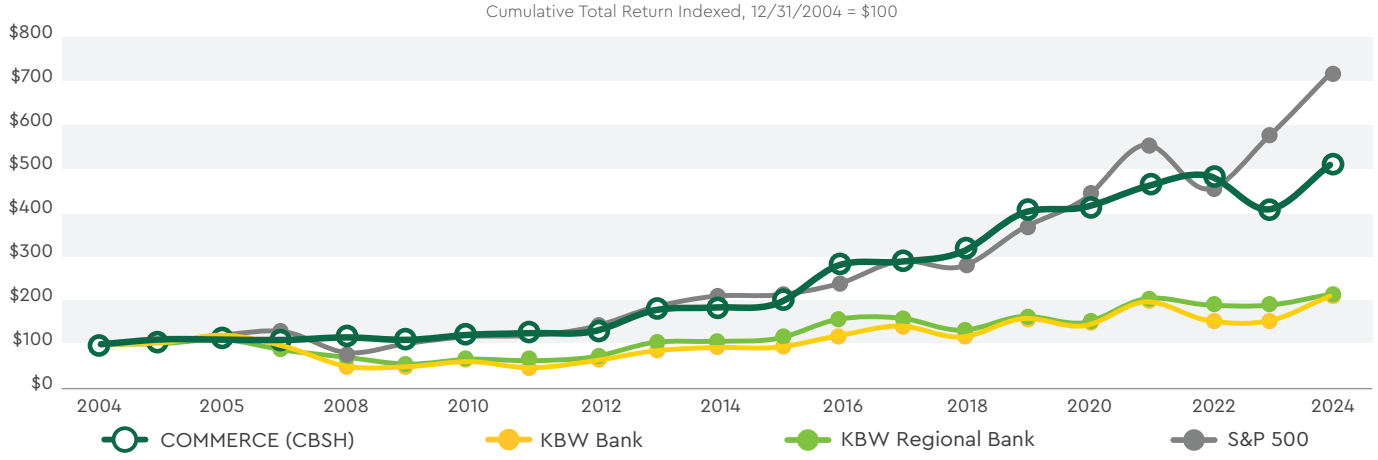
Looking ahead, we are committed to delivering innovative solutions to our customers, leveraging technology to enhance our capabilities, and investing in areas that will generate healthy earnings. At the same time, we will continue to embrace a disciplined approach to risk management, ensuring we can perform consistently through economic cycles.

I would like to thank our talented team members, our customers, and you — our shareholders — for the continued trust and support you place in this institution. We look forward to building on our success together in 2025 and beyond.

David Kemper

Long-Term Shareholder Return

Cumulative Total Return Indexed, 12/31/2004 = $100



Source: Bloomberg as of December 31, 2024

Strategic Mindset for Growth



John W. Kemper
President and Chief Executive Officer
COMMERCE BANCSHARES, INC.
FEBRUARY 25, 2025

Dear Fellow Shareholders:

A complex economic environment in 2024 brought a mix of opportunities and challenges. The economy remained resilient, despite the elevated interest rate environment that persisted through the year. Encouraged by falling core inflation, the Federal Reserve initiated its interest rate cutting cycle in September, easing monetary policy for the first time in four years. A relatively steady job market and solid consumer spending fueled economic growth even as geopolitical fragility and lingering supply chain concerns added uncertainty.

For the banking industry, these dynamics created a complex but mostly constructive operating environment. Higher funding costs, compressing margins, regulatory pressures, normalization of consumer credit costs, and challenges in the commercial real estate sector tested the industry. At the same time, ongoing advancements in technology and evolving customer expectations continued to open doors for innovation and differentiation. Liquidity, very much under scrutiny in 2023, was steady for the year, and the passage of time and earnings helped to shore up bank balance sheets. Though the U.S. elections are behind us, policy outcomes related to tax reform, tariffs and interest rates, nonetheless, remain unclear.

At Commerce Bancshares, our results are influenced by the ebb and flow of the economy, but our objective is to operate consistently in good times and in bad — to ensure we're building a franchise that can take care of our customers under all circumstances. Our purpose is to be there when it matters most to our customers. This steady approach sets us apart as a stable and trusted partner when the industry experiences strain. While prudent banking is not always in fashion, it pays dividends in challenging times.

As shareholders, you can be proud of the way this bank has navigated the choppy waters of the past few years, driven by our long-enduring values and operating model. For nearly 160 years, Commerce Bancshares has operated from a strong foundation of culture and teamwork, allowing us to remain steady in the face of uncertainty. Guided by this foundation, and with a **Strategic Mindset for Growth**, your company

is positioned to continue to deliver value to our customers, our communities, and to you and your fellow shareholders.

Our Results and Financial Growth

Commerce delivered a strong year of financial performance in 2024, one that reflected our diversified operating model and the talented team behind it. Our financial results were helped by low credit costs and disciplined expense management, two key ingredients in our steady profit growth over time.

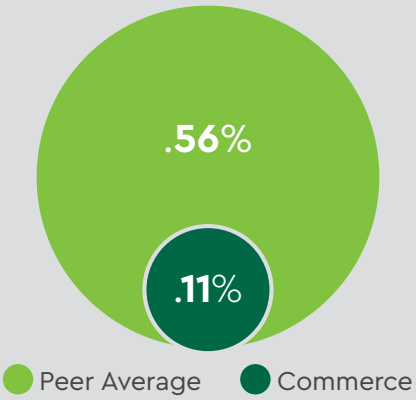
Non-Interest Income
37%
of Total Revenue in 2024

Core deposits remained steady despite heightened competition, and our diverse revenue streams provided ballast against market volatility. Non-interest income from our fee-based businesses comprised 37% of total revenue. Consistent with the industry, loan demand remained soft, constrained by elevated borrowing costs and uncertainty related to public policy.

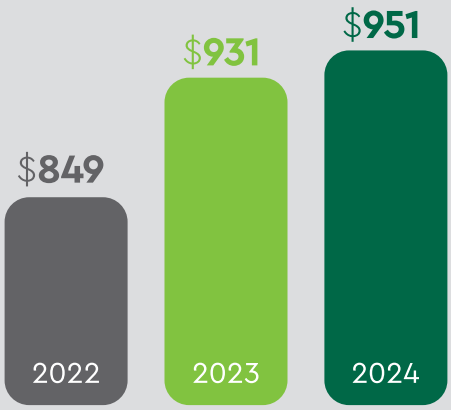
Throughout the year, Commerce maintained robust liquidity levels and capital ratios that rank among the strongest in the industry. Commerce has traditionally outperformed in economic downturns thanks to the strength of our risk management program, particularly our disciplined credit underwriting and approach to asset/liability management.

Financial performance, as measured by returns on average assets and returns on average equity, positions Commerce comfortably in the top quartile relative to peers. Our long-term shareholder returns remain positive compared to the industry, and our regular dividend payments

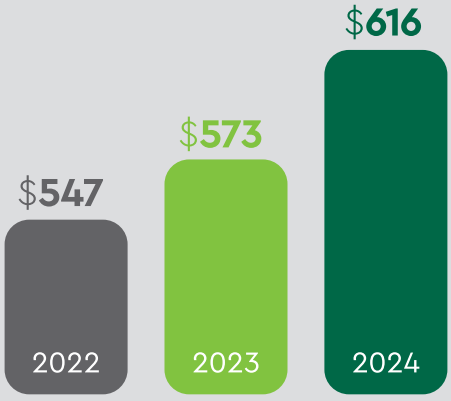
Non-Accrual Loans to Total Loans
As of December 31, 2024



Non-Interest Expense
$ in millions



Non-Interest Income
$ in millions



reaffirm our commitment to delivering steady returns to our shareholders. Taken together, our results reflect the value of our diversified business model and the ability of your bank to thrive amid changing economic conditions.

A Strong Foundation for Growth

The foundation of Commerce Bank is our culture — a defining asset that we cultivate with intention at every level of the organization. This culture, built on communication, collaboration and accountability, has been critical in navigating the dynamic environment of recent years.

Built on this culture, Commerce's super-community bank operating model continues to drive our success, allowing us to combine the sophistication and expertise of a large institution with the personalized service and deep relationships of a local bank. This approach enables us to deliver tailored advice and exceptional customer experiences through empowered local bankers who understand the needs of their customers and communities.

> At Commerce, we strive to create a positive impact within our company and throughout our communities.

The diversity of our business can be seen in the composition of our loan portfolio and in a multitude of fee-based businesses. Our deep experience in payments and wealth management, coupled with decades-long, high-quality depository relationships, positions us strongly against both bank and non-bank competitors.

In 2024, Moody's reaffirmed our financial strength with an a2 baseline credit assessment, placing Commerce among the most financially secure institutions in the country and two ratings above the U.S. banking industry median. This recognition reflects not only the soundness of our business model but also the dedication of our talented team members, whose unwavering commitment to our purpose and culture drives our results, enabling us to serve our customers and communities.

Beyond the Numbers

At Commerce, we strive to create a positive impact within our company and throughout our communities, guided by our purpose: to help others focus on what matters most. We are committed to cultivating an inclusive culture where team members can grow and succeed. To foster personal connections and a sense of belonging, we support several employee-led resource groups.

Throughout 2024, we continued to prioritize initiatives that expand financial access, including our community outreach and banking programs. These efforts provide critical resources to unbanked and underbanked individuals, ensuring we meet the diverse needs of the communities we serve. For the past 29 years, Commerce has consistently achieved an "outstanding" rating under the Community Reinvestment Act, reflecting our unwavering commitment to community development.

Our commitment to the community extends beyond traditional banking services to active volunteerism and philanthropic support through the Commerce Bancshares Foundation. Each year we offer our team members paid time off to contribute their time and talent by helping a local charitable organization. Additionally, many Commerce leaders champion community causes by serving on the boards of nonprofit organizations.

In 2024, Commerce contributed $5 million to the Commerce Bancshares Foundation. This donation underscores our commitment to the growth and prosperity of our communities and creates a lasting positive impact on the organizations that provide support to the areas we serve.

Looking ahead, we will continue to seek opportunities to make a difference in our communities, and to shape a brighter, more sustainable future. To learn more about our efforts in these areas, please visit the About Us page on commercebank.com.

Our Business Segments: Strategic Growth in Action

Consumer Banking

In a year fraught with economic uncertainty, elevated inflation, and shifting interest rates, Commerce stood as a trusted partner for our consumer customers, providing support to navigate challenges and enhance their financial wellness.

We introduced product enhancements, making it easier for consumers to manage their money, including new lending options for our Commerce**Premier** members, solutions to manage short-term liquidity needs, and enabling access to qualifying direct deposit funds up to two days early.

We enhanced the ability to make or receive payments with real-time transfers between accounts and via person-to-person payments through the Zelle® network. Additionally, we improved tools to simplify saving for the future by providing automated savings options tailored to consumers' unique preferences and financial goals.

We continued to invest in our digital platforms, releasing 21 updates across online banking and mobile channels in 2024. We introduced an improved credit card rewards tool, giving consumers access to a powerful new way to earn rewards and robust options to redeem. We invested in our lending platforms to enhance product offerings and functionality, including faster decisioning, same-day loan closings, more self-service options, and increased transparency — improving the overall customer experience.

These enhancements, backed by best-in-class service, enable us to build trusting and enduring relationships with consumers. In 2024, we maintained a primary banking relationship with more than 75% of our retail banking customers, marking the sixth consecutive year we held primacy at or above this level. For five years in a row, we exceeded our overall customer experience goals. These high markers reflect our commitment to listen to our consumers, build solutions that meet their needs, and earn more business in the future.

Commercial Banking

Throughout 2024, we continued to support our commercial customers' capital needs and provide solutions to access the payments system efficiently and confidently. Despite elevated interest rates and borrowing costs, commercial loans remained strong with balances of $11.1 billion in 2024. Our expansion markets contributed significantly to these totals, with average loan balances exceeding $3.5 billion in aggregate. Borrower credit quality continues to be strong as net loan charge-offs were .01% of average commercial loans. Higher interest rates provided our Commercial Tradable Products team the opportunity to assist customers seeking higher yield assets, contributing to a 44% increase in fee income from those services.

Our position as a payments bank resulted in steady commercial deposits, which ended the year at $10.2 billion, including $899 million from our expansion markets. In addition, our payments solutions drove an increase of 5% in commercial fee income for the year, with treasury management experiencing the highest level of growth.

Healthcare remains our largest industry sector and a standout vertical for the bank. We continued to add new healthcare clients across the country, helping providers improve their cash flow and enhance the patient experience. Commerce's standing in the industry was bolstered in 2024 as the Healthcare Financial Management Association (HFMA) renewed the "Peer Reviewed by HFMA®" status for our virtual credit card and our patient financing solution, HSF®. This designation[1] is awarded to healthcare business solutions that have been rigorously evaluated by HFMA as well as current end users, and deemed to meet high standards for quality, effectiveness and value.

In 2024, we launched new solutions to meet our customers' evolving needs. Commerce was selected as one of the first 17 banks nationwide with delegated authority for the Small Business Administration (SBA) Working Capital Pilot Program, empowering us to provide small- to mid-sized businesses with an asset- or transaction-based revolving line of credit that is backed by an SBA guaranty. Commerce also went live with the FedNow® instant payments network. By participating in both the FedNow network and the RTP® network from The Clearing House, Commerce has expanded its ability to help customers accept near-real-time payments.

As fraud incidents become more commonplace and sophisticated, we continue to take proactive steps to help protect our customers. In 2024, we enhanced the authentication processes for PreferPay® and Commerce Connections® to provide an additional layer of security. Moreover, we continue to help educate our customers on trending fraud risks by routinely extending informational updates and best practices for fraud prevention.

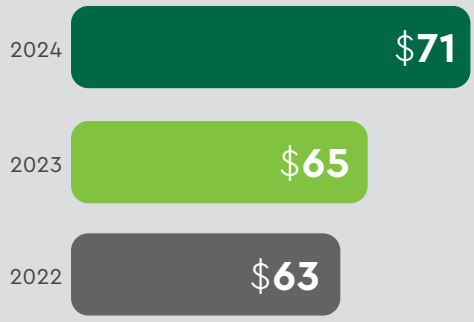
Wealth Management

Commerce Bank's wealth management business, operating under the umbrella of Commerce Trust, is a core piece of the bank's overall operating model. Commerce Trust is highly complementary to the broader bank and delivers strong and steady risk-adjusted profitability to our shareholders.

1 HFMA staff and volunteers determined that these healthcare business solutions have met specific criteria developed under the HFMA Peer Review process. HFMA does not endorse or guarantee the use of these healthcare business solutions or that any results will be obtained.

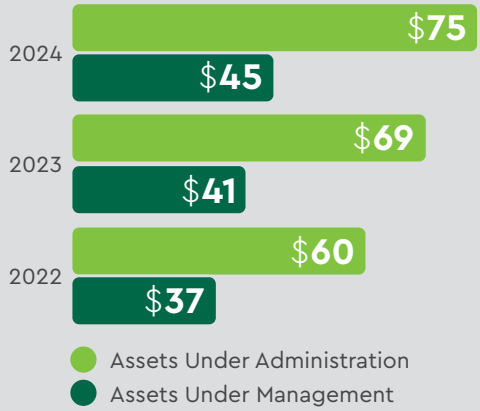
Treasury Management Revenue

$ in millions



Commerce Trust Assets

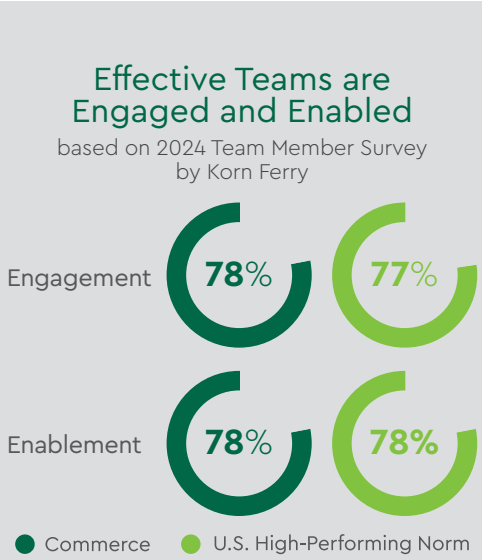
$ in billions



In 2024, financial markets delivered strong growth, providing a positive tailwind for Commerce Trust as our asset management revenues grew alongside the market. This momentum was further aided by strong sales results and excellent client retention. In addition, our client satisfaction increased to a high mark of 9.7 out of 10, and asset retention of 95% remained strong. These achievements propelled total assets under management to more than $45 billion, while total assets under administration grew to $75 billion as of year-end.

As we enter 2025, we are optimistic about the growth prospects for Commerce Trust. We are committed to deepening existing client relationships through our holistic, team-based approach, offering integrated solutions for banking, investments, planning and asset management. This approach enables us to be a trusted financial partner for clients at every stage of their wealth journey.

Many of our clients are introduced to Commerce Trust through an existing commercial banking relationship. A key driver of our historical success has been the close partnership between our commercial banking and wealth teams. This partnership continues to grow in both our legacy footprint and, increasingly, in our expansion markets.



As the generational wealth transfer accelerates, our holistic approach to wealth management positions us to meet the evolving needs of the next generation of high-net-worth clientele. We strive to foster trusted relationships with families, individuals and institutions by offering customized advice along with lending and portfolio solutions. These enduring, well-rounded client relationships continue to be the foundation of our success and the driver of our long-term growth.

Continuous Improvement and Innovation

Commerce's culture of continuous improvement is essential to our long-term success, and over the course of 2024, we made great strides to improve, innovate and grow. Across our business segments, we enhanced the functionality of our digital platforms to improve the customer experience and streamline operations. We continued to invest in our workspaces to further support team collaboration, maximize productivity, enhance team member engagement, and gain efficiencies in our real estate. Furthermore, implementation of a new workplace resource hub is underway to create connections and provide tools for team members in a hybrid environment.

At Commerce, a growth mindset is not only about expanding the business in strategic ways. It is also an opportunity to evolve as leaders, as a team, and as an organization. Some of our most important initiatives are centered around enhancing the team member experience and investing in career development at Commerce. According to Korn Ferry, our 2024 team member engagement survey results showed that we scored at or above U.S. high-performing benchmarks. Our consistently strong scores are distinctive among the Korn Ferry universe of surveyed companies and reflect our positive sense of culture and team.

Affirming these efforts, in 2024 *Forbes* named Commerce to its list of America's Best Midsize Employers for the seventh consecutive year, and *Newsweek* included Commerce in its list of America's Greatest Workplaces for Parents and Families.

Looking Ahead: Strategic Mindset for Growth

As we look to 2025, the banking industry faces a shifting landscape. While inflationary pressures are easing, uncertainty remains, and economic growth is not a given. Expense growth, subdued loan demand, and potential credit concerns, particularly in the commercial real estate sector, continue to pressure profitability across the industry.

At Commerce, we are well-prepared to navigate these headwinds. Guided by a **Strategic Mindset for Growth**, we remain committed to optimizing our core business, fostering innovation, and prioritizing initiatives that deliver long-term value. Our strategic investments in people, technology, and high-growth areas such as wealth management and payments position us to capitalize on opportunities, even amid uncertainty. At the same time, disciplined expense management and a focus on credit quality remain at the forefront of our efforts.

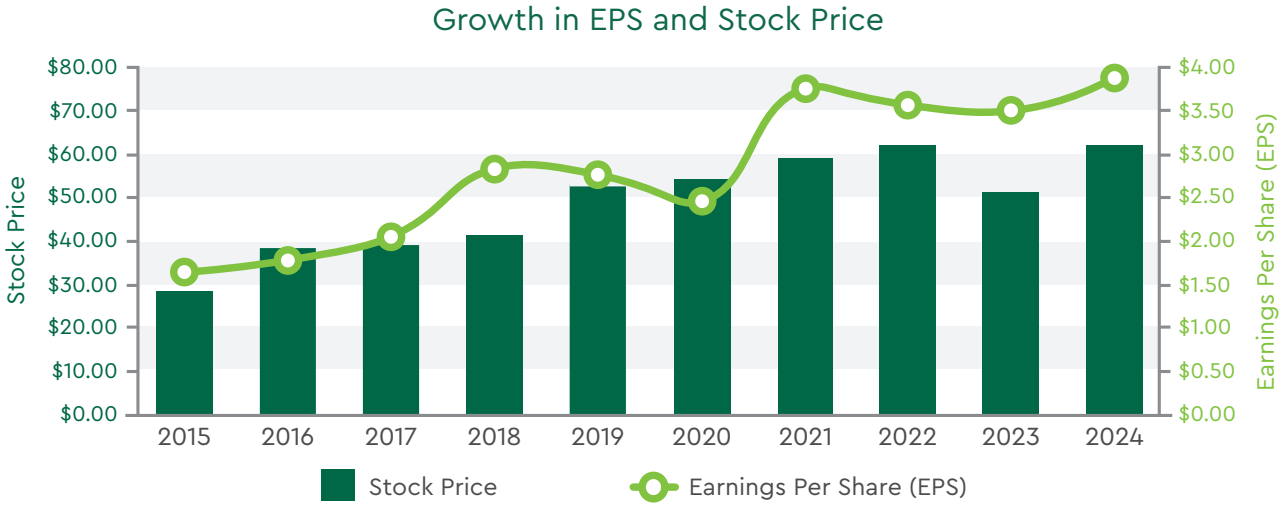
We strive every day to make decisions grounded in our long-term view and driven by our commitment to shareholders, customers and team members alike. This steady approach has consistently allowed us to navigate volatility and build an enduring franchise.

On behalf of the Commerce team, I thank you for your trust and support as an owner of this bank. We look forward to building upon our success as we continue to grow alongside our customers and communities.

With gratitude,



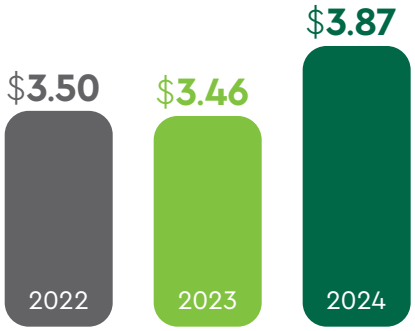
John Kemper



Performance Highlights

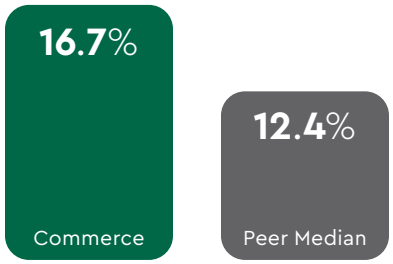
- Commerce reported earnings per share of $3.87, compared to $3.46 in 2023. Return on average assets totaled 1.72% in 2024 and return on average equity was 16.7%. This compares favorably to the top 50 bank median of .99% for return on average assets and 9.3% for return on average equity.
- Net income attributable to Commerce Bancshares, Inc. totaled $526 million in 2024, compared to $477 million in 2023.
- In 2024, Commerce paid a regular cash dividend of $1.03 per share (restated) on common shares, representing a 5% increase over 2023. In January 2025, Commerce increased its regular cash dividend 7%, marking the 57th consecutive year of cash dividend increases. Also in 2024, for the 31st year in row, a 5% stock dividend was distributed.
- Total stockholders' equity grew $366 million in 2024 to $3.3 billion, and the Tier I common risk-based capital ratio remained strong, ending 2024 at 16.7%.
- In 2024, Commerce repositioned a portion of its investment securities portfolio as a result of recognizing $177 million in gains on Visa stock. Commerce sold $1.2 billion of available for sale (AFS) debt securities yielding 2.1% at a $179 million loss and reinvested most of the proceeds into AFS debt securities yielding 4.6%.
- Total revenue, comprised of net interest income and non-interest income, increased $85 million in 2024 to a record level of $1.7 billion.
- Net interest income grew $42 million, or 4%, compared to 2023, mostly driven by higher average rates earned on loans and lower average balances on borrowings, partly offset by higher average rates paid on deposits.
- Non-interest income grew $43 million, or 7%, in 2024 to a record $616 million. This increase was driven mostly by trust fees, which grew $23 million, or 12%, compared to 2023.
- The net yield on interest-earning assets on a fully taxable equivalent basis increased 31 basis points in 2024 to 3.47%.
- Commerce's efficiency ratio was 57.4% in 2024.
- Credit quality remained strong. Net loan charge-offs totaled $39 million, or .23% of average loans in 2024, and the non-accrual loans to total loans ratio was .11% at December 31, 2024.
- In 2024, Commerce Bank placed sixth overall in the *Bank Director*® RankingBanking® study, an annual analysis of the 300 largest publicly traded banks by performance.

Earnings Per Share



Tier I Common Risk-Based Capital Ratio

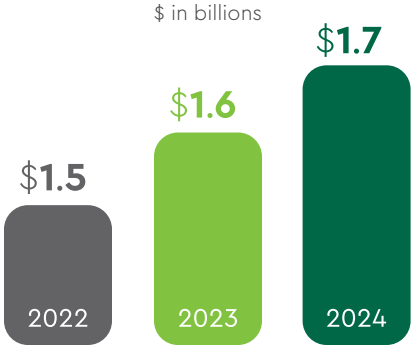
As of December 31, 2024



Peer median information based on availability. As of February 13, 2025, information for 11 of 19 peers had been reported.

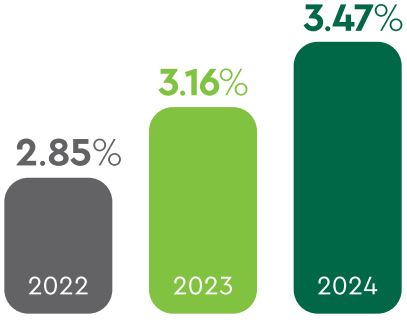
Total Revenue

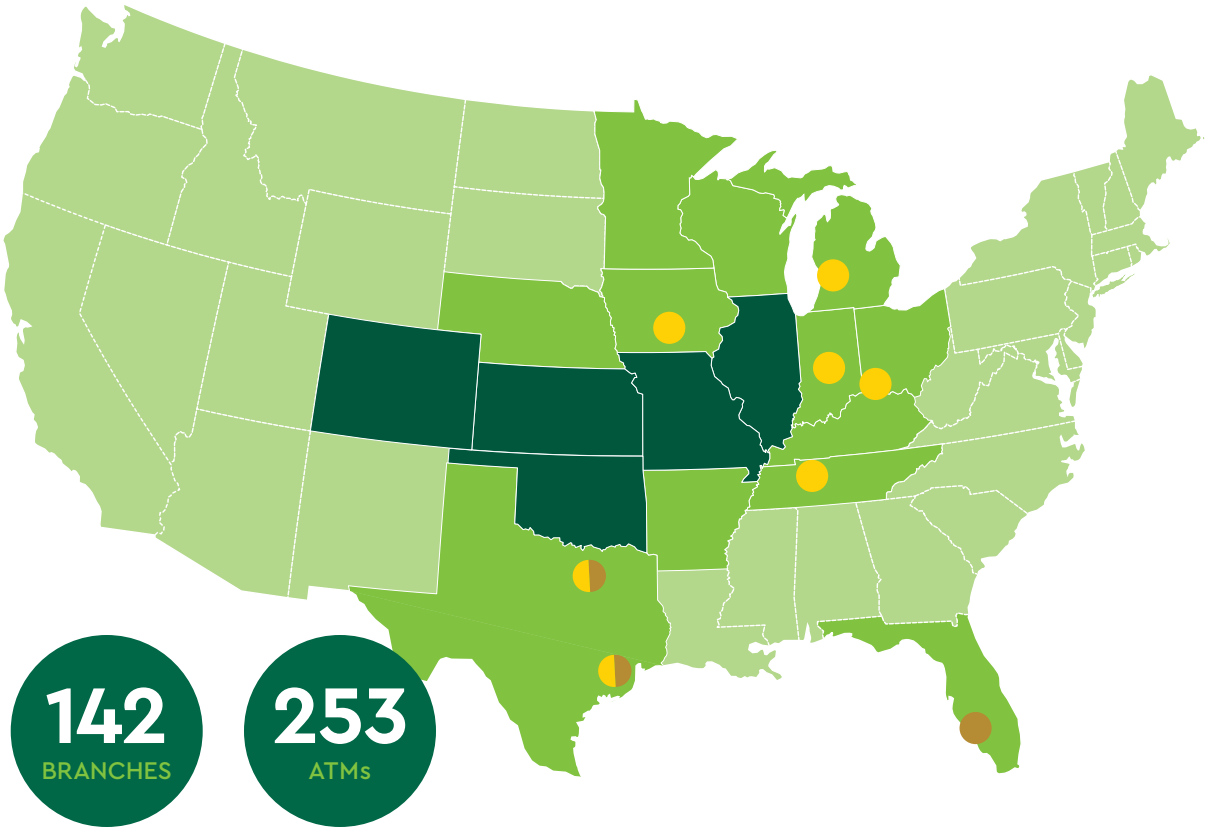
$ in billions



Net Yield on Interest Earning Assets

Fully taxable-equivalent basis





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[1]

WEALTH MANAGEMENT OFFICES

Dallas • Houston[1] • Naples[1]

U.S. PRESENCE

Extended Market Area

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

1 Locations outside the core banking footprint that accept deposits

Officers

David W. Kemper
Executive Chairman

John W. Kemper
President
and Chief Executive Officer

Charles G. Kim
Executive Vice President
and Chief Financial Officer

Kevin G. Barth
Executive Vice President

John K. Handy
Executive Vice President

Robert S. Holmes
Executive Vice President

David L. Orf
Executive Vice President
and Chief Credit Officer

Paula S. Petersen
Executive Vice President

Derrick R. Brooks
Senior Vice President

Richard W. Heise
Senior Vice President

Kim L. Jakovich
Senior Vice President

Patricia R. Kellerhals
Senior Vice President

Douglas D. Neff
Senior Vice President

David L. Roller
Senior Vice President

Margaret M. Rowe
Senior Vice President,
Secretary and General Counsel

Jana L. Webb
Vice President
and Chief Risk Officer

Paul A. Steiner
Controller
and Chief Accounting Officer

Aaron C. Meinert
Auditor

$32.0 BILLION

TOTAL ASSETS

Ranked **42nd**[1]

$8.4 BILLION

MARKET CAPITALIZATION

Ranked **21st**[1]

16.7%

RETURN ON AVERAGE COMMON EQUITY

Ranked **2nd**[1]

$45.3 BILLION

TRUST ASSETS UNDER MANAGEMENT

Ranked **19th**[2]

$25.3B
Total Deposits

$17.2B
Total Loans

$9.8B
Commercial Card Volume

4,693
Full-Time Equivalent Employees

16.7%
Tier 1 Common Risk-Based Capital Ratio

a2
Baseline Credit Assessment[3]

Sources: S&P Global Market Intelligence, and company reports and filings as of December 31, 2024
1 Based on the top 50 publicly traded U.S. banks by total assets, as of December 31, 2024
2 Regulated U.S. depositories, which includes commercial banks, bank holding companies and credit unions, as of September 30, 2024
3 Commerce is two ratings above the U.S. banking industry median rating of baa1, "Moody's Sector Profile: Banks," October 30, 2024

Directors

Terry D. Bassham
Retired
Chief Executive Officer
and President
Evergy, Inc.

Blackford F. Brauer*
President
Hunter Engineering Company

W. Kyle Chapman
President and Board Member
Barry-Wehmiller Group, Inc.

Karen L. Daniel*
Retired
Chief Financial Officer
and Executive Director
Black & Veatch

Earl H. Devanny, III
Retired
Chief Executive Officer
TractManager

June McAllister Fowler
Retired
Senior Vice President
Communications, Marketing
and Public Affairs
BJC HealthCare

David W. Kemper
Executive Chairman
Commerce Bancshares, Inc.

John W. Kemper
President
and Chief Executive Officer
Commerce Bancshares, Inc.

Jonathan M. Kemper
Retired
Chairman Emeritus
Commerce Bank
Kansas City Region

Benjamin F. Rassieur, III*
President
Paulo Products Company

Todd R. Schnuck*
Chairman of the Board
and Chief Executive Officer
Schnuck Markets, Inc.

Christine B. Taylor
President and
Chief Executive Officer
Enterprise Mobility

*Audit and Risk Committee Member

Community Advisors

Our Community Advisors help us understand the unique needs and challenges of our customers and communities. They are business owners, educators, professionals and civic leaders who take on the challenges of their organizations and communities every day. We're continually impressed by their hard work and grateful to them for sharing their valuable insights. It is because of our Community Advisors in each of our markets that we're able to say, "Challenge Accepted.®"

Missouri

CAPE GIRARDEAU

Nick Burger
Commerce Bank

Tim Coad
Coad Chevrolet and Coad Toyota

Adam Kidd
Kidd's Gas & Convenience Store

Frank Kinder
Retired, Red Letter Communications

Steve Sowers
Commerce Bank

Susan Layton Tomlin
Layton & Southard, LLC

Allen Toole
Schaefer's Electrical Enclosures

Ben Traxel
Tenmile Companies

COLUMBIA

Dan Atwill
Retired, Boone County Commission

Botswana T. Blackburn
University of Missouri

Dr. Holly Bondurant
Tiger Pediatrics

Sarah Dubbert
Commerce Bank

Mark Fenner
Murry's Restaurant

Robert S. Holmes
Commerce Bancshares, Inc.
Commerce Bank

Lindsay Lopez
Food Bank for Central and Northeast Missouri

Douglas D. Neff
Commerce Bancshares, Inc.
Commerce Bank

Steve Sowers
Commerce Bank

David Townsend
Fidelity National Financial

Andy Waters
AW Holdings, LLC

Robin Wenneker
CPW Partnership

Dave Whelan
Commerce Bank

Brian Whorley
Paytient

MEXICO

Chad Bruns
Chad Bruns Farms

George Huffman
Pearl Motor Company

Robert S. Miller
Mexico Heating Company

Gina Raines
Commerce Bank

Steve Sowers
Commerce Bank

Larry D. Webber
Webber Pharmacy

MOBERLY

Robert Gaines
STLF Trucking/STLF Diesel Repair

Dr. Clifford J. Miller
Green Hills Veterinary Clinic

Brad Roberts
Commerce Bank

Susan J. Spencer
Moberly Area Community College

Steve Sowers
Commerce Bank

MONITEAU COUNTY

Philip Burger
Burgers' Smokehouse

Brad Clay
Commerce Bank

Shayne W. Healea
Cornell Farrow Healea, LLC

Bart Jurgensmeyer
Jurgensmeyer Farms, Inc.

Dr. Mike Lutz
Mike Lutz, DDS

Steve Sowers
Commerce Bank

Casey Wasser
Missouri Soybean Association

HANNIBAL / QUINCY

C. Todd Ahrens
Hannibal Regional Healthcare System

David M. Bleigh
Bleigh Construction Company
Bleigh Ready Mix Company

Darin D. Redd
Commerce Bank

Michael C. Riesenbeck
Golden Eagle Distributing

Steve Sowers
Commerce Bank

Joshua J. Williams
HRW Companies, LLC

KANSAS CITY

Ali H. Armistead
Alaris Capital, LLC

Kevin G. Barth
Commerce Bancshares, Inc.
Commerce Bank

Rosana Privitera Biondo
Mark One Electric Co., Inc.

Clay C. Blair, III
Clay Blair Services Corp.

Rob Bratcher
Commerce Bank

Timothy S. Dunn
J.E. Dunn Construction Co., Inc.

Jon D. Ellis
LSEG, LLC

Andrew S. Kaplan
Retired, Commerce Trust

Jonathan M. Kemper
Director, Commerce Bancshares, Inc.
Retired, Commerce Bank

Laura M. McConnell
Labconco Corporation

Michael P. McCoy
Intercontinental Engineering-Manufacturing Corporation

Stephen G. Mos
Central States Beverage Company

Jeanette Prenger
ECCO Select

Jay Reardon
Retired, Commerce Bank

Ora H. Reynolds
Hunt Midwest Enterprises, Inc.

Dr. Nelson R. Sabates
Sabates Eye Centers

Meyer J. Sosland
Sosland Publishing Company

Nick Warren
Commerce Bank

Debbie Wilkerson
Greater Kansas City Community Foundation

Thomas R. Willard
Commerce Trust
Retired, Tower Properties Company

POPLAR BLUFF

Edward L. Baker
Edward L. Baker Enterprises

Larry Greenwall
Greenwall Vending Co.

Nicole Neidenberg
Poplar Bluff Regional Medical Center

Kenny Rowland
Commerce Bank

Steve Sowers
Commerce Bank

Blake Thomas
Baker Implement Company

ST. JOSEPH

Mark Barkman
Commerce Trust

Brett Carolus
Hillyard, Inc.

Brendon Clark
Commerce Bank

James H. Counts
Morton, Reed, Counts, Briggs & Robb, LLC

Pat Dillon
Mosaic Life Care

Todd Gafney
Commerce Bank

Todd Meierhoffer
Meierhoffer Funeral Home & Crematory

Patrick Modlin
Bottlecage Investments, LLC

Dr. Scott Murphy
Murphy-Watson-Burr Eye Center

Matt Robertson
CPA

Amy Ryan
Commerce Bank

Judy Sabbert
Retired, Mosaic Life Care Foundation

Rick Schultz
RS Electric

Bill Severn
NPG, Inc.

Heidi Walker
CBIZ Insurance Services

Julie Walker
Commerce Trust

ST. LOUIS METRO

Kwofe A. Coleman
The Muny

Leonard S. Dino, Jr.
Private Investor

Charles L. Drury, Jr.
Drury Hotels Company, LLC

Kenneth R. Engelsmann
Beltservice Corporation

Frederick D. Forshaw, Sr.
Forshaw of St. Louis

James G. Forsyth, III
Moto, Inc.

Robert S. Holmes
Commerce Bancshares, Inc.
Commerce Bank

Kristin T. Humes
Tacony Corporation

Donald A. Jubel
Spartan Light Metal Products

David W. Kemper
Commerce Bancshares, Inc.

John W. Kemper
Commerce Bancshares, Inc.
Commerce Bank

Alois J. Koller, III
Koller Enterprises, Inc.

Kristopher G. Kosup
Buckeye International, Inc.

Alaina Maciá
MTM

Arteveld J. McCoy II
SAGES LLC

James B. Morgan
Subsurface Constructors, Inc.

Chrissy Nardini
American Metals Supply Co., Inc.

Victor L. Richey, Jr.
ESCO Technologies, Inc.

Paul J. Shaughnessy
BSI Constructors, Inc.

Thomas H. Stillman
St. Louis Blues

Andrew P. Thome
Marsh McLennan Agency

Gregory Twardowski
Private Investor

Brian Watkins
Commerce Bank

ST. LOUIS METRO EAST

Hamilton Callison
Breakthru Beverage Group

Darren L. Clay
Clay Piping

Harlan Ferry, Jr.
Retired, Commerce Bank

Matthew Gomric
Commerce Bank

Jared Katt
Chelar Tool & Die, Inc.

Mike Marchal
Holland Construction Service, Inc.

Robert McClellan
Retired, Hortica

James Rauckman
National Safety Apparel

Dr. James T. Rosborg
McKendree University

Richard Sauget, Jr.
Mayor of Sauget

Jack Schmitt
Jack Schmitt Family of Dealerships

Kurt Schroeder
Greensfelder, Hemker & Gale, P.C.

Joe Wiley
Quest Management Consultants

ST. LOUIS BUSINESS BANKING

Paul J. Berra III
Missouri Terrazzo

Kevin Bray
St. Charles Community College

Emily B. Bremer
The Bremer Group, LLC

Richard K. Brunk
Attorney at Law

James N. Foster
McMahon Berger

Lou Helmsing
Craftsmen Trailer, LLC

J.L. (Juggie) Hinduja
Retired, Sinclair Industries, Inc.

Susan Kalist
Commerce Bank

Dr. Barbara Kavalier
St. Charles Community College

Greg Kendall
Commerce Bank

Stuart Krawll
Beam of St. Louis, Inc.

Patrick N. Lawlor
Lawlor Corporation

Stephen Mattis
Retired, Allied Industrial Equipment Corporation

Alyssa McGee
PortaFab

Wayne McGee
PortaFab

Lisa D. McLaughlin
MGD Law, LLC

McGraw Milhaven
KTRS

Elizabeth Powers
Powers Insurance

SPRINGFIELD

Christina Angle
The Erlen Group

Matthew Ausburn
SMC Packaging Group

Dr. Tyrone Bledsoe, Sr.
Student African American Brotherhood

Kimberly Chaffin
Hogan Land Title Company

Brian Esther
Retired, Commerce Bank

James P. Ferguson
Heart of America Beverage Co.

Jared Gottman
Commerce Bank

Charles R. Greene
American Sportsman Holdings Co.

Dr. Molly Greenwade
CoxHealth Systems

Robert A. Hammerschmidt, Jr.
Retired, Commerce Bank

Dr. Hal L. Higdon
Ozarks Technical Community College

Robert S. Holmes
Commerce Bancshares, Inc.
Commerce Bank

Craig Lehman
Shelter Insurance Agency

Sherry Lynch
Commerce Bank

James F. Moore
Retired, American Products

David Murray
R.B. Murray Company

Douglas D. Neff
Commerce Bancshares, Inc.
Commerce Bank

Keith Noble
Commerce Bank

Richard Ollis
Ollis/Akers/Arney Insurance & Business Advisors

Doug Russell
The Durham Company

Rusty Shadel
Shadel's Colonial Chapel

Steve Sowers
Commerce Bank

David Waugh
Independent Stave Company

CASSVILLE / COLUMBUS JOPLIN / PITTSBURG

Donald L. Cupps
Ellis, Cupps & Cole

Adam Endicott
Unique Metal Fabrication, Inc.

Kathleen M. Flannery
Pittsburg State University

Jay Hatfield
Jay Hatfield Chevrolet

Jerrod L. Hogan
Own, Inc.

Wesley C. Houser
Retired, Commerce Bank

David C. Humphreys
TAMKO Building Products, Inc.

Phil Hutchens
Hutchens Construction

Don Kirk
H & K Camper Sales, Inc.

Barbara J. Majzoub
Yorktown Properties

Eric Schnelle
S & H Farm Supply, Inc.

Lane R. Shumaker
Battery Outfitters, Inc.

Steve W. Sloan
Midwest Minerals, Inc.

Steve Sowers
Commerce Bank

Brian Sutton
Commerce Bank

Clive Veri
Commerce Bank

Wendell L. Wilkinson
Retired, Commerce Bank

Kansas

BUTLER COUNTY (EL DORADO)

Todd W. Anciaux
Commerce Bank

Monte A. Cook
Retired, Commerce Bank

Vince Haines
Gravity::Works Architecture

Ryan T. Murry
ICI Insurance

Jeremy Sundgren
Sundgren Realty, Inc.

Mark Utech
Commerce Bank

GARDEN CITY

Monte A. Cook
Retired, Commerce Bank

Craig Duerksen
Commerce Bank

John Koons
Commerce Bank

Andy Linscott
Hi Plains Feed, LLC

W. Patrick Rooney
Rooney Farms

Tamara L. Roth
Allred & Company, CPA's, Inc.

Liz Sosa
The Corner on Main

HAYS

Don G. Bickle, Jr.
Warehouse, Inc.

Monte A. Cook
Retired, Commerce Bank

Brian Dewitt
Adams Brown CPAs

Craig Duerksen
Commerce Bank

Marty Patterson
Rome Corporation

Kevin Royer
Midland Marketing Cooperative

Shane Smith
Commerce Bank

LAWRENCE

Jeff DeWitt
University of Kansas

Rob Gillespie
Commerce Bank

Michele Hammann
SSC CPAs + Advisors

Russ Johnson
LMH Health

Eugene W. Meyer
Executive in Residence
Masters HealthCare Administration, KUMC

Allison Vance Moore
Colliers International

Martin W. Moore
Advanco, Inc.

Kevin J. O'Malley
O'Malley Beverage of Kansas, Inc.

Jay Reardon
Retired, Commerce Bank

Dan Simons
The World Company

Michael Treanor
CT Design + Development

David Woolf
Commerce Bank

LEAVENWORTH

Arlen Briggs
Armed Forces Insurance Exchange

Jeffrey Chalabi
Central Bag Company

Mark Denney
J.F. Denney Plumbing & Heating

Todd Gafney
Commerce Bank

Jeremy Greenamyre
Greenamyre Rentals

Eric Hoins
Young Sign Company, Inc.

Matt Kaaz
Leavenworth Excavating & Equipment Company, Inc.

Lawrence W. O'Donnell, Jr.
Lawrence W. O'Donnell, Jr., CPA Chartered

Trenton Peter
Trenton Peter Agency LLC
American Family Insurance

Bill Petrie
Commerce Bank

MANHATTAN

Mark Bachamp
Olsson Associates

Monte A. Cook
Retired, Commerce Bank

Shawn Drew
Commerce Bank

Craig Duerksen
Commerce Bank

Neal Helmick
Griffith Lumber Co.

Dr. David Pauls
Surgical Associates

Tammi Stewart
Icon Structures, Inc.

WICHITA

Todd W. Anciaux
Commerce Bank

Ray L. Connell
Connell & Connell

Monte A. Cook
Retired, Commerce Bank

Thomas E. Dondlinger
Dondlinger Construction

Craig Duerksen
Commerce Bank

Robert S. Holmes
Commerce Bancshares, Inc.
Commerce Bank

Ronald W. Holt
Retired, Sedgwick County

Eric Ireland
Commerce Trust

Paul D. Jackson
Vantage Point Properties, Inc.

Drew Kice
Kice Industries, Inc.

Kristi Krok
Commerce Bank

Brett W. Mattison
Decker & Mattison Co., Inc.

Douglas D. Neff
Commerce Bancshares, Inc.
Commerce Bank

Marilyn B. Pauly
Retired, Commerce Bank

John L. Rolfe
Wichita Chamber of Commerce

Barry L. Schwan
House of Schwan, Inc.

David R. White
Retired, Alloy Architecture

Illinois

BLOOMINGTON

Mary Bennett Henrichs
Integrity Technology Solutions

Larry H. Dietz
Retired, Illinois State University

Brent A. Eichelberger
Commerce Bank

Neil Finlen
Farnsworth Group, Inc.

Ron Greene
Afni, Inc.

Robert S. Holmes
Commerce Bancshares, Inc.
Commerce Bank

Colleen Kannaday
Carle BroMenn Medical Center

Nick Kemp
Vogo Cabinets

Douglas D. Neff
Commerce Bancshares, Inc.
Commerce Bank

William J. Phillips IV
Commerce Bank

Jay Reece
Jay D. Reece, P.C. Attorney at Law

Alan Sender
Retired, Chestnut Health Systems

CHAMPAIGN

Mark Arends
Arends Hogan Walker, LLC

Matt Deering
Meyer Capel

Brent A. Eichelberger
Commerce Bank

Donna Greene
University of Illinois Foundation

Tim Harrington
Coldwell Banker Commercial Devonshire Realty

Kim Martin
Kim Martin Consulting

William J. Phillips IV
Commerce Bank

Jeff Troxell
Commerce Bank

PEORIA

Bruce L. Alkire
Coldwell Banker Commercial Devonshire Realty

David W. Altorfer
United Facilities, Inc.

Royal J. Coulter
Retired, GFL Environmental Inc.

Brent A. Eichelberger
Commerce Bank

Robert S. Holmes
Commerce Bancshares, Inc.
Commerce Bank

John P. Kaiser, Jr.
RSM US, LLP

Misty M. Klobucher
Simantel Group Ltd.

Dr. James W. Maxey
OSF Orthopedics

Douglas D. Neff
Commerce Bancshares, Inc.
Commerce Bank

Leanne Skuse
River City Construction, LLC

Michael Wells
OSF HealthCare
Saint Francis Medical Center

Oklahoma

TULSA

Jack Allen, Jr.
HUB International Limited

Wade Edmundson
Retired, Commerce Bank

Dr. John R. Frame
Retired, Breast Health Specialists of Oklahoma

Gip Gibson
Commerce Bank

Kent J. Harrell
Harrell Energy

Ed Keller
Titan Properties

Teresa L. Knox
Hickory House Properties, LLC

Tom E. Maxwell
Retired, Flintco, LLC

Nicole Morgan
Resolute PR

John Neas
Neas Investments

Shannon O'Doherty
Commerce Bank

Carol E. Owens
Retired, Commerce Bank

John Peters
Adwon Properties

Tracy A. Poole
FortySix Venture Capital LLC

Stephanie Regan
AAON, Inc.

Dr. Andy Revelis
Tulsa Pain Consultants

Daryl Woodard
SageNet

OKLAHOMA CITY

Gary K. Bridwell
Orange Power Group

Steven M. Brown
Retired, Red Rock Distributing Co.

James R. Cleaver
Midsouth Financial Company

Clay Cockrill
Trinity Builds

Kevin Cooper
Commerce Bank

Zane L. Fleming
Eagle Drilling Fluids

Christine Hilton
Grant Thornton

William M. McDonald
Triad Energy

Shannon O'Doherty
Commerce Bank

Vincent Orza
Retired, Family Broadcasting Corporation

Kathy Potts
Rees Associates, Inc.

Ethan Slavin
Creek Commercial Real Estate

Jay Soulek
Northwest Companies

Joseph C. Warren
Brown & Borelli

Colorado

DENVER

Joseph Freund, Jr.
Running Creek Ranch

R. Allan Fries
i2 Construction, LLP

Darren Lemkau
Commerce Bank

James C. Lewien
Retired, Commerce Bank

David Schunk
Volunteers of America, Colorado Branch

Olivia Thompson
Retired, AlloSource

Jason Zickerman
The Alternative Board

Commerce Trust Advisory Board

Gregg Wm. Givens
Retired, DST Systems, Inc.

Seth M. Leadbeater
Retired, Commerce Bank

Amir H. Tajkarimi
Retired, Three Rivers Systems, Inc.

Scott Ross
JSR LLC

Leonard S. Dino, Jr.
Retired, LDI Integrated Pharmacy Services

Victor L. Richey, Jr.
Retired, ESCO Technologies, Inc.

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

FORM 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2024
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)**
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 001-36502

COMMERCE BANCSHARES, INC.
(Exact name of registrant as specified in its charter)

Missouri	**43-0889454**
(State of Incorporation)	(IRS Employer Identification No.)
1000 Walnut	
Kansas City, MO	**64106**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(816) 234-2000**

Securities registered pursuant to Section 12(b) of the Act:

Title of class	**Trading symbol(s)**	**Name of exchange on which registered**
$5 Par Value Common Stock	CBSH	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated Filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☑

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of June 30, 2024, the aggregate market value of the voting stock held by non-affiliates of the Registrant was approximately $6,720,000,000.

As of February 19, 2025, there were 133,881,257 shares of Registrant's $5 Par Value Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for its 2025 annual meeting of shareholders, which will be filed within 120 days of December 31, 2024, are incorporated by reference into Part III of this Report.

Commerce Bancshares, Inc.

Form 10-K

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PART I

Item 1. BUSINESS

General

Commerce Bancshares, Inc., a bank holding company as defined in the Bank Holding Company Act of 1956, as amended, was incorporated under the laws of Missouri on August 4, 1966. Through a second tier wholly-owned bank holding company, it owns all the outstanding capital stock of Commerce Bank (the "Bank"), which is headquartered in Missouri. The Bank engages in general banking business, providing a broad range of retail, mortgage banking, corporate, investment, trust, and asset management products and services to individuals, businesses, and municipalities. Commerce Bancshares, Inc. also owns, directly or through the Bank, various non-banking subsidiaries. Their activities include private equity investment, securities brokerage, underwriting, specialty lending, and leasing activities. A list of Commerce Bancshares, Inc.'s subsidiaries is included as Exhibit 21.

Commerce Bancshares, Inc. and its subsidiaries (collectively, the "Company") is one of the nation's top 50 bank holding companies, based on asset size. At December 31, 2024, the Company had consolidated assets of $32.0 billion, loans of $17.2 billion, deposits of $25.3 billion, and equity of $3.3 billion. The Company's principal markets, which are served by 142 branch facilities, are located throughout Missouri, Kansas, and central Illinois, as well as Tulsa and Oklahoma City, Oklahoma and Denver, Colorado. Its two largest markets are St. Louis and Kansas City, which serve as central hubs for the Company. The Company also has offices in Dallas, Houston, Cincinnati, Nashville, Des Moines, Indianapolis, Grand Rapids, and Naples that support customers in its commercial and/or wealth segments and operates a commercial payments business with sales representatives covering the continental United States of America ("U.S.").

The Company's goal is to be the preferred provider of financial services in its communities, based on strong customer relationships built through providing top quality service with a strong risk management culture, and employing a strong balance sheet with strong capital levels. The Company operates under a super-community banking format which incorporates large bank product offerings coupled with deep local market knowledge, augmented by experienced, centralized support in select, critical areas. The Company's focus on local markets is supported by an experienced team of bankers assigned to each market coupled with industry specialists. The Company also uses regional advisory boards, comprised of local business leaders, professionals and other community representatives, who assist the Company in responding to local banking needs. In addition to this local market, community-based focus, the Company offers sophisticated financial products usually only available at larger financial institutions.

The markets the Bank serves are mainly located in the lower Midwest, which provides natural sites for production and distribution facilities and serve as transportation hubs. The economy has been well-diversified in these markets with many major industries represented, including construction, logistics and distribution, automobile, technology, financial services, aerospace, manufacturing, health care, numerous service industries, and agribusiness. The personal real estate lending operations of the Bank are predominantly centered in its principal markets.

From time to time, the Company evaluates the potential acquisition of various financial institutions. In addition, the Company regularly considers the purchase and disposition of real estate assets and branch locations. The Company seeks merger or acquisition partners that are culturally similar, have experienced management and either possess significant market presence or have potential for improved profitability through financial management, economies of scale and expanded services. In the second quarter of 2023, the Company acquired L.J. Hart & Company, a municipal bond underwriter and advisor.

Employees and Human Capital

The Company employed 4,537 persons on a full-time basis and 150 persons on a part-time basis at December 31, 2024. None of the Company's employees are represented by collective bargaining agreements.

Attracting and retaining talented team members is key to the Company's ability to execute its strategy and compete effectively. The Company values the unique combination of talents and experiences each team member contributes toward the Company's success and strives to offer rewards that meet team members' individual, evolving needs. Well-being is much more than a paycheck and that's why the Company takes a comprehensive approach to Total Rewards, supporting team members' physical well-being, financial well-being, and emotional well-being and career development. The Company's financial well-being program includes a company-matching 401(k) plan and health savings accounts, educational and adoption assistance programs. Emotional well-being programs include paid time off, an employee assistance program (EAP) and company-paid membership to Care.com. Physical well-being is supported by the Company's health, dental, vision, life and various other insurances, and a wellness program that incentivizes team members to live a healthy and balanced lifestyle. Career development is also a key component of the Company's Total Rewards, and the Company has a variety of programs to support team

members as they continue to grow within their current role or develop for their next role. Job shadowing, leadership development programs, Aspiring Managers program, Managing at Commerce, competency assessments and education assistance are just a few of the ways the Company helps team members excel.

The Company believes inclusion builds stronger companies with better results and focuses its efforts around four key pillars: its workforce, its suppliers, its community and its customers. Internal teams continue to iterate to build plans for growth in all four areas. The Company continues to build a sense of belonging by engaging team members in a variety of Employee Resource Groups (ERGs) to support its diverse workforce. RISE (empowering women), EMERGE (connecting young professionals), VIBE (valuing multicultural perspectives), PRIDE (engaging the LGBTQIA+ community), SALUTE (supporting veterans), and ENABLE (supporting team members with disabilities and their caregivers) are important forums that provide team members opportunities to connect, learn, and encourage diverse perspectives. Participation in these ERGs is voluntary, and more than 40% of team members belong to one of these groups. The Company's longstanding approach of "doing what's right" continues to guide its focus on its team members and communities.

The Company's robust listening strategy allows it to stay connected to the team member experience to understand the evolving needs of its team members and to focus on what matters most to them. This strategy includes a balance of surveys, focus groups, and one on one conversations to allow for two-way conversation and provides trends over time by key demographics. The Company's goal is to create a sense of belonging which it believes is connected to high levels of engagement, enablement, retention, and results. The Company's intentional strategy has allowed it to maintain levels of engagement that have been recognized by its annual survey partner, Korn Ferry, for being "best-in-class" and to be recognized by Forbes as one of the best mid-sized employers.

Competition

The Company operates in the highly competitive environment of financial services. The Company regularly faces competition from banks, credit unions, brokerage companies, mortgage companies, insurance companies, trust companies, private equity firms, leasing companies, securities brokers and dealers, financial technology companies, e-commerce companies, investment management companies, and other companies providing financial services. Some of these competitors are not subject to the same regulatory restrictions as domestic banks and bank holding companies. Some other competitors are significantly larger than the Company, and therefore have greater economies of scale, greater financial resources, higher lending limits, and may offer products and services that the Company does not provide. The Company competes by providing a broad offering of products and services to support the needs of customers, matched with a strong commitment to customer service. The Company also competes based on quality, innovation, convenience, reputation, industry knowledge, and price. In its two largest markets, the Company has approximately 10% of the deposit market share in Kansas City and approximately 7% of the deposit market share in St. Louis.

Operating Segments

The Company is managed in three operating segments: Commercial, Consumer, and Wealth. The Commercial segment provides a full array of corporate lending, merchant and commercial bank card products, payment solutions, leasing, and international services, as well as business and government deposit, investment, institutional brokerage, and cash management services. The Consumer segment includes the retail branch network, consumer installment lending, personal mortgage banking, and consumer debit and credit bank card activities. The Wealth segment provides traditional trust and estate planning services, consumer brokerage services, and advisory and discretionary investment portfolio management services to both personal and institutional corporate customers. In 2024, the Commercial, Consumer and Wealth segments contributed 47%, 31% and 22% of total segment pre-tax income, respectively. See the section captioned "Operating Segments" in Item 7, Management's Discussion and Analysis, of this report and Note 13 to the consolidated financial statements for additional discussion on operating segments.

Government Policies

The Company's operations are affected by federal and state legislative changes, by the U.S. government, and by policies of various regulatory authorities, including those of the numerous states in which they operate. These include, for example, the statutory minimum legal lending rates, domestic monetary policies of the Board of Governors of the Federal Reserve System, U.S. fiscal policy, international currency regulations and monetary policies, the U.S. Patriot Act, and capital adequacy and liquidity constraints imposed by federal and state bank regulatory agencies.

Supervision and Regulation

The following information summarizes existing laws and regulations that materially affect the Company's operations. It does not discuss all provisions of these laws and regulations, and it does not include all laws and regulations that affect the Company presently or may affect the Company in the future.

General

The Company, as a bank holding company, is primarily regulated by the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, as amended (BHC Act). Under the BHC Act, the Federal Reserve Board's prior approval is required in any case in which the Company proposes to acquire all or substantially all the assets of any bank, acquire direct or indirect ownership or control of more than 5% of the voting shares of any bank, or merge or consolidate with any other bank holding company. With certain exceptions, the BHC Act also prohibits the Company from acquiring direct or indirect ownership or control of more than 5% of any class of voting shares of any non-banking company. Under the BHC Act, the Company may not engage in any business other than managing and controlling banks or furnishing certain specified services to subsidiaries, and may not acquire voting control of non-banking companies unless the Federal Reserve Board determines such businesses and services to be closely related to banking. When reviewing bank acquisition applications for approval, the Federal Reserve Board considers, among other things, the Bank's record in meeting the credit needs of the communities it serves in accordance with the Community Reinvestment Act of 1977, as amended (CRA). Under the terms of the CRA, banks have a continuing obligation, consistent with safe and sound operation, to help meet the credit needs of their communities, including providing credit to individuals residing in low- and moderate-income areas. The Bank has a current CRA rating of "outstanding."

The Company is required to file various reports and additional information with the Federal Reserve Board. The Federal Reserve Board regularly performs examinations of the Company. The Bank is a state-chartered Federal Reserve member bank and is subject to regulation, supervision and examination by the Federal Reserve Bank of Kansas City and the Missouri Division of Finance. The Bank is also subject to regulation by the Federal Deposit Insurance Corporation (FDIC). In addition, there are numerous other federal and state laws and regulations which control the activities of the Company, including requirements and limitations relating to capital and reserve requirements, permissible investments and lines of business, transactions with affiliates, loan limits, mergers and acquisitions, issuance of securities, dividend payments, and extensions of credit. The Bank is subject to federal and state consumer protection laws, including laws designed to protect customers and promote fair lending. These laws include the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, and their respective state law counterparts. If the Company fails to comply with these or other applicable laws and regulations, it may be subject to civil monetary penalties, imposition of cease and desist orders or other written directives, removal of management and, in certain circumstances, criminal penalties. This regulatory framework is intended primarily for the protection of depositors and the preservation of the federal deposit insurance funds. Statutory and regulatory controls increase a bank holding company's cost of doing business and limit the options of its management to employ assets and maximize income.

In addition to its regulatory powers, the Federal Reserve Bank affects the conditions under which the Company operates by its influence over the national supply of bank credit. The Federal Reserve Board employs open market operations in U.S. government securities and oversees changes in the discount rate on bank borrowings, changes in the federal funds rate on overnight inter-bank borrowings, and changes in reserve requirements on bank deposits in implementing its monetary policy objectives. These methods are used in varying combinations to influence the overall level of the interest rates charged on loans and paid for deposits, the price of the dollar in foreign exchange markets, and the level of inflation. The monetary policies of the Federal Reserve have a significant effect on the operating results of financial institutions, most notably on the interest rate environment. In view of changing conditions in the national economy and in the money markets, as well as the effect of credit policies of monetary and fiscal authorities, the Company makes no prediction as to possible future changes in interest rates, deposit levels or loan demand, or their effect on the financial statements of the Company.

The financial industry operates under laws and regulations that are under regular review by various agencies and legislatures and are subject to change. The Company currently operates as a bank holding company, as defined by the Gramm-Leach-Bliley Financial Modernization Act of 1999 (GLB Act), and the Bank qualifies as a financial subsidiary under the GLB Act, which allows it to engage in investment banking, insurance agency, brokerage, and underwriting activities that were not available to banks prior to the GLB Act. The GLB Act also included privacy provisions that limit banks' abilities to disclose non-public information about customers to non-affiliated entities.

The Company must also comply with the requirements of the Bank Secrecy Act (BSA). The BSA is designed to help fight drug trafficking, money laundering, and other crimes. Compliance is monitored by the Federal Reserve. The BSA was enacted to prevent banks and other financial service providers from being used as intermediaries for, or to hide the transfer or deposit of money derived from, criminal activity. Since its passage, the BSA has been amended several times. These amendments

include the Money Laundering Control Act of 1986 which made money laundering a criminal act, as well as the Money Laundering Suppression Act of 1994 which required regulators to develop enhanced examination procedures and increased examiner training to improve the identification of money laundering schemes in financial institutions.

The USA PATRIOT Act, established in 2001, substantially broadened the scope of U.S. anti-money laundering laws and regulations by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extra-territorial jurisdiction of the U.S. The regulations impose obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent, and report money laundering and terrorist financing. The regulations include significant penalties for non-compliance.

The Company is subject to regulation under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2011 (Dodd-Frank Act). Among its many provisions, the Dodd-Frank Act required stress-testing for certain financial services companies and established a new council of "systemic risk" regulators. The Dodd-Frank Act also established the Consumer Financial Protection Bureau (CFPB) which is authorized to supervise certain financial services companies and has responsibility to implement, examine for compliance with, and enforce "Federal consumer financial law." The Company is subject to examinations by the CFPB. The Dodd-Frank Act, through Title VI, commonly known as the Volcker Rule, placed trading restrictions on financial institutions and separated investment banking, private equity and proprietary trading (hedge fund) sections of financial institutions from their consumer lending arms. The Volcker Rule also restricts financial institutions from investing in and sponsoring certain types of investments.

In May 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act was signed into law which provides a number of limited amendments to the Dodd-Frank Act. Notable provisions of the legislation include: an increase in the asset threshold from $50 billion to $250 billion, above which the Federal Reserve is required to apply enhanced prudential standards; an exemption from the Volcker Rule for insured depository institutions with less than $10 billion in consolidated assets; modifications to the Liquidity Coverage and Supplementary Leverage ratios; and the elimination of Dodd-Frank company-run stress tests for banks and bank holding companies with less than $250 billion in assets. Most of these provisions affect institutions larger than the Company, and the Company is not required to prepare stress testing as specified by the Dodd-Frank Act.

Subsidiary Bank

Under Federal Reserve policy, the bank holding company, Commerce Bancshares, Inc. (the "Parent"), is expected to act as a source of financial strength to its bank subsidiary and to commit resources to support it in circumstances when it might not otherwise do so. In addition, loans by a bank holding company to any of its subsidiary banks are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary banks. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

Deposit Insurance

Substantially all of the deposits held by the Bank are insured up to applicable limits (generally $250,000 per depositor for each account ownership category) by the FDIC's Deposit Insurance Fund (DIF) and are subject to deposit insurance assessments to maintain the DIF. In 2011, the FDIC released a final rule to implement provisions of the Dodd-Frank Act that affected deposit insurance assessments. Among other things, the Dodd-Frank Act raised the minimum designated reserve ratio from 1.15% to 1.35% of estimated insured deposits, removed the upper limit of the designated reserve ratio, and required the FDIC to offset the effect of increasing the minimum designated reserve ratio on depository institutions with total assets of less than $10 billion. Due to growth in insured deposits during the first half of 2020, the DIF reserve ratio fell below statutory minimum of 1.35% on June 30, 2022. The FDIC Board of Directors adopted an Amended Restoration Plan in an effort to restore the reserve ratio to at least 1.35% by September 30, 2028. The FDIC Board also increased base deposit insurance assessment rates by 2 basis points, which took effect on January 1, 2023.

In November 2023, the FDIC Board of Directors approved a final rule implementing a special assessment to recover the loss to the DIF associated with protecting uninsured depositors following the closures of Silicon Valley Bank and Signature Bank in 2023. Largely as a result of the FDIC's approval of its final rule, the Company's deposit insurance expense was $33.2 million in 2023, compared to $10.6 million in 2022. For the year ended December 31, 2024, the Company's deposit insurance expense was $16.5 million.

Payment of Dividends

The Federal Reserve Board may prohibit the payment of cash dividends to shareholders by bank holding companies if their actions constitute unsafe or unsound practices. The principal source of the Parent's cash revenues is cash dividends paid by the Bank. The amount of dividends paid by the Bank in any calendar year is limited to the net profit of the current year combined with the retained net profits of the preceding two years, and permission must be obtained from the Federal Reserve Board for dividends exceeding these amounts. The payment of dividends by the Bank may also be affected by factors such as the maintenance of adequate capital.

Capital Adequacy

The Company is required to comply with the capital adequacy standards established by the Federal Reserve, which are based on the risk levels of assets and off-balance sheet financial instruments. Capital adequacy guidelines and prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to judgments by regulators regarding qualitative components, risk weightings, and other factors.

A comprehensive capital framework was established by the Basel Committee on Banking Supervision, which was effective for large and internationally active U.S. banks and bank holding companies on January 1, 2015. A key goal of the Basel III framework was to strengthen the capital resources of banking organizations during normal and challenging business environments. Basel III increased minimum requirements for both the quantity and quality of capital held by banking organizations. The rule includes a minimum ratio of common equity Tier 1 capital to risk-weighted assets of 4.5% and a common equity Tier 1 capital conservation buffer of 2.5% of risk-weighted assets. The capital conservation buffer is intended to absorb losses during periods of economic stress. Failure to maintain the buffer will result in constraints on dividends, stock repurchases and executive compensation. The rule also adjusted the methodology for calculating risk-weighted assets to enhance risk sensitivity. At December 31, 2024, the Company's capital ratios are well in excess of those minimum ratios required by Basel III.

The Federal Deposit Insurance Corporation Improvement Act (FDICIA) requires each federal banking agency to take prompt corrective action to resolve the problems of insured depository institutions, including but not limited to those that fall below one or more prescribed minimum capital ratios. Pursuant to FDICIA, the FDIC promulgated regulations defining the following five categories in which an insured depository institution will be placed, based on the level of its capital ratios: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. Under the prompt corrective action provisions of FDICIA, an insured depository institution generally will be classified as well-capitalized (under the Basel III rules mentioned above) if it has a Tier 1 capital ratio of at least 8%, a common equity Tier 1 capital ratio of at least 6.5%, a total capital ratio of at least 10%, and a Tier 1 leverage ratio of at least 5%. An institution that, based upon its capital levels, is classified as “well-capitalized,” “adequately capitalized,” or “undercapitalized,” may be treated as though it were in the next lower capital category if the appropriate federal banking agency, after notice and opportunity for hearing, determines that an unsafe or unsound condition, or an unsafe or unsound practice warrants such treatment. At each successive lower capital category, an insured depository institution is subject to more restrictions and prohibitions, including restrictions on growth, restrictions on interest rates paid on deposits, restrictions or prohibitions on payment of dividends, and restrictions on the acceptance of brokered deposits. Furthermore, if a bank is classified in one of the undercapitalized categories, it is required to submit a capital restoration plan to the federal bank regulator, and the holding company must guarantee the performance of that plan. The Bank has consistently maintained regulatory capital ratios above the “well-capitalized” standards.

Stress Testing

As required by the Dodd-Frank Act, the Company performed stress tests as specified by the Federal Reserve requirement and published results beginning in 2014 through 2017. On May 24, 2018, the Economic Growth, Regulatory Relief, and Consumer Protection Act was enacted, which eliminated the required stress testing under the Dodd-Frank Act for banks with consolidated assets of less than $250 billion. While not required to perform stress testing, the Company continues to perform periodic stress-testing based on its own internal criteria.

Executive and Incentive Compensation

Guidelines adopted by federal banking agencies prohibit excessive compensation as an unsafe and unsound practice, and describe compensation as "excessive" when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director or principal shareholder. The Federal Reserve Board has issued comprehensive guidance on incentive compensation intended to ensure that the incentive compensation policies do not undermine safety and soundness by encouraging excessive risk taking. This guidance covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, based on key principles that (i) incentives do not

encourage risk-taking beyond the organization's ability to identify and manage risk, (ii) compensation arrangements are compatible with effective internal controls and risk management, and (iii) compensation arrangements are supported by strong corporate governance, including active and effective board oversight. Deficiencies in compensation practices may affect supervisory ratings and enforcement actions may be taken if incentive compensation arrangements pose a risk to safety and soundness.

Transactions with Affiliates

The Federal Reserve Board regulates transactions between the Bank and its subsidiaries. Generally, the Federal Reserve Act and Regulation W, as amended by the Dodd-Frank Act, limit the Company's banking subsidiary and its subsidiaries to lending and other "covered transactions" with affiliates. The aggregate amount of covered transactions a banking subsidiary or its subsidiaries may enter into with an affiliate may not exceed 10% of the capital stock and surplus of the banking subsidiary. The aggregate amount of covered transactions with all affiliates may not exceed 20% of the capital stock and surplus of the banking subsidiary.

Covered transactions with affiliates are also subject to collateralization requirements and must be conducted on arm's length terms. Covered transactions include (a) a loan or extension of credit by the banking subsidiary, including derivative contracts, (b) a purchase of securities issued to a banking subsidiary, (c) a purchase of assets by the banking subsidiary unless otherwise exempted by the Federal Reserve, (d) acceptance of securities issued by an affiliate to the banking subsidiary as collateral for a loan, and (e) the issuance of a guarantee, acceptance or letter of credit by the banking subsidiary on behalf of an affiliate.

Certain transactions with the Company's directors, officers or controlling persons are also subject to conflicts of interest regulations. Among other things, these regulations require that loans to such persons and their related interests be made on terms substantially the same as for loans to unaffiliated individuals, and must not create an abnormal risk of repayment or other unfavorable features for the financial institution. See Note 2 to the consolidated financial statements for additional information on loans to related parties.

Available Information

The Company's principal offices are located at 1000 Walnut Street, Kansas City, Missouri (telephone number 816-234-2000). The Company makes available free of charge, through its website at www.commercebank.com, reports filed with the Securities and Exchange Commission as soon as reasonably practicable after the electronic filing. Additionally, a copy of our electronically filed materials can be found at www.sec.gov. These filings include the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports.

Item 1a. RISK FACTORS

Making or continuing an investment in securities issued by the Company, including its common stock, involves certain risks that you should carefully consider. If any of the following risks actually occur, the Company's business, financial condition or results of operations could be negatively affected, the market price for your securities could decline, and you could lose all or a part of your investment. Further, to the extent that any of the information contained in this Annual Report on Form 10-K constitutes forward-looking statements, the risk factors set forth below also are cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those expressed in any forward-looking statements made by or on behalf of Commerce Bancshares, Inc.

Market Risks

Difficult market conditions may affect the Company's industry.

The concentration of the Company's banking business in the United States particularly exposes it to downturns in the U.S. economy. In particular, the Company may face the following risks in connection with market conditions:

- In 2024, the United States ("U.S.") economy faced a series of challenges, including declining but elevated inflation. The economy saw a strong but slowing job market and solid consumer spending fueling economic growth. Uncertainties about global geopolitical tensions continued in 2024, as did lingering supply chain concerns. Looking ahead to 2025, inflationary pressures have eased but uncertainty remains around tax reform, tariffs, and other monetary policy.
- The U.S. economy is affected by global events and conditions, including U.S. trade disputes and renewed trade agreements with various countries. Although the Company does not directly hold foreign debt or have significant activities with foreign customers, the global economy, the strength of the U.S. dollar, international trade conditions, and oil prices may ultimately affect interest rates, business import/export activity, capital expenditures by businesses, and investor confidence. Unfavorable changes in these factors may result in declines in consumer credit usage, adverse changes in payment patterns, reduced loan demand, and higher loan delinquencies and default rates. These could impact the Company's future provision for credit losses, as a significant part of the Company's business includes consumer and credit card lending.
- In addition to the results above, a slowdown in economic activity may cause declines in financial services activity, including declines in bank card, corporate cash management and other fee businesses, as well as the fees earned by the Company on such transactions.
- During recent years, there was a shift from in-office work to remote work. As a result, businesses continue to reevaluate their office space needs and, in some cases, reduce their leased office space, selling commercial office buildings, or leasing space no longer needed. The impact of this shift continues to be seen but could result in reduced demand for office space, lower lease rates for office space, and lower values of office buildings. These factors may contribute to higher delinquencies and net charge-offs for commercial office real estate loans. Additionally, businesses that cater to or are located near dense areas of office buildings may be adversely impacted, which could result in higher delinquencies and net charge-offs for certain commercial borrowers.
- The process used to estimate credit losses in the Company's loan portfolio requires difficult, subjective, and complex judgments, including consideration of economic conditions and how these economic predictions might impair the ability of its borrowers to repay their loans. If an instance occurs that renders these predictions no longer capable of accurate estimation, this may in turn impact the reliability of the process.
- Competition in the industry could intensify as a result of the increasing consolidation of financial services companies in connection with current market conditions, thereby reducing market prices for various products and services which could in turn reduce the Company's revenues.

The performance of the Company is dependent on the economic conditions of the markets in which the Company operates.

The Company's success is heavily influenced by the general economic conditions of the specific markets in which it operates. Unlike larger national or other regional banks that are more geographically diversified, the Company provides financial services primarily throughout the states of Missouri, Kansas, central Illinois, Oklahoma, and Colorado. It also has a growing presence in additional states through its offices in: Texas, Iowa, Indiana, Michigan, Ohio, Florida, and Tennessee that serve commercial or trust customers. As the Company does not have a significant banking presence in other parts of the country, a prolonged economic downturn in the markets where the Company has a primary or growing presence could have a material adverse effect on the Company's financial condition and results of operations.

The Company operates in a highly competitive industry and market area.

The Company operates in the financial services industry and has numerous competitors including other banks and insurance companies, securities dealers, brokers, trust and investment companies, mortgage bankers, and financial technology companies. Consolidation among financial service providers and new changes in technology, product offerings and regulation continue to challenge the Company's marketplace position. As consolidation occurs, larger regional and national banks may enter the Company's markets and add to existing competition. Large, national financial institutions have substantial capital, technology and marketing resources. These new competitors may lower fees to grow market share, which could result in a loss of customers and lower fee revenue for the Company. They may have greater access to capital at a lower cost than the Company, and may have higher loan limits, both of which may adversely affect the Company's ability to compete effectively. The Company must continue to make investments in its products and delivery systems to stay competitive with the industry, or its financial performance may suffer.

Regulatory and Compliance Risks

The Company is subject to extensive government regulation and supervision.

As part of the financial services industry, the Company is subject to extensive federal and state regulation and supervision. Banking regulations are primarily intended to protect depositors' funds, federal deposit insurance funds, and the banking system, not shareholders. These regulations affect the Company's lending practices, capital structure, investment practices, dividend policy, and growth, among other things. Congress and federal regulatory agencies continually review banking laws, regulations, and policies for possible changes. Changes to statutes, regulations, or regulatory policies, including changes in interpretation or implementation of statutes, regulations, or policies, could affect the Company in substantial and unpredictable ways. Such changes could subject the Company to additional costs, limit the types of financial services and products it may offer, restrict the Company's ability to pay dividends, subject the Company to higher capital requirements, and/or increase the ability of non-banks to offer competing financial services and products, among other things. During November 2023, the FDIC approved a final rule implementing a one-time special assessment to recover the loss to the DIF associated with protecting uninsured depositors following the closures of Silicon Valley Bank and Signature Bank in 2023. Largely as a result of the FDIC's approval of its final rule, the Company's deposit insurance expense was $33.2 million in 2023, compared to $10.6 million in 2022. For the year ended December 31, 2024, the Company's deposit insurance expense was $16.5 million. Assessments driven by regulation, such as these, increased the Company's expenses in 2023 and additional assessments could further increase the Company's expenses.

Beyond the expense of additional regulation, failure to comply with laws, regulations, or policies could result in sanctions by regulatory agencies, civil money penalties, and/or reputation damage, which could have a material adverse effect on the Company's business, financial condition, and results of operations. While the Company has policies and procedures designed to prevent any such violations, there can be no assurance that such violations will not occur.

Significant changes in federal monetary policy could materially affect the Company's business.

The Federal Reserve System regulates the supply of money and credit in the United States. Its policies determine in large part the cost of funds for lending and interest rates earned on loans and paid on borrowings and interest-bearing deposits. Credit conditions are influenced by its open market operations in U.S. government securities, changes in the member bank discount rate, and bank reserve requirements. Changes in Federal Reserve Board policies are beyond the Company's control and difficult to predict, and such changes may result in lower interest margins and a lack of demand for credit products.

Climate-related and other Environmental, Social, and Governance ("ESG") developments could result in additional regulation and reporting for the Company.

In recent years, federal, state and international lawmakers and regulators have increased their focus on financial institutions' and other companies' risk oversight, disclosures and practices in connection with climate change and other ESG matters. For example, the state of California, in which the Company does business, has enacted bills that would require the Company and other entities to report climate-related information such as greenhouse gas emissions and climate-related risks. The SEC has also announced plans to propose rules to require enhanced disclosure regarding human capital management and board diversity for public issuers. These additional disclosures and reporting would require increased time and expense for the Company related to information gathering and compliance.

Liquidity and Capital Risks

The Company is subject to both interest rate and liquidity risk.

With oversight from its Asset-Liability Management Committee, the Company devotes substantial resources to monitoring its liquidity and interest rate risk on a monthly basis. The Company's net interest income is the largest source of overall revenue to the Company, representing 63% of total revenue for the year ended December 31, 2024. The interest rate environment in which the Company operates fluctuates in response to general economic conditions and policies of various governmental and regulatory agencies, particularly the Federal Reserve Board, which regulates the supply of money and credit in the U.S. Changes in monetary policy, including changes in interest rates, will influence loan originations, deposit generation, demand for investments and revenues and costs for earning assets and liabilities, and could significantly impact the Company's net interest income.

To combat the high inflation experienced in 2022 and 2023, the Federal Reserve Board significantly increased the benchmark interest rate from nearly zero at the start of 2022 to between 4.25% and 4.50% at the end of 2022 and continued to raise interest rates at a more modest pace to between 5.25% and 5.50% by the end of July 2023. These elevated rates remained in effect for the first half of 2024 and drove an increase in unrealized losses in fixed rate asset portfolios. During September 2024, the Federal Reserve began reducing rates as inflation began to subside. Monetary policy led by the Federal Reserve in the coming year will play a crucial role in liquidity and interest rate risk. Future economic conditions or other factors could shift monetary policy resulting in additional increases or decreases in the benchmark rate. Furthermore, changes in interest rates could result in unanticipated changes to customer deposit balances and adversely affect the Company's liquidity position.

The soundness of other financial institutions could adversely affect the Company.

As demonstrated by banking failures within the industry during 2023, the Company's ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institution counterparties. Financial services institutions are interrelated because of trading, clearing, counterparty or other relationships. The Company has exposure to many different industries and counterparties and routinely executes transactions with counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mutual funds, and other institutional clients. Transactions with these institutions include overnight and term borrowings, interest rate swap agreements, securities purchased and sold, short-term investments, and other such transactions. Because of this exposure, defaults by, or rumors or questions about, one or more financial services institutions or the financial services industry in general, could lead to market-wide liquidity problems and defaults by other institutions. Many of these transactions expose the Company to credit risk in the event of default of its counterparty or client, while other transactions expose the Company to liquidity risks should funding sources quickly disappear. In addition, the Company's credit risk may be exacerbated when the collateral held cannot be realized or is liquidated at prices not sufficient to recover the full amount of the exposure due to the Company. Any such losses could materially and adversely affect results of operations.

Decreased confidence in regional banks among deposit customers, investors, and other counterparties may cause significant disruption, volatility and reduced valuations of equity and other securities of banks in the capital markets. Rapidly rising interest rates could result in an increase in unrealized losses in the Company's available for sale debt securities portfolio. Additionally, rising interest rates may result in increased competition for bank deposits. These events could have adverse impacts on the market price and volatility of the Company's stock. These events could also lead to increases in the Company's interest expense, as it could require the Company to raise interest rates paid to depositors in order to compete with other banks, and in an effort to replace deposits, seek borrowings which carry higher interest rates.

Bank failures during 2023 caused concern and uncertainty regarding the liquidity adequacy of the banking sector as a whole and resulted in some regional bank customers choosing to maintain deposits with larger financial institutions. A significant reduction in the Company's deposits could materially and adversely impact the Company's liquidity, ability to fund loans, and results of operations. In addition to customer deposits, the Company borrows on an overnight and short-term basis from third parties in the form of federal funds purchased and repurchase agreements and through lines of credit and borrowings from the FHLB and FRB. If the Company were not able to access borrowings through those facilities due to an increase in demand from other banks or due to insufficient levels of pledgeable assets, its ability to borrow funds may be materially adversely impacted.

Commerce Bancshares, Inc. relies on dividends from its subsidiary bank for most of its revenue.

Commerce Bancshares, Inc. is a separate and distinct legal entity from its banking and other subsidiaries. It receives substantially all of its revenue from dividends from its subsidiary bank. These dividends, which are limited by various federal and state regulations, are the principal source of funds to pay dividends on its common stock and to meet its other cash needs. In the event the subsidiary bank is unable to pay dividends, the Company may not be able to pay dividends or other obligations, which would have a material adverse effect on the Company's financial condition and results of operations.

Operational Risks

The Company's asset valuation may include methodologies, models, estimations and assumptions which are subject to differing interpretations and could result in changes to asset valuations that may materially adversely affect its results of operations or financial condition.

The Company uses estimates, assumptions, and judgments when certain financial assets and liabilities are measured and reported at fair value. Assets and liabilities carried at fair value inherently result in greater financial statement volatility. Fair values and the information used to record valuation adjustments for certain assets and liabilities are based on quoted market prices and/or other observable inputs provided by independent third-party sources, when available. When such third-party information is not available, fair value is estimated primarily by using cash flow and other financial modeling techniques utilizing assumptions such as credit quality, liquidity, interest rates and other relevant inputs. Changes in underlying factors, assumptions, or estimates in any of these areas could materially impact the Company's future financial condition and results of operations. Furthermore, if models used to calculate fair value of financial instruments are inadequate or inaccurate due to flaws in their design or execution, upon sale, the Company may not realize the cash flows of a financial instrument as modeled and could incur material, unexpected losses.

During periods of market disruption, including periods of significantly rising or high interest rates, rapidly widening credit spreads or illiquidity, it may be difficult to value certain assets if trading becomes less frequent and/or market data becomes less observable. There may be certain asset classes in active markets with significant observable data that become illiquid due to the current financial environment. In such cases, certain asset valuations may require more subjectivity and management judgment. As such, valuations may include inputs and assumptions that are less observable or require greater estimation. Further, rapidly changing and unprecedented credit and equity market conditions could materially impact the valuation of assets as reported within the Company's consolidated financial statements, and the period-to-period changes in value could vary significantly. Decreases in value may have a material adverse effect on results of operations or financial condition.

The Company's operations rely on certain external vendors.

The Company relies on third-party vendors to provide products and services necessary to maintain day-to-day operations. For example, the Company outsources a portion of its information systems, communication, data management, and transaction processing to third parties. Accordingly, the Company is exposed to the risk that these vendors might not perform in accordance with the contracted arrangements or service level agreements because of changes in the vendor's organizational structure, financial condition, support for existing products and services, or strategic focus. Such failure to perform could be disruptive to the Company's operations, which could have a materially adverse impact on its business, financial condition and results of operations. These third parties are also sources of risk associated with operational errors, system interruptions or breaches and unauthorized disclosure of confidential information. If the vendors encounter any of these issues, the Company could be exposed to disruption of service, damage to reputation and litigation. Because the Company is an issuer of both debit and credit cards, it is periodically exposed to losses related to security breaches which occur at retailers that are unaffiliated with the Company (e.g., customer card data being compromised at retail stores). These losses include, but are not limited to, costs and expenses for card reissuance as well as losses resulting from fraudulent card transactions.

Credit Risks

The allowance for credit losses may be insufficient or future credit losses could increase.

The allowance for credit losses on loans and the liability for unfunded lending commitments at December 31, 2024 reflect management's estimate of credit losses expected in the loan portfolio, including unfunded lending commitments, as of the balance sheet date. See Note 2 to the consolidated financial statements and the section captioned "Allowance for Credit Losses on Loans and Liability for Unfunded Lending Commitments" in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of this report for further discussion related to the Company's process for determining the appropriate level of the allowance for credit losses on loans and the liability for unfunded lending commitments at December 31, 2024.

The Company's estimate of credit losses utilizes a life of loan loss concept, and the level of the allowance is based on management's methodology that utilizes historical net charge-off rates and adjusts for the impacts in the reasonable and supportable forecast and other qualitative factors. Key assumptions include the application of historical loss rates, prepayment speeds, economic forecast results of a reasonable and supportable period, the period to revert to historical loss rates, and qualitative factors. The Company's allowance level is subject to review by regulatory agencies, and that review could also result in adjustments to the allowance for credit losses. Additionally, the volatility of the Company's provision for credit losses may change from year to year due to macroeconomic variables that influence the Company's loss estimates, and the volatility in credit losses may be material to the Company's earnings.

The Company's investment portfolio values may be adversely impacted by deterioration in the credit quality of underlying collateral within the various categories of investment securities it owns.

The Company maintains a portfolio of investments, which includes available for sale debt securities, trading securities, equity securities, and other investments. The Company does not hold any investments classified as held-to-maturity. The Company generally invests in liquid, investment grade securities, however, these securities are subject to changes in market value due to changing interest rates and implied credit spreads. While the Company maintains prudent risk management practices over bonds issued by municipalities and other issuers, credit deterioration in these bonds could occur and result in losses. Certain mortgage and asset-backed securities (which are collateralized by residential mortgages, credit cards, automobiles, mobile homes or other assets) may decline in value due to actual or expected deterioration in the underlying collateral. Under accounting rules, when an available for sale debt security is in an unrealized loss position, the entire loss in fair value is required to be recognized in current earnings if the Company intends to sell the security or believes it is more likely than not that the Company will be required to sell the security before the value recovers. Additionally, the current expected credit loss model (CECL) requires that lifetime expected credit losses on securities be recorded in current earnings. This could result in significant losses.

The Company could recognize losses on securities held in its securities portfolio, particularly if it were to sell a significant portion of its investments prior to maturity.

The Company's available for sale debt securities portfolio is carried at fair value, with unrealized gains and losses carried in accumulated other comprehensive income (loss) within shareholder's equity. The fair value of investments, including available for sale debt investments, may change with changes in interest rates, credit concerns, or other economic factors. Due mostly to the increase in interest rates during 2022 and 2023, the fair value of the Company's available of sale debt securities included a net unrealized loss of $991 million at December 31, 2024. As of December 31, 2024, the Company has the intent and ability to maintain its available for sale debt investments until recovery of their amortized cost basis. However, if in the future the Company were to elect to sell or needed to sell the investments before the recovery of their amortized cost basis, the Company could realize significant losses in its income statement.

Strategic Risk

New lines of business or new products and services may subject the Company to additional risk.

From time to time, the Company may implement new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and new products or services, the Company may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and new products or services may not be achieved and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences may also impact the successful implementation of a new line of business or a new product or service. Furthermore, any new line of business, or new product or service, could have a significant impact on the effectiveness of the Company's system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business and new products or services could have a material adverse effect on the Company's financial condition and results of operations.

Technology Risks

A successful cyber attack or other computer system breach could significantly harm the Company, its reputation and its customers.

The Company relies heavily on communications and information systems to conduct its business, and as part of its business, the Company maintains significant amounts of data about its customers and the products they use. The Company's data is maintained on its own systems and on the systems of its vendors, business partners and third-party service providers. The Company relies on a layered system of security controls to secure collection, transmission, storage, and retrieval of data, including confidential data, in its computer systems and the systems of third parties. Information security risks continue to increase due to new technologies, the increasing use of the Internet and telecommunication technologies (including mobile devices) to conduct financial and other business transactions, and the increased sophistication and activities of organized crime, perpetrators of fraud, hackers, and others. The Company has faced security incidents, which have been minor in scope and impact, and it expects unauthorized parties to continue to attempt to gain access to its systems or information, as well as those of its business partners and service providers. The Company makes significant investments in various technology to identify and prevent intrusions into its information systems. The Company has policies, procedures and controls designed to identify, protect, detect, respond, and recover from security incidents. The Company also requires ongoing security awareness training for employees, hosts tabletop exercises to test response readiness, and performs regular audits using both internal and outside resources. However, there can be no assurance that any such failures, interruptions or security breaches will not occur, or if

they do occur, that they will be adequately addressed. In addition to unauthorized access, denial-of-service attacks or other operational disruptions could prevent the Company from adequately serving customers. Should any of the Company's systems become compromised or customer information be obtained by unauthorized parties, the reputation of the Company could be damaged, relationships with existing customers may be impaired, and the Company could be subject to lawsuits, all of which could result in lost business and have a material adverse effect on the Company's business, financial condition and results of operations.

The Company continually encounters technological change.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services, including the entrance of financial technology companies offering new financial service products. The Company regularly upgrades or replaces technological systems to increase efficiency, enhance product and service capabilities, eliminate risks of end-of-lifecycle products, reduce costs, and better serve our customers. As the Company completes system upgrades, it may face operational risks after system conversions, including disruptions to its technology systems, which may adversely impact customers. The Company's future success depends, in part, upon its ability to address the needs of its customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in the Company's operations. Many of the Company's competitors have substantially greater resources to invest in technological improvements. The Company may encounter significant problems in effectively implementing new technology-driven products and services and may not be successful in marketing the new products and services to its customers. These problems might include significant time delays, cost overruns, loss of key people, and technological system failures. Failure to successfully keep pace with technological change affecting the financial services industry or failure to successfully complete the replacement of technological systems could have a material adverse effect on the Company's business, financial condition and results of operations.

General Risks

The Company must attract and retain skilled employees.

The Company's success depends, in large part, on its ability to attract and retain key people. Competition for the best people can be intense, and the Company spends considerable time and resources attracting, hiring, and retaining qualified people for its various business lines and support units. The unexpected loss of the services of one or more of the Company's key personnel could have a material adverse impact on the Company's business because of their skills, knowledge of the Company's market, and years of industry experience, as well as the difficulty of promptly finding qualified replacement personnel.

Public health threats or outbreaks of communicable diseases could have an adverse effect on the Company's operations and financial results.

The Company may face risks related to public health threats or outbreaks of communicable diseases. A widespread healthcare crisis, such as an outbreak of a communicable disease could adversely affect the global economy and the Company's financial performance. For example, the global COVID-19 pandemic caused significant disruption and harm to the economy and the financial markets in which the Company operates.

As seen during the COVID-19 pandemic, fallout from economic and societal changes resulting from significant public health threats may cause prolonged global or national recessionary economic conditions, which could have a material adverse effect on the Company's business, results of operations and financial condition. The potential impacts of future epidemics, pandemics, or other outbreaks of an illness, disease, or virus could therefore materially and adversely affect the Company's business, revenue, operations, financial condition, liquidity and cash flows.

Our business and financial results may be affected by societal and governmental responses to climate change and related environmental issues.

The current and anticipated effects of climate change have raised concerns for the condition of the global environment. These concerns have changed and will continue to change the behavior of consumers and businesses. Further, governments have increased their attention on the issue of climate change. As a result, international agreements have been signed to attempt to reduce global temperatures and federal and state legislative and regulatory initiatives have been proposed to seek to mitigate the effects of climate change. The Company and its customers may need to respond to new laws and regulations as well as new consumer and business preferences resulting from climate change concerns. These changes may result in cost increases, asset value reductions, and operating process changes to the Company and its customers. The impact on our customers will likely vary depending on their specific attributes, including reliance on or role in carbon intensive activities. Among the impacts to the Company could be a drop in demand for our products and services, particularly in certain industries. In addition, the Company could experience reductions in creditworthiness on the part of some customers or in the value of assets securing

loans. The Company's efforts to take these risks into account in making lending and other decisions, including by increasing the Company's business with climate-friendly companies, may not be effective in protecting the Company from the adverse impact of new laws and regulations or changes in consumer or business behavior.

Item 1b. UNRESOLVED STAFF COMMENTS

None

Item 1c. CYBERSECURITY

Cybersecurity Program and Management Oversight

The Company has established an Information and Cybersecurity program integrated into its risk management process. The program is directed by the Company's Information Security Strategy Board ("ISSB"). The purpose of the ISSB is to (i) provide management direction and support for information security risk oversight for the Company's information security program and (ii) to engage Company leaders to promote information security risk awareness and sound information security risk management practices across the organization. The ISSB has been delegated authority from the Company's Enterprise Risk Management Committee ("ERM Committee") to advance and monitor the overall effectiveness of the Company's information security program and risk management activities. The ISSB also has the authority to direct effective and timely implementation of actions to address emerging information security risks and information security risk management deficiencies. The ISSB meets at least quarterly.

The ISSB is responsible for identifying, evaluating and monitoring information security risk across the Company. In order to fulfill this role, the ISSB engages in a variety of activities, including, but not limited to, the following:

a. Review current status of the Company's overall information security program.
b. Review and monitor impacts, outcomes and remediation plans or mitigation activities related to internal and external security incidents, vulnerability scans or assessments.
c. Review and monitor significant information security related projects and regulatory initiatives.
d. Monitor metrics related to the Company's information security program.
e. Review and approve new, and modifications to existing, information security policies for which the ISSB has been designated approval authority by the ERM Committee. Existing information security policies are reviewed at least annually.
f. Review information security examination reports and other significant communications from regulatory agencies and the status of any outstanding information security related regulatory findings.
g. Monitor and discuss emerging industry information security risk issues including applicable frameworks, rules and regulations.
h. Identify and analyze significant changes affecting information security risk management such as changes in the external environment, business model and leadership.
i. Review new, expanded or modified software and applications that process, transmit, or store sensitive information to ensure appropriate information security risk management is embedded in the development and implementation processes.

The ISSB is comprised of the following:

a. Chief Information Security Officer – Chair
b. Chief Information Officer
c. Executive Director, Consumer Segment & Strategic Services
d. Managing Counsel
e. Director, Bank Operations
f. Executive Director, Retail
g. Chief Risk Officer
h. Commerce Trust Chief Operating Officer
i. IT General Manager
j. Director, Commercial LOB Products & Operations
k. Director, Audit

The Chief Information Security Officer ("CISO") is responsible for the Company's enterprise-wide Information and Cybersecurity Program. Responsibilities include the Information and Cybersecurity program, Security Architecture, Application Security, IT Risk Management, Operational Security, Security Consulting, Awareness and Training, Policies and Standards development, Incident Response and Information Security defense / mitigation strategy, strategic planning, and Vendor and Service Provider monitoring. The CISO has 25 years of experience with Information Security Program development, Application Security program development, IT Risk Management program development, Incident Response preparation, planning, and testing, Operational and Technical Security Architecture, and Creating Zero-Day defense strategies. The CISO is a Certified Information Systems Security Professional, is a member of the Information Systems Security Association and Infragard, and participates in local and national Security consortiums. CISO demonstrates expertise in Graham-Leach-Bliley Act, Health Insurance Portability and Accountability Act, Payment Card Industry, International Organization for Standardization27001, National Institute of Standards and Technology, Open Worldwide Application Security Project, and other programs to provide strategic consulting across a variety of industry sectors.

Governance

The Company's Board of Directors (the "Board") is responsible for the oversight of all risk management activities, including cybersecurity risk. The Board has delegated that oversight responsibility to the Audit and Risk Committee. The Audit and Risk Committee has delegated the responsibility to advance and monitor the overall effectiveness of the Company's risk management activities, including cybersecurity risk, to the ERM Committee. The ERM Committee also has the authority to direct effective and timely implementation of actions to address emerging cybersecurity risks. The ISSB provides quarterly reports to the Operational Risk Management Committee and ERM Committee. Through reports received from the ERM Committee, the Audit and Risk Committee notifies the Board of Directors about new policies and policy changes, changes in standards applied, and key risk metrics to evaluate ongoing cybersecurity threats and security risk exposure (the "Governance Model"). In addition, the ISSB provides a full report on the Company's cybersecurity framework, risks, initiatives, and significant incidents to the Audit and Risk Committee or the Company's Board of Directors not less than annually.

Cybersecurity Risk Assessment Strategy, Policies and Standards

The Company's cybersecurity program is primarily structured based upon national and international security protocols and frameworks. The Company has implemented a strategy to address threats to Company assets. The Company's Information Security program balances security risks with business goals and provides appropriate protections for the confidentiality, integrity and availability of Company and customer information. The Company conducts benchmark assessments of its Information Security program to evaluate its strength as measured against recommended industry security best practice entities.

The Company has a process to prioritize and manage security related projects. The ISSB provides oversight of program changes, security awareness updates, exposures from new exploits, and risks to information, data and systems. Policies and standards are regularly reviewed within the Governance Model and presented to the Board.

The Company utilizes a risk assessment approach to oversee and identify material risks from cyber threats, which includes information gathering, analysis, and prioritization of mitigation strategies. This approach was designed following security industry standard processes, models and guidelines. Risk assessments are a key component of the overall risk management process. The objectives of the risk assessment process are as follows:

a. Provide assurance that management has implemented appropriate controls to mitigate risk.
b. Identify applications, vendors, service providers, and/or business units that process, transmit, or store sensitive information.
c. Comply with the various regulations addressing data security.
d. Comply with the Company's information security policies and standards.

The scope of the risk assessment process includes but is not limited to the following asset types:

a. Applications
b. Business units
c. Service providers
d. Servers
e. Databases
f. Data centers
g. Network infrastructure

h. Security infrastructure
i. Storage/recovery
j. Mobile devices
k. Workstations
l. Authentication directory services
m. Cloud.

The Company conducts detailed due diligence (as described below), contract reviews and ongoing monitoring of high-risk third-party service providers. Third-party service providers hosting an application or providing a service that processes, analyzes, transmits, stores, or reports the Company's sensitive information must complete a control questionnaire. Vendors are subject to rigorous review of the vendor's internal control policies, procedures, data security and contingency capabilities. Ongoing monitoring is also performed annually on selected service providers. The program requires service providers on the ongoing monitoring list to provide the Company with a third-party security penetration assessment, and other artifacts based on the type of information processed, transmitted, or stored, annually.

The Company has also developed a comprehensive set of key risk metrics to evaluate ongoing cybersecurity threats and the security risk exposure. These metrics are used for threat trending, identifying attack vectors, and determining the effectiveness of controls. Key risk metrics are provided to management monthly and reported through the Governance Model to the Board.

Security event monitoring and detection

The Company formally tracks and reports on major identified risks and vulnerabilities and the results of their analysis and evaluation. These details can then be used to track and monitor their successful management as part of the activity to deliver the required, anticipated results. Security risks are categorized by Practice or Vulnerability (exploitable). The information is reported in the monthly security metrics report along with quarterly reporting to the ISSB.

The Company actively monitors alerts and shared intelligence from a variety of industry-standard sources and takes appropriate actions when warranted. As new threats and vulnerabilities emerge that threaten its systems and data, the Company continues to evaluate and address these threats through a layered security approach.

The Company engages cybersecurity assessors and consultants, including third party auditors, to perform annual penetration testing and risk assessments. These external parties provide validation of our processes and controls, ensuring they meet industry best practices and regulatory standards.

The Company performs network and application penetration testing on external high-risk applications as well as network penetration testing across its production, test, and disaster recovery networks. The Company also performs tests on its operational defense and response to assess the ability to detect and respond to a threat actor. This allows the Company to test lateral movement, exploitation, data exfiltration, and evaluate its security posture around three primary security functions: detection, prevention, and response. The Company regularly participates in desktop exercises to help demonstrate incident preparedness and regulatory compliance. All testing results are reported to the Board quarterly through the Governance Model.

Incident materiality

The Commerce Bank Cybersecurity Incident Investigation and Response Plan is a component of the Information Security policy and sets forth the severity categories and processes required to assess the impact of a cyber-related incident to the Company. The impact is categorized in one of five severity levels and is expressed in terms of financial loss, strategic objectives, customer, legal and regulatory, reputation, and service interruption. The incident response plan includes timely notification of a material cybersecurity incident to the Board of Directors and other members of senior management.

Like other financial institutions, the Company experiences malicious cyber activity on an ongoing basis directed at its websites, computer systems, software, networks and users. This malicious activity includes attempts at unauthorized access, implantation of computer viruses or malware, and denial of service attacks. The Company also experiences large volumes of phishing and other forms of social engineering attempted for the purpose of perpetrating fraud. While, to date, malicious cyber activity, cyberattacks and other information security breaches have not had a material adverse impact on the Company, risk to its systems remains significant. See Technology Risk "*A successful cyber attack or other computer system breach could significantly harm the Company, its reputation and its customers*" within Risk Factors Item 1a.

Item 2. PROPERTIES

The main offices of the Company are located in Kansas City and St. Louis, Missouri. The Company owns its main offices and leases unoccupied premises to the public. The larger office buildings include:

Building	Net rentable square footage	% occupied in total	% occupied by Bank
1000 Walnut Kansas City, MO	391,000	96%	53%
922 Walnut Kansas City, MO	256,000	95	91
811 Main Kansas City, MO	237,000	100	100
8001 Forsyth Clayton, MO	276,000	76	19
8000 Forsyth Clayton, MO	178,000	100	100

The Company has an additional 140 branch locations in Missouri, Illinois, Kansas, Oklahoma and Colorado which are owned or leased.

Item 3. LEGAL PROCEEDINGS

The information required by this item is set forth in Item 8 under Note 21, Commitments, Contingencies and Guarantees on page 137.

Item 4. MINE SAFETY DISCLOSURES

Not applicable

Information about the Company's Executive Officers

The following are the executive officers of the Company as of February 25, 2025, each of whom is designated annually. There are no arrangements or understandings between any of the persons so named and any other person pursuant to which such person was designated an executive officer.

Name and Age	Positions with Registrant
Kevin G. Barth, 64	Executive Vice President of the Company since April 2005, and Community President and Chief Executive Officer of Commerce Bank since October 1998. Senior Vice President of the Company and Officer of Commerce Bank prior thereto.
Derrick R. Brooks, 48	Senior Vice President of the Company and Executive Vice President of Commerce Bank since January 2021. Senior Vice President of Commerce Bank prior thereto.
John K. Handy, 61	Executive Vice President of the Company since January 2018 and Senior Vice President of the Company prior thereto. Community President and Chief Executive Officer of Commerce Bank since January 2018 and Senior Vice President of Commerce Bank prior thereto.
Richard W. Heise, 56	Senior Vice President of the Company since April 2022 and Executive Vice President of Commerce Bank since July 2021. Prior to his employment with Commerce Bank in February 2017, he was employed at a healthcare tech services company where he served as a senior vice president of revenue cycle and financial services.

Name and Age	Positions with Registrant
Robert S. Holmes, 61	Executive Vice President of the Company since April 2015, and Community President and Chief Executive Officer of Commerce Bank since January 2016. Prior to his employment with Commerce Bank in March 2015, he was employed at a Midwest regional bank where he served as managing director and head of Regional Banking.
Kim L. Jakovich, 55	Senior Vice President of the Company since April 2022, and Officer of the Company prior thereto. Senior Vice President of Commerce Bank since July 2015.
Patricia R. Kellerhals, 67	Senior Vice President of the Company since February 2016 and Vice President of the Company prior thereto. Executive Vice President of Commerce Bank since 2005.
David W. Kemper, 74	Executive Chairman of the Company and of the Board of Directors of the Company since August 2018. Prior thereto, he was Chief Executive Officer of the Company and Chairman of the Board of Directors of the Company. He was President of the Company from April 1982 until February 2013. He is the brother of Jonathan M. Kemper (a former Vice Chairman of the Company), and father of John W. Kemper, President and Chief Executive Officer of the Company.
John W. Kemper, 47	Chief Executive Officer of the Company and Chairman and Chief Executive Officer of Commerce Bank since August 2018. Prior thereto, he was Chief Operating Officer of the Company. President of the Company since February 2013 and President of Commerce Bank since March 2013. Member of Board of Directors since September 2015. He is the son of David W. Kemper (Executive Chairman of the Company) and nephew of Jonathan M. Kemper (a former Vice Chairman of the Company).
Charles G. Kim, 64	Chief Financial Officer of the Company since July 2009. Executive Vice President of the Company since April 1995 and Executive Vice President of Commerce Bank since January 2004. Prior thereto, he was Senior Vice President of Commerce Bank.
Douglas D. Neff, 56	Senior Vice President of the Company since January 2019 and Chairman and Chief Executive Officer of Commerce Bank Southwest Region since 2013.
David L. Orf, 58	Executive Vice President of the Company since October 2020 and Chief Credit Officer of the Company since January 2021. Executive Vice President of Commerce Bank since January 2014 and Senior Vice President of Commerce Bank prior thereto.
Paula S. Petersen, 58	Executive Vice President of the Company since January 2022 and Senior Vice President of the Company prior thereto. Executive Vice President of Commerce Bank since March 2012.
David L. Roller, 54	Senior Vice President of the Company since July 2016 and Senior Vice President of Commerce Bank since September 2010.
Margaret M. Rowe, 60	Senior Vice President of the Company since July 2024 and Vice President of the Company prior thereto. Secretary and General Counsel of the Company since April 2022. Executive Vice President of Commerce Bank since July 2024 and Secretary and General Counsel of Commerce Bank since September 2022. Vice President of Commerce Bank prior thereto.
Paul A. Steiner, 53	Controller and Chief Accounting Officer of the Company since April 2019. He is also Controller of the Company's subsidiary bank, Commerce Bank. Assistant Controller and Director of Tax of the Company prior thereto.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

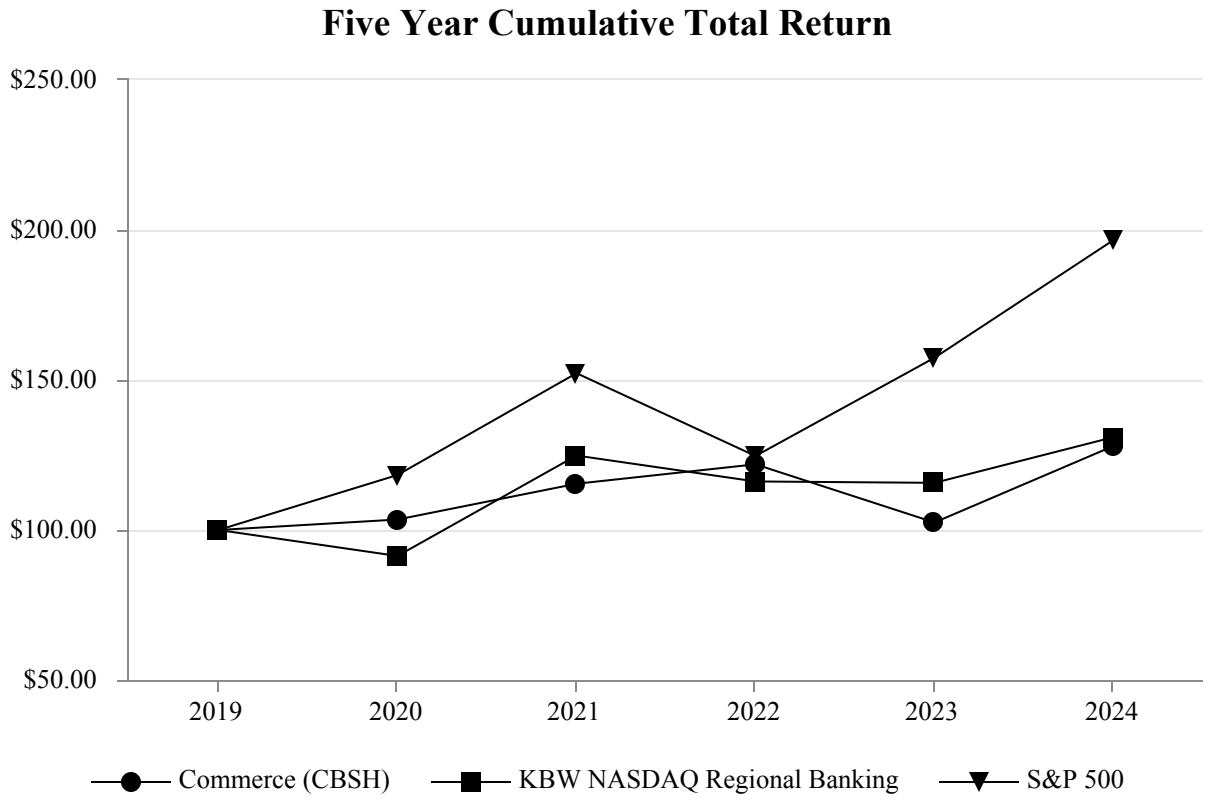
Commerce Bancshares, Inc.

Common Stock Data

Commerce Bancshares, Inc. common shares are listed on the Nasdaq Global Select Market (NASDAQ) under the symbol CBSH. The Company had 3,262 common shareholders of record as of December 31, 2024. Certain of the Company's shares are held in "nominee" or "street" name and the number of beneficial owners of such shares is approximately 152,000.

Performance Graph

The following graph presents a comparison of Company (CBSH) performance to the indices named below. It assumes $100 invested on December 31, 2019 with dividends reinvested on a cumulative total shareholder return basis.



	2019	2020	2021	2022	2023	2024
Commerce (CBSH)	$ 100.00	$ 103.49	$ 115.42	$ 121.89	$ 102.51	$ 128.00
KBW NASDAQ Regional Banking	100.00	91.34	124.82	116.18	115.72	130.95
S&P 500	100.00	118.33	152.27	124.67	157.41	196.64

The Company has a long history of paying dividends. 2024 marked the 56th consecutive year of growth in our regular common dividend, and the Company has also issued an annual 5% common stock dividend for the past 31 years. However, payment of future dividends is within the discretion of the Board of Directors and will depend, among other factors, on earnings, capital requirements, and the operating and financial condition of the Company. The Board of Directors makes the dividend determination quarterly.

The following table sets forth information about the Company's purchases of its $5 par value common stock, its only class of common stock registered pursuant to Section 12 of the Exchange Act, during the fourth quarter of 2024.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number that May Yet Be Purchased Under the Program
October 1 - 31, 2024	155,726	$62.13	155,726	3,459,450
November 1 - 30, 2024	310,683	$70.48	310,683	3,148,767
December 1 - 31, 2024	217,119	$68.27	217,119	2,931,648
Total	**683,528**	**$67.88**	**683,528**	**2,931,648**

The Company's stock purchases shown above were made under authorizations by the Board of Directors. Under the most recent authorization in April 2024 of 5,000,000 shares, 2,931,648 shares remained available for purchase at December 31, 2024.

Item 6. RESERVED

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This report may contain "forward-looking statements" that are subject to risks and uncertainties and include information about possible or assumed future results of operations. Many possible events or factors could affect the future financial results and performance of Commerce Bancshares, Inc. and its subsidiaries (the "Company"). This could cause results or performance to differ materially from those expressed in the forward-looking statements. Words such as "expects", "anticipates", "believes", "estimates", variations of such words and other similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in, or implied by, such forward-looking statements. Readers should not rely solely on the forward-looking statements and should consider all uncertainties and risks discussed throughout this report. Forward-looking statements speak only as of the date they are made. The Company does not undertake to update forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made or to reflect the occurrence of unanticipated events. Such possible events or factors include the risk factors identified in Item 1a Risk Factors and the following: changes in economic conditions in the Company's market area; changes in policies by regulatory agencies, governmental legislation and regulation; fluctuations in interest rates; changes in liquidity requirements; demand for loans in the Company's market area; changes in accounting and tax principles; estimates made on income taxes; failure of litigation settlement agreements to become final in accordance with their terms; and competition with other entities that offer financial services.

Overview

The Company operates as a super-community bank and offers a broad range of financial products to consumer, municipal, and commercial customers, delivered with a focus on high-quality, personalized service. The Company is headquartered in Missouri, with its principal offices in Kansas City and St. Louis, Missouri. Customers are served from 243 locations in Missouri, Kansas, Illinois, Oklahoma and Colorado and commercial offices throughout the nation's midsection. A variety of delivery platforms are utilized, including an extensive network of branches and ATM machines, full-featured online banking, a mobile application, and a centralized contact center.

The core of the Company's competitive advantage is its focus on the local markets in which it operates, its offering of competitive, sophisticated financial products, and its concentration on relationship banking and high-touch service. In order to enhance shareholder value, the Company targets core revenue growth. To achieve this growth, the Company focuses on strategies that will expand new and existing customer relationships, offer opportunities for controlled expansion in additional markets, utilize improved technology, and enhance customer satisfaction.

Various indicators are used by management in evaluating the Company's financial condition and operating performance. Among these indicators are the following:

- Net income and earnings per share — Net income attributable to Commerce Bancshares, Inc. during 2024 was $526.3 million, an increase of 10.3% compared to the previous year. The return on average assets was 1.72% in 2024, and the return on average common equity was 16.66%. Diluted earnings per share increased 11.8% in 2024 compared to 2023.
- Total revenue — Total revenue is comprised of net interest income and non-interest income. Total revenue in 2024 increased $84.6 million, or 5.4%, from 2023, as net interest income grew $42.1 million, and non-interest income increased $42.5 million. Growth in net interest income resulted principally from increases in interest income from loans, partly offset by an increase in interest expense on deposits. The increase in non-interest income in 2024 was mainly due to higher trust fees, supplemented by higher deposit account fees and capital market fees.
- Non-interest expense — Total non-interest expense increased 2.2% this year compared to 2023, mainly due to higher salaries and employee benefits expense, partially offset by lower deposit insurance expense due to a special FDIC assessment accrued in 2023.
- Asset quality — Net loan charge-offs totaled $38.9 million in 2024, an increase of $7.8 million from those recorded in 2023, and averaged .23% of loans in 2024, as compared to .19% of loans in 2023. Total non-performing assets, which include non-accrual loans and foreclosed real estate, amounted to $18.6 million at December 31, 2024, compared to $7.6 million at December 31, 2023, and represented .11% of loans outstanding at December 31, 2024.
- Shareholder return — During 2024, the Company paid cash dividends of $1.03 per share on its common stock, representing an increase of 5.0% over the previous year. In 2024, the Company issued its 31st consecutive annual 5%

common stock dividend, and in February 2025, the Company's Board of Directors authorized an increase of 7.0% in the common cash dividend. The Company purchased 2,875,349 shares in 2024. Total shareholder return, including the change in stock price and dividend reinvestment, was 5.1%, 10.8%, and 10.7% over the past 5, 10, and 15 years, respectively.

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes. The historical trends reflected in the financial information presented below are not necessarily reflective of anticipated future results.

Key Ratios

	2024	2023	2022	2021	2020
(Based on average balances)					
Return on total assets	**1.72%**	1.49%	1.45%	1.55%	1.20%
Return on common equity	**16.66**	17.94	17.31	15.37	10.64
Equity to total assets	**10.29**	8.33	8.39	10.11	11.18
Loans to deposits [(1)]	**69.73**	66.31	55.41	56.46	67.73
Non-interest bearing deposits to total deposits	**29.97**	32.61	39.02	40.46	37.83
Net yield on interest earning assets (tax equivalent basis)	**3.47**	3.16	2.85	2.58	2.99
(Based on end of period data)					
Non-interest income to revenue [(2)]	**37.18**	36.47	36.71	40.15	37.87
Efficiency ratio [(3)]	**57.37**	59.17	56.90	57.64	57.19
Tier I common risk-based capital ratio	**16.71**	15.25	14.13	14.34	13.71
Tier I risk-based capital ratio	**16.71**	15.25	14.13	14.34	13.71
Total risk-based capital ratio	**17.48**	16.03	14.89	15.12	14.82
Tier I leverage ratio	**12.26**	11.25	10.34	9.13	9.45
Tangible common equity to tangible assets ratio [(4)]	**9.92**	8.85	7.32	9.01	9.92
Common cash dividend payout ratio	**26.50**	28.24	26.10	23.12	35.32

(1) Includes loans held for sale.
(2) Revenue includes net interest income and non-interest income.
(3) The efficiency ratio is calculated as non-interest expense (excluding intangibles amortization) as a percent of total revenue.
(4) The tangible common equity to tangible assets ratio is a measurement which management believes is a useful indicator of capital adequacy and utilization. It provides a meaningful basis for period to period and company to company comparisons, and also assist regulators, investors and analysts in analyzing the financial position of the Company. Tangible common equity and tangible assets are non-GAAP measures and should not be viewed as substitutes for, or superior to, data prepared in accordance with GAAP.

The following table is a reconciliation of the GAAP financial measures of total equity and total assets to the non-GAAP measures of total tangible common equity and total tangible assets.

(Dollars in thousands)	**2024**	2023	2022	2021	2020
Total equity	**$ 3,332,475**	$ 2,964,230	$ 2,481,577	$ 3,448,324	$ 3,399,972
Less non-controlling interest	**22,594**	20,114	16,286	11,026	2,925
Less goodwill	**146,539**	146,539	138,921	138,921	138,921
Less intangible assets*	**3,864**	4,058	4,305	4,604	4,958
Total tangible common equity (a)	**$ 3,159,478**	$ 2,793,519	$ 2,322,065	$ 3,293,773	$ 3,253,168
Total assets	**$31,996,627**	$31,701,061	$31,875,931	$36,689,088	$32,922,974
Less goodwill	**146,539**	146,539	138,921	138,921	138,921
Less intangible assets*	**3,864**	4,058	4,305	4,604	4,958
Total tangible assets (b)	**$31,846,224**	$31,550,464	$31,732,705	$36,545,563	$32,779,095
Tangible common equity to tangible assets ratio (a)/(b)	**9.92%**	8.85%	7.32%	9.01%	9.92%

** Intangible assets other than mortgage servicing rights.*

Results of Operations

				$ Change		% Change	
(Dollars in thousands)	**2024**	2023	2022	**'24-'23**	'23-'22	**'24-'23**	'23-'22
Net interest income	**$ 1,040,246**	$ 998,129	$ 942,185	**$ 42,117**	$ 55,944	4.2%	5.9%
Provision for credit losses	**(32,903)**	(35,451)	(28,071)	**(2,548)**	7,380	(7.2)	26.3
Non-interest income	**615,553**	573,045	546,535	**42,508**	26,510	7.4	4.9
Investment securities gains (losses), net	**7,823**	14,985	20,506	**(7,162)**	(5,521)	(47.8)	(26.9)
Non-interest expense	**(951,229)**	(930,982)	(848,777)	**20,247**	82,205	2.2	9.7
Income taxes	**(145,089)**	(134,549)	(132,358)	**10,540**	2,191	7.8	1.7
Income (expense) attributable to non-controlling interest	**(8,070)**	(8,117)	(11,621)	**(47)**	(3,504)	(.6)	(30.2)
Net income attributable to Commerce Bancshares, Inc.	**$ 526,331**	**$ 477,060**	**$ 488,399**	**$ 49,271**	**$ (11,339)**	**10.3%**	**(2.3)%**

N.M. - Not meaningful.

Net income attributable to Commerce Bancshares, Inc. (net income) for 2024 was $526.3 million, an increase of $49.3 million, or 10.3%, compared to $477.1 million in 2023. Diluted income per common share was $3.87 in 2024, compared to $3.46 in 2023. The growth in net income resulted mainly from increases of $42.5 million in non-interest income and $42.1 million in net interest income, partly offset by increases in non-interest expense and income taxes of $20.2 million and $10.5 million, respectively. The return on average assets was 1.72% in 2024 compared to 1.49% in 2023, and the return on average common equity was 16.66% in 2024 compared to 17.94% in 2023. At December 31, 2024, the ratio of tangible common equity to tangible assets increased to 9.92%, compared to 8.85% at year end 2023.

During 2024, net interest income grew mainly due to an increase of $78.4 million in interest income earned on loans, mainly due to higher average rates, and a decrease of $43.9 million in interest expense on borrowings, mainly due to lower average balances, partly offset by an increase in interest expense on deposits of $90.0 million, mainly due to higher average rates paid. Total rates earned on average interest earning assets increased 52 basis points this year, while funding costs increased 52 basis points for deposits and decreased 28 basis points for borrowings. The provision for credit losses increased mainly due to higher net loan charge-offs and an increase in the estimate of the allowance for credit losses on loans this year compared to last year. These increases were partly offset by a decrease in the liability for unfunded lending commitments. Net loan charge-offs increased $7.8 million, mainly due to higher credit card and consumer loan net charge-offs in 2024, partly offset by a decrease in business loan net charge-offs.

Non-interest income grew 7.4% in 2024, mainly due to increases in trust fees and deposit account fees. Net investment securities gains of $7.8 million were recorded in 2024 and were comprised mainly of gains on the sales of equity securities, partly offset by losses on sales of available for sale debt securities. Non-interest expense increased $20.2 million in 2024 compared to 2023, mainly due to higher salaries and benefits expense and data processing and software expense, partly offset by a decrease in deposit insurance expense.

Net income for 2023 was $477.1 million, a decrease of $11.3 million, or 2.3%, compared to $488.4 million in 2022. Diluted income per common share was $3.46 in 2023, compared to $3.50 in 2022. The decrease in net income resulted mainly from an increase of $82.2 million in non-interest expense, partly offset by increases in net interest income of $55.9 million and non-interest income of $26.5 million. The return on average assets was 1.49% in 2023 compared to 1.45% in 2022, and the return on average common equity was 17.94% in 2023 compared to 17.31% in 2022. At December 31, 2023, the ratio of tangible common equity to tangible assets increased to 8.85%, compared to 7.32% at year end 2022.

During 2023, net interest income grew mainly due to increases of $338.1 million in interest income earned on loans and $88.2 million in interest income earned on deposits with banks, mainly due to higher average rates, partly offset by increases in interest expense on deposits and borrowings of $215.7 million and $110.2 million, respectively, mainly due to higher average rates paid. Total rates earned on average interest earning assets increased 134 basis points in 2023, while funding costs for deposits and borrowings increased 156 basis points. The provision for credit losses increased mainly due to higher net loan charge-offs and an increase in the estimate of the allowance for credit losses in 2023 compared to 2022. Net loan charge-offs increased $12.0 million, mainly due to higher credit card, consumer and business loan net charge-offs in 2023.

Non-interest income grew 4.9% in 2023, mainly due to increases in bank card and trust fees. Net investment securities gains of $15.0 million were recorded in 2023 and were comprised mainly of net fair value gains on the Company's private equity

investment portfolio, partly offset by losses on sales of available for sale securities. Non-interest expense increased $82.2 million in 2023 compared to 2022, mainly due to higher salaries and benefits expense and deposit insurance expense.

The Company distributed a 5% stock dividend for the 31st consecutive year on December 18, 2024. All per share and average share data in this report has been restated for the 2024 stock dividend.

Critical Accounting Estimates and Related Policies

The Company's consolidated financial statements are prepared based on the application of certain accounting policies, the most significant of which are described in Note 1 to the consolidated financial statements. Certain of these policies require numerous estimates and strategic or economic assumptions that may prove inaccurate or be subject to variations which may significantly affect the Company's reported results and financial position for the current period or future periods. The use of estimates, assumptions, and judgments are necessary when financial assets and liabilities are required to be recorded at, or adjusted to reflect, fair value. Current economic conditions may require the use of additional estimates, and some estimates may be subject to a greater degree of uncertainty due to the current instability of the economy. The Company has identified several policies as being critical because they require management to make particularly difficult, subjective and/or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts would be reported under different conditions or using different assumptions. These estimates and related policies are the Company's allowance for credit losses and fair value measurement policies.

Allowance for Credit Losses

The Company's Allowance for Credit Losses policies govern the processes and procedures used to estimate the collectability of its loan portfolio and unfunded lending commitments, and the potential for credit losses in its available for sale debt securities portfolio.

Allowance for Credit Losses – Loans and Unfunded Lending Commitments

The Company performs periodic and systematic detailed reviews of its loan portfolio and unfunded lending commitments to assess overall collectability. The level of the allowance for credit losses on loans and unfunded lending commitments reflects the Company's estimate of the losses expected in the loan portfolio and unfunded lending commitments over the assets' contractual term.

The allowance for credit loss is an estimate that is subject to uncertainty due to the various assumptions and judgments used in the estimation process.

The allowance for credit losses is measured on a collective (pool) basis. Loans are aggregated into pools based on similar risk characteristics including borrower type, collateral type and expected credit loss patterns. Loans that do not share similar risk characteristics, primarily large loans on non-accrual status, are evaluated on an individual basis.

The allowance for credit losses is measured using an average historical loss model which incorporates relevant information about past events (including historical credit loss experience on loans with similar risk characteristics), current conditions, and an economic forecast that may affect the collectability of the remaining cash flows over the contractual term of the loans. The calculated loss rate is increased or decreased to reflect expectations of future losses given a single path economic forecast. These adjustments to the loss rate are based on results from various regression models projecting the impact of the macroeconomic variables. The forecast is used for a reasonable and supportable period before reverting to historical averages using a straight-line method.

Additionally, the allowance for credit losses considers other qualitative factors not included in historical loss rates or macroeconomic forecast such as changes in portfolio composition, underwriting practices, or significant unique events or conditions.

Adjustments to the allowance for credit losses are made by increases to or reductions in the provision for credit losses, which are reflected in the consolidated statements of income.

Assumptions, Judgments, and Uncertainties: The uncertainty in the estimation of the allowance for credit losses is created because key assumptions and judgements are applied throughout the process. Key assumptions include segmentation of the portfolio into pools, calculations of life of a loan using a combination of contractual terms and expected prepayment speeds and forecast of macroeconomic conditions. The Company utilizes a third-party macro-economic forecast that continuously changes due to economic conditions and events. The single path economic forecast includes key

macroeconomic variables including GDP, disposable income, unemployment rate, various interest rates, consumer price index (CPI) inflation rate, housing price index (HPI), commercial real estate price index (CREPI) and market volatility. Each reporting period, the base macroeconomic forecast scenario is evaluated to ensure it is not inconsistent with management's expectations. Changes in the forecast cause fluctuations in the estimates of the allowance for credit losses on loans and the liability for unfunded lending commitments. Potential changes in any one economic variable *may or may not* affect the overall allowance because a variety of economic variables and inputs are considered in estimating the allowance, and changes in those variables and inputs may not occur at the same rate, may not be consistent across product types and may have offsetting impacts to other changing variables and inputs.

Data points such as loan mix, level of loan balances outstanding, portfolio performance, line utilization trends and risk ratings change throughout the life of a portfolio which could cause changes to the expected credit losses.

Qualitative factors not included in historical information or macroeconomic forecast require significant judgment to identify and determine how to apply to the estimate for credit losses. The qualitative factors continuously evolve in reaction to other changing assumptions, data inputs and industry trends.

The Company uses its best judgment to assess the macroeconomic forecast, key assumptions and internal and external data in estimating the allowance for credit losses on loans and the liability for unfunded lending commitments. These estimates are subject to continuous refinement based on changes in the underlying external and internal data.

Impact if actual results differ from assumptions: The allowance for credit losses represents management's best estimate of expected current credit losses in the loan portfolio and within the Company's unfunded lending commitments, but changes in the inputs and assumptions described above could significantly impact the calculated estimated credit losses. Therefore, actual credit losses may differ significantly from estimated results. Significant deterioration in circumstances relating to loan quality and economic conditions could result in a requirement for additional allowance. Likewise, an upturn in loan quality and improved economic conditions may require a reduction in the allowance for credit losses. In either instance, changes could have a significant impact on our financial condition and results of operations.

Allowance for Credit Losses - Available for Sale Debt Securities

The level of the allowance for credit losses on available for sale securities reflects the Company's estimate of the losses expected in the available for sale debt security portfolio. In order to estimate the allowance for credit losses on available for sale debt securities, the Company performs quarterly reviews of its investment portfolio to identify securities in an unrealized loss position.

Changes to the allowance for credit losses are made by changes to or reductions in the provision for credit losses, which are reflected in the consolidated statements of income.

Assumptions, Judgments, and Uncertainties: Securities for which fair value is less than amortized cost are reviewed for impairment. Special emphasis is placed on securities whose credit rating has fallen below Baa3 (Moody's) or BBB- (Standard & Poor's), whose fair values have fallen more than 20% below purchase price, or those which have been identified based on management's judgment. These securities are placed on a watch list and cash flow analyses are prepared on an individual security basis. Certain securities are analyzed using a projected cash flow model, discounted to present value, and compared to the current amortized cost bases of the securities. The model uses input factors such as cash flow projections, contractual payments required, expected delinquency rates, credit support from other tranches, prepayment speeds, collateral loss severity rates (including loan to values), and various other information related to the underlying collateral. Securities not analyzed using the cash flow model are analyzed by reviewing risk ratings, credit support agreements, and industry knowledge to project future cash flows and any possible credit impairment.

Impact if actual results differ from assumptions: The allowance for credit losses represents management's best estimate of expected credit losses in the available for sale debt securities portfolio, but significant change in interest rates and deterioration in economic conditions could result in a requirement for additional allowance. Likewise, an increase in interest rates and improved economic conditions may require a reduction in the allowance for credit losses. In either instance, anticipated changes could have a significant impact on our financial condition and results of operations.

Fair Value Measurement

Investment securities, including available for sale debt, trading, equity and other securities, residential mortgage loans held for sale, derivatives and deferred compensation plan assets and associated liabilities are recorded at fair value on a recurring basis. Additionally, from time to time, other assets and liabilities may be recorded at fair value on a nonrecurring basis, such as

loan values that have been reduced based on the fair value of the underlying collateral, other real estate (primarily foreclosed property), non-marketable equity securities and certain other assets and liabilities. These nonrecurring fair value adjustments typically involve write-downs of individual assets or application of lower of cost or fair value accounting.

Assumptions, Judgments, and Uncertainties: Fair value is an estimate of the exchange price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (i.e., not a forced transaction, such as a liquidation or distressed sale) between market participants at the measurement date and is based on the assumptions market participants would use when pricing an asset or liability. Fair value measurement and disclosure guidance establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value.

Fair value is measured based on a variety of inputs. Fair value may be based on quoted market prices for identical assets or liabilities traded in active markets (Level 1 valuations). If market prices are not available, quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques for which all significant assumptions are observable in the market are used (Level 2 valuations). Where observable market data is not available, the valuation is generated from model-based techniques that use significant assumptions not observable in the market (Level 3 valuations). Unobservable assumptions reflect the Company's estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

The selection and weighting of the various fair value techniques may result in a fair value higher or lower than carrying value. Considerable judgment may be involved in determining the amount that is most representative of fair value.

For assets and liabilities recorded at fair value, the Company looks to active and observable market data when developing fair value measurements for those items where there is an active market. Certain assets and liabilities are not actively traded in observable markets, and the Company must use alternative valuation techniques to derive an estimated fair value measurement. In doing so, the Company may be required to make judgments about assumptions market participants would use in estimating the fair value of the financial instrument. The assumptions used to determine fair value adjustments are regularly evaluated by management for relevance under current facts and circumstances.

Changes in market conditions may reduce the availability of quoted prices or observable data. For example, reduced liquidity in the capital markets or changes in secondary market activities could result in observable market inputs becoming unavailable. When market data is not available, the Company uses valuation techniques requiring more management judgment to estimate the appropriate fair value.

Impairment analysis also relates to long-lived assets and core deposit and other intangible assets. An impairment loss is recognized if the carrying amount of the asset is not likely to be recoverable and exceeds its fair value. In determining the fair value, management uses models and applies the techniques and assumptions previously discussed.

At December 31, 2024, assets and liabilities measured using observable inputs that are classified as either Level 1 or Level 2 represented 98.1% and 99.9% of total assets and liabilities recorded at fair value, respectively. Valuations generated from model-based techniques that use at least one significant assumption not observable in the market are considered Level 3, and the Company's Level 3 assets totaled $185.4 million, or 2.0% of total assets recorded at fair value on a recurring basis. The fair value hierarchy, the extent to which fair value is used to measure assets and liabilities, and the valuation methodologies and key inputs used are discussed in Note 17 on Fair Value Measurements.

Impact if actual results differ from assumptions: Changes in fair value are recorded either in earnings or accumulated other comprehensive income. Adjustments in the inputs and assumptions described above could significantly impact the fair values of the Company's assets and liabilities and have a significant impact on our financial condition and results of operations.

Net Interest Income

Net interest income, the largest source of revenue, results from the Company's lending, investing, borrowing, and deposit gathering activities. It is affected by both changes in the level of interest rates and changes in the amounts and mix of interest earning assets and interest bearing liabilities. The following table summarizes the changes in net interest income on a fully taxable equivalent basis, by major category of interest earning assets and interest bearing liabilities, identifying changes related to volumes and rates. Changes not solely due to volume or rate changes are allocated to rate.

	2024			2023		
	Change due to			Change due to		
(In thousands)	**Average Volume**	**Average Rate**	**Total**	Average Volume	Average Rate	Total
Interest income, fully taxable-equivalent basis						
Loans:						
Business	**$ 8,671**	**$ 24,588**	**$ 33,259**	$ 15,048	$ 113,212	$ 128,260
Real estate - construction and land	**(2,780)**	**4,099**	**1,319**	12,264	43,081	55,345
Real estate - business	**4,510**	**8,004**	**12,514**	15,551	64,631	80,182
Real estate - personal	**2,374**	**10,597**	**12,971**	4,589	11,262	15,851
Consumer	**591**	**15,607**	**16,198**	840	36,426	37,266
Revolving home equity	**2,312**	**211**	**2,523**	1,023	9,127	10,150
Consumer credit card	**(35)**	**864**	**829**	1,663	10,728	12,391
Total interest on loans	**15,643**	**63,970**	**79,613**	50,978	288,467	339,445
Loans held for sale	**(402)**	**(16)**	**(418)**	(137)	83	(54)
Investment securities:						
U.S. government and federal agency obligations	**14,982**	**20,893**	**35,875**	(3,589)	(12,585)	(16,174)
Government-sponsored enterprise obligations	**(208)**	**(154)**	**(362)**	205	185	390
State and municipal obligations	**(10,249)**	**(691)**	**(10,940)**	(12,406)	(3,435)	(15,841)
Mortgage-backed securities	**(18,183)**	**1,977**	**(16,206)**	(14,481)	7,436	(7,045)
Asset-backed securities	**(21,116)**	**8,309**	**(12,807)**	(17,460)	17,062	(398)
Other securities	**9,165**	**(13,175)**	**(4,010)**	2,859	(1,819)	1,040
Total interest on investment securities	**(25,609)**	**17,159**	**(8,450)**	(44,872)	6,844	(38,028)
Federal funds sold	**(619)**	**9**	**(610)**	27	220	247
Securities purchased under agreements to resell	**(5,434)**	**5,143**	**(291)**	(11,987)	2,989	(8,998)
Interest earning deposits with banks	**18,170**	**22**	**18,192**	6,630	81,520	88,150
Total interest income	**1,749**	**86,287**	**88,036**	639	380,123	380,762
Interest expense						
Interest bearing deposits:						
Savings	**(76)**	**93**	**17**	(60)	76	16
Interest checking and money market	**5,890**	**74,577**	**80,467**	(4,055)	125,332	121,277
Certificates of deposit of less than $100,000	**1,619**	**1,917**	**3,536**	610	36,611	37,221
Certificates of deposit of $100,000 and over	**843**	**5,160**	**6,003**	5,231	51,928	57,159
Federal funds purchased	**(13,553)**	**509**	**(13,044)**	9,117	14,312	23,429
Securities sold under agreements to resell	**1,478**	**6,266**	**7,744**	(124)	49,266	49,142
Other borrowings	**(39,487)**	**14**	**(39,473)**	28,598	9,058	37,656
Total interest expense	**(43,286)**	**88,536**	**45,250**	39,317	286,583	325,900
Net interest income, fully taxable-equivalent basis	**$ 45,035**	**$ (2,249)**	**$ 42,786**	$ (38,678)	$ 93,540	$ 54,862

Net interest income totaled $1.0 billion in 2024, increasing $42.1 million, or 4.2%, compared to $998.1 million in 2023. On a fully taxable-equivalent (FTE) basis, net interest income totaled $1.0 billion, and increased $42.8 million over 2023. This growth was due to increases of $79.6 million in interest earned on loans (FTE), due to higher average rates and balances, and $18.2 million in interest earned on balances at the Federal Reserve, due to higher average balances, and a decrease of $44.8 million in interest expense on borrowings, mainly due to lower average balances. These increases to income were partly offset by an increase of $90.0 million in interest expense on deposits, mainly due to higher average rates paid, and lower interest earned on investment securities of $8.5 million, due to lower average balances, partly offset by higher average rates. The net yield on earning assets (FTE) was 3.47% in 2024 compared with 3.16% in 2023. The fully taxable-equivalent basis uses a federal income tax rate of 21%.

During 2024, loan interest income (FTE) grew $79.6 million over 2023 mainly due to an increase in rates earned for all loan categories and growth of $310.2 million, or 1.8%, in average loan balances. The average fully taxable-equivalent rate earned on the loan portfolio increased 36 basis points to 6.26% in 2024 compared to 5.90% in 2023. The higher rates earned on the loan portfolio were impacted by actions taken by the Federal Reserve in 2024 to lower short-term interest rates, which caused most of the Company's variable rate loan portfolio to re-price lower and fixed rate loans to originate at lower interest rates than the weighted-average of the portfolio of fixed rate loans. Increased interest earned on business, consumer, personal real estate and business real estate loans was the main driver of overall higher loan interest income. Business loan interest income increased $33.3 million due to a 40 basis point increase in the average rate earned and an increase of $164.3 million, or 2.84%, in average balances. Interest earned on consumer loans increased $16.2 million mainly due to an increase of 74 basis points in the average rate earned. Personal real estate loan interest grew $13.0 million in 2024 compared to 2023 as a result of an increase of 35 basis points in the average rate earned and higher average balances of $63.8 million, or 2.14%. Interest on construction and land loans grew $1.3 million over the prior year due to growth in the average rate earned of 29 basis points, partly offset by a decrease of $35.0 million, or 2.4%, in average loan balances. Interest on business real estate loans increased $12.5 million as the average rate earned increased 21 basis points and the average balance grew $75.3 million, or 2.1%. Revolving home equity loan interest increased $2.5 million mainly due to growth in average balances of $30.7 million, or 10.1%. Interest on consumer credit card loans was higher by $829 thousand due to an increase of 16 basis points in the average rate earned.

Fully taxable-equivalent interest income on total investment securities decreased $8.5 million during 2024, as average balances declined $1.9 billion, while the average rate earned increased 34 basis points. The average rate on the total investment securities portfolio was 2.63% in 2024 compared to 2.29% in 2023, while the average balance of the total investment securities portfolio (excluding unrealized fair value adjustments on available for sale debt securities) was $10.4 billion in 2024 compared to an average balance of $12.4 billion in 2023. The decrease in interest income was mainly due to lower interest income earned on mortgage-backed securities, asset-backed securities and state and municipal securities, partly offset by an higher interest income earned on U.S. government securities. Interest earned on mortgage-backed securities decreased $16.2 million due to lower average balances of $878.4 million, slightly offset by an increase of three basis points in the average rate earned. Interest earned on asset-backed securities decreased $12.8 million, due to a decline in average balances of $991.4 million, partly offset by an increase of 48 basis points in the average rate earned. The decrease of $10.9 million in interest earned on state and municipal securities was due to a decrease of $497.5 million in average balances and a decline of seven basis points in average rate earned. Interest earned on U.S. government securities increased $35.9 million mainly due to higher average balances of $601.7 million, or 60.0%, and an increase in average rate earned of 130 basis points. Interest earned on U.S. government securities was impacted by a decline of $2.5 million in inflation income on treasury inflation-protected securities (TIPS).

Interest on federal funds sold decreased $610 thousand and interest on securities purchased under resell agreements decreased $291 thousand compared to 2023 both due to declines in average balances, partly offset by growth in the average rate earned. Interest income on balances at the Federal Reserve increased $18.2 million over 2023, due to growth in average balances of $344.8 million, or 17.6%.

During 2024, interest expense on deposits increased $90.0 million over 2023 and resulted mainly from a 52 basis point increase in the overall average rate paid on deposits. Interest expense on interest checking and money market accounts increased $80.5 million due to higher rates paid, which grew 59 basis points, and growth in average balances of $226.3 million, or 1.7%. Interest expense on certificates of deposit grew $9.5 million, due to a 33 basis point increase in the average rate paid, coupled with a $33.1 million increase in average balances. The overall rate paid on total deposits increased from 1.44% in 2023 to 1.96% in the current year. Interest expense on borrowings decreased $44.8 million mainly due to a $975.0 million decrease in average balances. Interest expense on federal funds purchased decreased $13.0 million, mainly due to a $265.7 million decline in average balances, while interest expense on securities sold under repurchase agreements increased $7.7 million due to a 26 basis point increase in average rate earned and an increase of $47.4 million in average balances. Interest expense on Federal Home Loan Bank (FHLB) borrowings declined $39.5 million due to a decline of $756.7 million in average balances. The Company did not have any outstanding FHLB borrowings at December 31, 2024. The overall average rate incurred on all interest bearing liabilities was 2.17% in 2024, compared to 1.86% in 2023.

Net interest income totaled $998.1 million in 2023, increasing $55.9 million, or 5.9%, compared to $942.2 million in 2022. On a FTE basis, net interest income totaled $1.0 billion, and increased $54.9 million over 2022. This growth was mainly due to increases of $339.4 million in interest earned on loans and $88.2 million in interest earned on balances at the Federal Reserve, both mainly due to higher average rates earned. These increases were partly offset by an increase of $325.9 million in interest expense on deposits and borrowings, mainly due to higher average rates paid, and lower interest earned on investment securities of $38.0 million, mainly due to lower average balances. The net yield on earning assets (FTE) was 3.16% in 2023 compared with 2.85% in 2022.

During 2023, loan interest income (FTE) grew $339.4 million over 2022 mainly due to an increase in rates earned for all loan categories and a $1.2 billion, or 7.8%, increase in average loan balances. The average fully taxable-equivalent rate earned on the loan portfolio increased 172 basis points to 5.90% in 2023 compared to 4.18% in 2022. The higher rates earned on the loan portfolio were partly related to actions taken by the Federal Reserve to raise short-term interest rates during 2022 and 2023, which caused most of the Company's variable rate loan portfolio to re-price higher. Additionally, fixed rate loans were generally originated in 2023 at higher interest rates than the weighted-average of the portfolio of fixed rate loans. Increased interest earned on business, business real estate and construction and land loans was the main driver of overall higher interest income. Business loan interest income increased $128.3 million due to a 196 basis point increase in the average rate earned and an increase of $405.2 million, or 7.5%, in average balances. Business real estate loan interest grew $80.2 million in 2023 compared to 2022 as a result of an increase of 181 basis points in the average rate earned and higher average balances of $372.0 million, or 11.6%. Interest earned on construction and land loans increased $55.3 million due to an increase of 292 basis points in the average rate earned and growth of $243.8 million, or 19.8%, in average balances. Interest on personal real estate loans increased $15.9 million as the average rate earned increased 38 basis points and the average balance grew $137.4 million. Interest on consumer loans grew $37.3 million over 2022 as the average rate earned increased 174 basis points. Revolving home equity loan interest increased $10.2 million due to an increase of 301 basis points in the average rate earned and growth in average balances of $22.7 million. Interest on consumer credit card loans was higher by $12.4 million due to an increase of 191 basis points in the average rate earned and a $14.0 million increase in average balances.

Fully taxable-equivalent interest income on total investment securities decreased $38.0 million during 2023, as average balances declined $2.6 billion, while the average rate earned increased 14 basis points. The average rate on the total investment securities portfolio was 2.29% in 2023 compared to 2.15% in 2022, while the average balance of the total investment securities portfolio (excluding unrealized fair value adjustments on available for sale debt securities) was $12.4 billion in 2023 compared to an average balance of $14.9 billion in 2022. The decrease in interest income was mainly due to lower interest income earned on U.S. government securities, state and municipal securities and mortgage-backed securities. Interest earned on U.S. government securities decreased $16.2 million mainly due to lower TIPS interest income of $14.3 million. Average balances of U.S. government securities decreased $96.0 million and the average rate earned declined 125 basis points. The decrease of $15.8 million in interest earned on state and municipal securities was due to a decrease of $542.8 million in average balances and a decline of 23 basis points in average rate earned. Interest earned on mortgage-backed securities decreased $7.0 million due to a lower average balances of $742.6 million, partly offset by an increase of 12 basis points in the average rate earned. Interest earned on asset-backed securities decreased $398 thousand, due to a decline in average balances of $1.2 billion, mostly offset by an increase of 62 basis points in the average rate earned.

Interest on securities purchased under resell agreements decreased $9.0 million compared to 2022 due to a decrease in average balances of $793.8 million, partly offset by growth of 43 basis points in the average rate. Interest income on balances at the Federal Reserve increased $88.2 million over 2022, mainly due to a 416 basis point increase in the average rate earned and growth in average balances of $597.3 million.

During 2023, interest expense on deposits increased $215.7 million over 2022 and resulted mainly from a 126 basis point increase in the overall average rate paid on deposits. Interest expense on interest checking and money market accounts increased $121.3 million mainly due to higher rates paid, which grew 94 basis points, slightly offset by lower average balances of $1.4 billion. Interest expense on certificates of deposit grew $94.4 million, mainly due to a 350 basis point increase in the average rate paid, coupled with a $1.4 billion increase in average balances. The overall rate paid on total deposits increased from .18% in 2022 to 1.44% in 2023. Interest expense on borrowings increased $110.2 million mainly due to a 210 basis point increase in the rate paid on securities sold under repurchase agreements and an increase in $711.3 million in average FHLB borrowings. The Company did not have any outstanding FHLB borrowings at December 31, 2023. The overall average rate incurred on all interest bearing liabilities was 1.86% in 2023, compared to .30% in 2022.

Provision for Credit Losses

The provision for credit losses is comprised of provisions for credit losses on loans and unfunded lending commitments and is recorded to adjust the allowance for credit losses on loans and the liability for unfunded lending commitments to a level deemed adequate by management based on the factors mentioned in the “Allowance for Credit Losses on Loans and Liability for Unfunded Lending Commitments” section of this discussion. The provision for credit losses was $32.9 million in 2024, a decrease of $2.5 million from the 2023 provision.

The provision for credit losses on loans for the year ended December 31, 2024 was $39.2 million, compared to $43.3 million in 2023. The allowance for credit losses on loans totaled $162.7 million at December 31, 2024, an increase of $347 thousand compared to the prior year, and represented .95% of loans at year end 2024, compared to .94% at December 31, 2023.

The provision for unfunded lending commitments was a benefit of $6.3 million during 2024, compared to a benefit of $7.9 million in 2023. The liability for unfunded lending commitments was $18.9 million at December 31, 2024, compared to $25.2 million at December 31, 2023.

Non-Interest Income

				% Change	
(Dollars in thousands)	**2024**	2023	2022	**'24-'23**	'23-'22
Trust fees	**$ 214,430**	$ 190,954	$ 184,719	**12.3%**	3.4%
Bank card transaction fees	**189,784**	191,156	176,144	**(.7)**	8.5
Deposit account charges and other fees	**100,336**	90,992	94,381	**10.3**	(3.6)
Capital market fees	**19,776**	14,100	14,231	**40.3**	(.9)
Consumer brokerage services	**18,141**	17,223	19,117	**5.3**	(9.9)
Loan fees and sales	**12,890**	11,165	13,141	**15.5**	(15.0)
Other	**60,196**	57,455	44,802	**4.8**	28.2
Total non-interest income	**$ 615,553**	$ 573,045	$ 546,535	**7.4%**	4.9%
Non-interest income as a % of total revenue*	**37.2%**	36.5%	36.7%		
Total revenue per full-time equivalent employee	**$ 352.8**	$ 333.0	$ 324.1		

* *Total revenue is calculated as net interest income plus non-interest income.*

Below is a summary of net bank card transaction fees for the years ended December 31, 2024, 2023 and 2022, respectively.

				% Change	
(Dollars in thousands)	**2024**	2023	2022	**'24-'23**	'23-'22
Net corporate card fees	**$ 106,662**	$ 110,641	$ 100,012	**(3.6)%**	10.6%
Net debit card fees	**44,517**	43,881	40,968	**1.4**	7.1
Net merchant fees	**22,593**	22,186	20,604	**1.8**	7.7
Net credit card fees	**16,012**	14,448	14,560	**10.8**	(.8)
Total bank card transaction fees	**$ 189,784**	$ 191,156	$ 176,144	**(.7)%**	8.5%

Non-interest income totaled $615.6 million, an increase of $42.5 million, or 7.4%, compared to $573.0 million in 2023. Trust fee income increased $23.5 million, or 12.3%, mainly as a result of higher private client trust fees (up 13.1%), which comprised 81.0% of trust fee income in 2024. The market value of total customer trust assets totaled $74.8 billion at year end 2024, which was an increase of 8.6% over year end 2023 balances. Bank card fees decreased $1.4 million, or .7%, from the prior year, mainly due to a decrease in net corporate card fees of $4.0 million, partly offset by increases in net credit card fees of $1.6 million, net debit card fees of $636 thousand and net merchant fees of $407 thousand. The decline in net corporate card fees from the prior year was mainly due to lower interchange income coupled with higher rewards expense. Net debit card fees increased mainly due to higher interchange income, while net credit card fees increased due to lower rewards expense. Net merchant fees increased mainly due to higher merchant discount fees, partly offset by lower interchange fees. Deposit account fees increased $9.3 million, or 10.3%, mainly due to higher corporate cash management fees of $8.5 million and other deposit fees of $894 thousand. In 2024, corporate cash management fees comprised 64.6% of total deposit fees, while overdraft fees comprised 11.5% of total deposit fees. Capital markets fees increased $5.7 million, or 40.3%, mainly due to higher trading securities income of $4.1 million and underwriting income of $2.4 million. Revenue from consumer brokerage services increased $918 thousand, or 5.3%, mainly due to higher annuity fees, while loan fees and sales increased $1.7 million, or 15.5%, mainly due to higher loan commitment fees and mortgage banking revenue. Other non-interest income increased $2.7 million, or 4.8%, over the prior year mainly due to higher gains on asset sales of $2.5 million, cash sweep commissions of $2.2 million and tax credit sales income of $2.1 million. These increases were partly offset by lower letter of credit fees of $2.3 million and swap fees of $1.2 million.

During 2023, non-interest income totaled $573.0 million, an increase of $26.5 million, or 4.9%, compared to $546.5 million in 2022. Bank card fees increased $15.0 million, or 8.5%, over 2022, mainly due to increases in net corporate card fees of $10.6 million, net debit card fees of $2.9 million and net merchant fees of $1.6 million. The growth in net corporate card fees over 2022 was mainly due to lower rewards and network expense coupled with higher interchange income. Net debit card fees increased mainly due to lower network expense, while net merchant fees increased mainly due to higher merchant discount fees. Trust fee income increased $6.2 million, or 3.4%, as a result of higher private client trust fees (up 4.3%), which comprised 80.4% of trust fee income in 2023. The market value of total customer trust assets totaled $68.9 billion at year end 2023, which was an increase of 14.2% over year end 2022 balances. Deposit account fees decreased $3.4 million, or 3.6%,

mainly due to lower overdraft and return item fees of $8.3 million, partly offset by growth in corporate cash management fees of $3.8 million. In 2023, corporate cash management fees comprised 61.9% of total deposit fees, while overdraft fees comprised 12.8% of total deposit fees. Revenue from consumer brokerage services decreased $1.9 million, or 9.9%, mainly due to lower annuity fees, while loan fees and sales decreased $2.0 million, or 15.0%, mainly due to lower mortgage banking revenue. Other non-interest income increased $12.7 million, or 28.2%, over 2022 mainly due to higher letter of credit fees of $3.2 million, cash sweep commissions of $2.9 million, gains on the sale of real estate of $2.1 million and swap fees of $1.1 million. In addition, increases of $6.4 million in fair value adjustments were recorded on the Company's deferred compensation plan, which are held in a trust and recorded as both an asset and a liability, affecting both other income and other expense. These increases were partly offset by lower tax credit sales income of $2.4 million.

Investment Securities Gains (Losses), Net

(In thousands)	**2024**	2023	2022
Net gains (losses) on sales of available for sale debt securities	**$ (196,283)**	$ (8,444)	$ (20,273)
Net gains (losses) on equity securities	**178,092**	(487)	(926)
Net gains (losses) on sales of private equity investments	**1,880**	(100)	(2,128)
Fair value adjustments of private equity investments	**24,134**	24,016	43,833
Total investment securities gains (losses), net	**$ 7,823**	$ 14,985	$ 20,506

Net gains and losses on investment securities during 2024, 2023 and 2022 are shown in the table above. Included in these amounts are gains and losses arising from sales of securities from the Company's available for sale debt portfolio, net gains and losses on equity securities, and gains and losses relating to private equity investments, which are primarily held by the Parent's majority-owned private equity subsidiary. The gains and losses on private equity investments include fair value adjustments, in addition to gains and losses realized upon disposition. The portions of private equity investment gains and losses that are attributable to minority interests are reported as non-controlling interest in the consolidated statements of income, and resulted in expense of $4.2 million in 2024, $4.8 million in 2023, and $8.5 million in 2022.

Net securities gains of $7.8 million were recorded in 2024, which included net gains of $178.1 million on equity securities, net gains of $24.1 million in fair value adjustments on private equity investments, and net gains of $1.9 million on sales of private equity investments. These gains were offset by net losses of $196.3 million realized on sales of available for sale debt securities resulting from the Company's sale of approximately $1.3 billion (book value) in bonds, mainly state and municipal, mortgage-backed, and corporate debt securities.

Net securities gains of $15.0 million were recorded in 2023, which included net gains of $24.0 million in fair value adjustments on private equity investments. This increase was partly offset by losses of $8.4 million realized on sales of available for sale debt securities resulting from the Company's sale of approximately $1.1 billion (book value) in bonds, mainly state and municipal securities and asset-backed securities, net losses of $100 thousand on sales of private equity investments, and net losses of $487 thousand on equity securities.

Net securities gains of $20.5 million were recorded in 2022, which included net gains of $43.8 million in fair value adjustments on private equity investments. This increase was partly offset by losses of $20.3 million realized on sales of available for sale debt securities resulting from the Company's sale of approximately $105 million (book value) in bonds, mainly mortgage-backed and corporate bond securities, net losses of $2.1 million on sales of private equity investments, and net losses of $926 thousand on equity securities.

The Company's significant gains in equity securities for the year ended December 31, 2024 primarily relate to gains recorded on its shares of Visa, as described in Note 3, Investment Securities. Likewise, the $196.3 million losses realized on the Company's available for sale debt securities portfolio mainly relate to the successful execution of its planned available for sale debt security portfolio repositioning, in which the Company sold bonds with an amortized cost of $1.2 billion and subsequently reinvested the proceeds into higher yielding available for sale debt securities. Additional information about the Company's available for sale debt portfolio repositioning transactions is discussed in Note 3, Investment Securities.

Non-Interest Expense

				% Change	
(Dollars in thousands)	**2024**	2023	2022	**'24-'23**	'23-'22
Salaries	**$ 514,262**	$ 492,977	$ 471,260	**4.3%**	4.6%
Employee benefits	**93,600**	91,086	82,787	**2.8**	10.0
Data processing and software	**127,390**	118,758	110,692	**7.3**	7.3
Net occupancy	**53,223**	53,629	49,117	**(.8)**	9.2
Professional and other services	**35,077**	36,198	35,805	**(3.1)**	1.1
Marketing	**22,353**	24,511	23,827	**(8.8)**	2.9
Equipment	**20,619**	19,548	19,359	**5.5**	1.0
Supplies and communication	**19,291**	19,420	18,101	**(.7)**	7.3
Deposit insurance	**16,482**	33,163	10,583	**(50.3)**	N.M.
Other	**48,932**	41,692	27,246	**17.4**	53.0
Total non-interest expense	**$ 951,229**	$ 930,982	$ 848,777	**2.2%**	9.7%
Efficiency ratio	**57.4%**	59.2%	56.9%		
Salaries and benefits as a % of total non-interest expense	**63.9%**	62.7%	65.3%		
Number of full-time equivalent employees	**4,693**	4,718	4,594		

N.M. - Not meaningful.

Non-interest expense was $951.2 million in 2024, an increase of $20.2 million, or 2.2%, over the previous year. Salaries and benefits expense increased $23.8 million, or 4.1%, mainly due to higher costs for full-time salaries, incentive compensation, payroll taxes and 401(k) expense, slightly offset by lower contract labor expense. Full-time equivalent employees totaled 4,693 at December 31, 2024, compared to 4,718 at December 31, 2023. Data processing and software expense increased $8.6 million, or 7.3%, primarily due to increased costs for service providers and higher software expense and bank card processing fees. Net occupancy expense decreased $406 thousand, or .8%, mainly due to higher external rent income, partly offset by higher building depreciation expense. Professional and other services expense decreased $1.1 million, or 3.1%, mainly due to declines in other professional fees, loan collection fees, and pension plan expense, partly offset by an increase in legal fees. Marketing expense decreased $2.2 million, or 8.8%, while equipment expense increased $1.1 million, or 5.5%, mainly due to higher furniture and equipment depreciation expense. Supplies and communication expense decreased $129 thousand, or .7%, while deposit insurance expense decreased $16.7 million due to a $16.0 million accrual recorded in 2023 for a one-time special assessment by the FDIC to replenish the Deposit Insurance Fund. Other non-interest expense increased $7.2 million, or 17.4%, mainly due to litigation settlement expense of $10.0 million and a $5.0 million donation to a related charitable foundation, both recorded in 2024. These increases were partly offset by deconversion costs of $2.1 million recorded in 2023, as well as decreases in swap fee amortization expense of $859 thousand, travel and entertainment expense of $687 thousand and recruiting expense of $489 thousand.

In 2023, non-interest expense was $931.0 million in 2023, an increase of $82.2 million, or 9.7%, over 2022. Salaries and benefits expense increased $30.0 million, or 5.4%, mainly due to higher costs for full-time salaries, healthcare expense and payroll taxes, partly offset by lower incentive compensation expense. Full-time equivalent employees totaled 4,718 at December 31, 2023, compared to 4,594 at December 31, 2022. Data processing and software expense increased $8.1 million, or 7.3%, primarily due to increased costs for service providers and higher bank card processing fees. Net occupancy expense increased $4.5 million, or 9.2%, mainly due to higher depreciation expense and real estate taxes, partly offset by higher rent income. Deposit insurance expense increased $22.6 million due to a $16.0 million one-time special assessment accrual recorded the fourth quarter of 2023, mentioned above. Professional and other services expense increased $393 thousand, or 1.1%, mainly due to higher pension plan expense, partly offset by lower loan collection fees. Marketing expense increased $684 thousand, or 2.9%, while supplies and communication expense increased $1.3 million, or 7.3%, mainly due to higher postage expense, bank card reissuance fees and office supplies expense. Other non-interest expense increased $14.4 million, or 53.0%, mainly due to higher costs for travel and entertainment expense (up $1.9 million), miscellaneous losses (up $2.1 million) and lower deferred origination costs (up $1.6 million). In addition, an increase of $6.4 million in fair value adjustments were recorded on the Company's deferred compensation plan, and deconversion costs of $2.1 million relating to the transition of Commerce Financial Advisors support to LPL Financial's Institution Services platform were recorded in 2023.

Income Taxes

Income tax expense was $145.1 million in 2024, compared to $134.5 million in 2023 and $132.4 million in 2022. The effective tax rate, including the effect of non-controlling interest, was 21.6% in 2024 compared to 22.0% in 2023 and 21.3% in 2022. The decrease in the effective tax rate in 2024 compared to the rate for 2023 was mostly due to lower state and local income taxes. Additional information about income tax expense is provided in Note 9 to the consolidated financial statements.

Financial Condition

Loan Portfolio Analysis

Classifications of consolidated loans by major category at December 31, 2024 and 2023 are shown in the table below. This portfolio consists of loans which were acquired or originated with the intent of holding to their maturity. Loans held for sale are separately discussed in a following section. A schedule of average balances invested in each loan category below is disclosed within the Average Balance Sheets section of Management's Discussion and Analysis of Financial Condition and Results of Operations below.

	Balance at December 31	
(In thousands)	**2024**	2023
Commercial:		
Business	**$ 6,053,820**	$ 6,019,036
Real estate — construction and land	**1,409,901**	1,446,764
Real estate — business	**3,661,218**	3,719,306
Personal banking:		
Real estate — personal	**3,058,195**	3,026,041
Consumer	**2,073,123**	2,077,723
Revolving home equity	**356,650**	319,894
Consumer credit card	**595,930**	589,913
Overdrafts	**11,266**	6,802
Total loans	**$ 17,220,103**	$ 17,205,479

The table below presents contractual maturities of the loan portfolio, based on payment due dates, as well as a breakdown of fixed rate and floating rate loans at December 31, 2024.

	Principal Payments Due				
(In thousands)	In One Year or Less	After One Year Through Five Years	After Five Years Through Fifteen Years	After Fifteen Years	Total
Commercial:					
Business	$ 2,523,482	$ 3,174,490	$ 355,202	$ 646	$ 6,053,820
Real estate — construction and land	217,185	1,170,636	17,343	4,737	1,409,901
Real estate — business	1,051,407	2,242,022	361,492	6,297	3,661,218
Personal banking:					
Real estate — personal	181,888	530,512	1,043,286	1,302,509	3,058,195
Consumer	816,876	1,075,999	178,111	2,137	2,073,123
Revolving home equity	25,443	71,082	260,125	—	356,650
Consumer credit card	67,707	202,156	326,067	—	595,930
Overdrafts	11,266	—	—	—	11,266
Total loans	$ 4,895,254	$ 8,466,897	$ 2,541,626	$ 1,316,326	$ 17,220,103
Loans with fixed rates	$ 1,402,660	$ 3,702,809	$ 1,238,635	$ 547,930	$ 6,892,034
Loans with floating rates	3,492,594	4,764,088	1,302,991	768,396	10,328,069
Total loans	$ 4,895,254	$ 8,466,897	$ 2,541,626	$ 1,316,326	$ 17,220,103

The following table shows loan balances at December 31, 2024, segregated between those with fixed interest rates and those with variable rates that fluctuate with an index.

(In thousands)	Fixed Rate Loans	Variable Rate Loans	Total	% Variable Rate Loans
Business	$ 2,191,585	$ 3,862,235	$ 6,053,820	63.8%
Real estate — construction and land	53,711	1,356,190	1,409,901	96.2
Real estate — business	1,457,232	2,203,986	3,661,218	60.2
Real estate — personal	1,718,123	1,340,072	3,058,195	43.8
Consumer	1,433,050	640,073	2,073,123	30.9
Revolving home equity	—	356,650	356,650	100.0
Consumer credit card	27,067	568,863	595,930	95.5
Overdrafts	11,266	—	11,266	—
Total loans	$ 6,892,034	$ 10,328,069	$ 17,220,103	60.0%

Total loans at December 31, 2024 were $17.2 billion, an increase of $14.6 million, or 0.1%, over balances at December 31, 2023. The increase in loans during 2024 occurred mainly due to an increase in revolving home equity, business loans and personal real estate loans, partly offset by decreases in business real estate and construction loans. Business loans increased $34.8 million, or 0.6%, mainly due to a $68.0 million increase in commercial and industrial loans and a $23.1 million increase in tax-advantaged lending, partly offset by a $73.9 million decrease in commercial card loans. Lease loans, included within business loans, also increased during 2024. Construction loans decreased $36.9 million, or 2.5%, mainly due to a decline in commercial construction lending. Business real estate loans decreased $58.1 million, or 1.6%, due mainly to decreases in industrial and retail lending, while owner-occupied, multi-family and hotel lending grew. Personal real estate loans increased $32.2 million, or 1.1%. The Company sells certain long-term fixed rate mortgage loans to the secondary market, and loan sales in 2024 totaled $70.0 million, compared to $29.9 million in 2023. Consumer loans decreased $4.6 million, or .2%, mainly due to a decline in consumer auto lending. Fixed rate home equity and other vehicle and equipment loans also decreased combined with continued run off of marine and recreational vehicle loan balances, offset by growth in private banking and health services financing. Consumer credit card loans increased $6.0 million, or 1.0%, and revolving home equity loan balances increased $36.8 million, or 11.5%, compared to balances at year end 2023.

The Company currently holds approximately 31% of its loan portfolio in the Kansas City market, 25% in the St. Louis market, and 44% in other regional markets. The portfolio is diversified from a business and retail standpoint, with 65% in loans to businesses and 35% in loans to consumers. The Company believes a diversified approach to loan portfolio management, strong underwriting criteria and an aversion toward credit concentrations from an industry, geographic and product perspective, have contributed to low levels of problem loans and credit losses on loans experienced over the last several years.

The Company participates in credits of large, publicly traded companies which are defined by regulation as shared national credits, or SNCs. Regulations define SNCs as loans exceeding $100 million that are shared by three or more financial institutions. The Company typically participates in these loans when business operations are maintained in the local communities or regional markets and opportunities to provide other banking services are present. At December 31, 2024, the balance of SNC loans totaled approximately $1.6 billion, with an additional $2.5 billion in unfunded commitments, compared to a balance of $1.5 billion, with an additional $2.2 billion in unfunded commitments, at year end 2023.

Commercial Loans

Business

Total business loans amounted to $6.1 billion at December 31, 2024 and includes loans used mainly to fund customer accounts receivable, inventories, and capital expenditures. The business loan portfolio includes tax-advantaged loans and leases which carry tax-free interest rates. These loans totaled $689.2 million at December 31, 2024, an increase of $23.1 million, or 3.5%, from December 31, 2023 balances. In addition to tax-advantaged leases, the business loan portfolio also includes other direct financing and sales type leases totaling $727.4 million at December 31, 2024, an increase of $17.6 million, or 2.5%, from December 31, 2023. These loans are used by commercial customers to finance capital purchases ranging from computer equipment to office and transportation equipment. Additionally, the Company has $330.5 million of outstanding loans included within its $338.0 million oil and gas energy-related loan portfolio at December 31, 2024, which is further discussed within the Oil and Gas Energy Lending section of the Risk Elements of Loan Portfolio section located within Management's Discussion and Analysis of Financial Condition and Results of Operations. Also included in the business portfolio are corporate card

loans, which totaled $332.1 million at December 31, 2024 and are made in conjunction with the Company's corporate card business for corporate trade purchases. Corporate card loans are made to corporate, non-profit and government customers nationwide, but have very short-term maturities, which limits credit risk.

Business loans, excluding corporate card loans, are made primarily to customers in the regional trade area of the Company, generally the central Midwest, encompassing the states of Missouri, Kansas, Illinois, and nearby Midwestern markets, including Iowa, Oklahoma, Colorado, Texas, Tennessee, Michigan, Indiana, and Ohio. This portfolio is diversified from an industry standpoint and includes businesses engaged in manufacturing, wholesaling, retailing, agribusiness, insurance, financial services, public utilities, health care, and other service businesses. Emphasis is upon middle-market and community businesses with known local management and financial stability. Consistent with management's strategy and emphasis upon relationship banking, most borrowing customers also maintain deposit accounts and utilize other banking services. Net loan charge-offs in this category totaled $1.1 million in 2024 compared to $3.1 million in 2023. Non-accrual business loans were $101 thousand (less than .1% of business loans) at December 31, 2024 compared to $3.6 million at December 31, 2023.

Real Estate-Construction and Land

The portfolio of loans in this category amounted to $1.4 billion at December 31, 2024, a decrease of $36.9 million, or 2.5%, from the prior year and comprised 8.2% of the Company's total loan portfolio. Commercial construction and land development loans totaled $1.2 billion, or 87.8% of total construction loans at December 31, 2024. These loans decreased $36.0 million from 2023 year end balances, driving the decline in the total construction portfolio. Commercial construction loans are made during the construction phase for small and medium-sized office and medical buildings, manufacturing and warehouse facilities, apartment complexes, shopping centers, hotels and motels, and other commercial properties. Commercial land development loans relate to land owned or developed for use in conjunction with business properties. Residential construction and land development loans at December 31, 2024 totaled $172.2 million, or 12.2% of total construction loans. A stable construction market has contributed to low loss rates on these loans, with no net loan charge-offs and net loan recoveries of $115 thousand in 2024 and 2023, respectively.

Real Estate-Business

Total business real estate loans were $3.7 billion at December 31, 2024 and comprised 21.3% of the Company's total loan portfolio. This category includes mortgage loans for small and medium-sized office and medical buildings, manufacturing and warehouse facilities, distribution facilities, multi-family housing, farms, shopping centers, hotels and motels, churches, and other commercial properties. The business real estate borrowers and/or properties are generally located in local and regional markets where Commerce does business, and emphasis is placed on owner-occupied lending (33.8% of this portfolio), which presents lower risk levels. Additional information about business real estate loans by borrower is disclosed within the Real Estate - Business Loans section of the Risk Elements of Loan Portfolio section located within Management's Discussion and Analysis of Financial Condition and Results of Operations. At December 31, 2024, balances of non-accrual loans amounted to $15.0 million, or .4% of business real estate loans, up from $60 thousand at year end 2023. The Company experienced net loan recoveries of $106 thousand in 2024, compared to net loan charge-offs of $104 thousand in 2023.

Personal Banking Loans

Real Estate-Personal

At December 31, 2024, there were $3.1 billion in outstanding personal real estate loans, which comprised 17.8% of the Company's total loan portfolio. The mortgage loans in this category are mainly for owner-occupied residential properties. The Company originates both adjustable and fixed rate mortgage loans, and at December 31, 2024, 44% of the portfolio was comprised of adjustable rate loans, while 56% was comprised of fixed rate loans. The Company does not purchase any loans from outside parties or brokers.

The Company originates certain mortgage loans with the intent to sell to the secondary market, generally FNMA or FHLMC conforming fixed rate loans. The remaining loans are originated with the intent to hold to maturity. Of the $453.0 million of mortgage loans originated in 2024, $70.0 million were sold to the secondary market. This compares to $510.0 million of mortgage loans originated and $29.9 million of loans sold to the secondary market in 2023. The increase in loan sales during 2024 compared to 2023 was mainly due to a shift in demand for fixed rate mortgage loans. Net loan charge-offs in 2024 totaled $239 thousand, and net loan recoveries were $37 thousand in 2023. Balances of non-accrual loans in this category were $1.0 million at December 31, 2024, compared to $1.7 million at year end 2023.

Consumer

Consumer loans consist of private banking, automobile, motorcycle, marine, tractor/trailer, recreational vehicle (RV), fixed rate home equity, patient health care financing and other types of consumer loans. These loans totaled $2.1 billion at December 31, 2024. Approximately 38% of the consumer portfolio consists of automobile loans, 35% in private banking loans, 11% in fixed rate home equity loans, and 11% in healthcare financing loans. Total consumer loans decreased $4.6 million at year end 2024 compared to year end 2023. A decline of $43.5 million in auto loans was supplemented by decreases of $13.6 million and $12.7 million in fixed rate home equity and other vehicle and equipment loans, respectively. These decreases in consumer loan balances were partially offset by growth of $63.0 million in private banking loans and $11.9 million in patient healthcare financing. Net charge-offs on total consumer loans were $9.8 million in 2024, compared to $6.2 million in 2023, averaging .46% and .30% of consumer loans in 2024 and 2023, respectively.

Revolving Home Equity

Revolving home equity loans, of which 100% are adjustable rate loans, totaled $356.7 million at year end 2024. An additional $947.9 million was available in unused lines of credit, which can be drawn at the discretion of the borrower. Home equity loans are secured mainly by second mortgages (and less frequently, first mortgages) on residential property of the borrower. The underwriting terms for the home equity line product permit borrowing availability, in the aggregate, generally up to 80% or 90% of the appraised value of the collateral property at the time of origination. Net loan recoveries were $166 thousand in 2024, compared to net loan recoveries of $57 thousand in 2023.

Consumer Credit Card

Total consumer credit card loans amounted to $595.9 million at December 31, 2024 and comprised 3.5% of the Company's total loan portfolio. The credit card portfolio is concentrated within regional markets served by the Company. The Company offers a variety of credit card products, including affinity cards, rewards cards, and standard and premium credit cards, and emphasizes its credit card relationship product, Special Connections. Approximately 36% of the households that own a Commerce credit card product also maintain a deposit relationship with the subsidiary bank. Approximately 95% of the outstanding credit card loan balances had a floating interest rate at year end 2024, unchanged from year end 2023. Net charge-offs amounted to $26.0 million in 2024, an increase of $6.9 million from $19.1 million in 2023.

Loans Held for Sale

At December 31, 2024, loans held for sale were mainly comprised of certain long-term fixed rate personal real estate loans. The personal real estate loans are carried at fair value and totaled $3.0 million at December 31, 2024. This portfolio is further discussed in Note 2 to the consolidated financial statements.

Allowance for Credit Losses on Loans and Liability for Unfunded Lending Commitments

To determine the amount of the allowance for credit losses on loans and the liability for unfunded lending commitments, the Company has established a process which assesses the risks and losses expected in its portfolios. This process provides an allowance based on estimates of allowances for pools of loans and unfunded lending commitments, as well as a second, smaller component based on certain individually evaluated loans and unfunded lending commitments. The Company's policies and processes for determining the allowance for credit losses on loans and the liability for unfunded lending commitments are discussed in Note 1 to the consolidated financial statements and in the "*Allowance for Credit Losses*" discussion within *Critical Accounting Policies* above.

Loans subject to individual evaluation generally consist of business, construction, business real estate and personal real estate loans on non-accrual status. These non-accrual loans are evaluated individually for impairment based on factors such as payment history, borrower financial condition and collateral. For collateral dependent loans, appraisals of collateral (including exit costs) are normally obtained annually but discounted based on the date last received and market conditions. From these evaluations of expected cash flows and collateral values, specific allowances are determined.

Loans which are not individually evaluated are segregated by loan type and sub-type and are collectively evaluated. These loans consist of commercial loans (business, construction and business real estate) which have been graded pass, special mention, or substandard, and also include all personal banking loans except personal real estate loans on non-accrual status.

The allowance for credit losses on loans and the liability for unfunded lending commitments are estimates that require significant judgment including projections of the macro-economic environment. The Company utilizes a third-party macro-economic forecast that continuously changes due to economic conditions and events. These changes in the forecast cause fluctuations in the allowance for credit losses on loans and the liability for unfunded lending commitments. The Company uses judgment to assess the macro-economic forecast and internal loss data in estimating the allowance for credit losses on loans and the liability for unfunded lending commitments. These estimates are subject to periodic refinement based on changes in the underlying external and internal data.

At December 31, 2024, the allowance for credit losses on loans was $162.7 million, compared to $162.4 million at December 31, 2023. The allowance for credit losses related to commercial loans decreased $1.4 million during 2024, due to a decrease in loan balances and the impact of a continued positive economic forecast. Offsetting this decrease in the allowance for credit losses on commercial loans was a $1.8 million increase in the allowance for credit losses related to personal banking loans. The allowance for credit losses on personal banking loans increased over the December 31, 2023 allowance due to recent increased loan net charge-offs and past due trends in the credit card and auto portfolios, partially offset by an increase in the prepayment speeds of personal real estate loans. The percentage of allowance to loans increased to .95% at December 31, 2024, compared to .94% at December 31, 2023. See Note 2 to the consolidated financial statements for the various model assumptions utilized in the Company's CECL estimate at December 31, 2024.

Net loan charge-offs totaled $38.9 million in 2024, representing a $7.8 million increase compared to net charge-offs of $31.1 million in 2023. The increase was largely due to higher net charge-offs of $7.0 million and $3.5 million on consumer credit card loans and consumer loans, respectively, during 2024, and partially offset by a $2.0 million decrease in net charge-offs on business loans in 2024 compared to 2023. Consumer credit card loan net charge-offs were 4.64% of average consumer credit card loans in 2024, compared to 3.40% in 2023, and consumer loan net charge-offs were .46% of average consumer loans in 2024, compared to .30% in 2023. The ratio of net loan charge-offs to total average loans outstanding was .23% in 2024 and .19% in 2023.

Total loans delinquent 90 days or more and still accruing were $24.5 million at December 31, 2024, an increase of $2.7 million compared to year end 2023. Non-accrual loans at December 31, 2024 were $18.3 million, an increase of $11.0 million from the prior year, mainly due to an increase in business real estate non-accrual loans of $15.0 million, partly offset by a decrease of $3.5 million in business non-accrual loans. The allowance for credit losses as a percentage of non-accrual loans was 890.4% at December 31, 2024, compared to 2,220.9% at December 31, 2023. The decrease in the ratio of the allowance to non-accrual loans was driven by the increase in non-accrual loans outstanding. The 2024 year-end balance of non-accrual loans was comprised of $101 thousand of business loans, $220 thousand of construction real estate loans, $1.0 million of personal real estate loans, $2.0 million of revolving home equity loans, and $15.0 million of business real estate loans.

At December 31, 2024, the liability for unfunded lending commitments was $18.9 million, a decrease of $6.3 million compared to December 31, 2023. The decrease in the liability for unfunded lending commitments during 2024 was driven primarily by decreases in the balance of unfunded lending commitments. The Company's unfunded lending commitments primarily relate to construction loans, and the Company's estimate for credit losses in its unfunded lending commitments

utilizes the same model and forecast as its estimate for credit losses on loans. See Note 2 for further discussion of the model inputs utilized in the Company's estimate of credit losses.

The Company considers the allowance for credit losses on loans and the liability for unfunded lending commitments adequate to cover losses expected in the loan portfolio, including unfunded commitments, at December 31, 2024.

The schedules which follow summarize the relationship between loan balances and activity in the allowance for credit losses on loans:

	Years Ended December 31		
(Dollars in thousands)	**2024**	2023	2022
Loans outstanding at end of year[(A)]	**$ 17,220,103**	$ 17,205,479	$ 16,303,131
Average loans outstanding[(A)]	**$ 17,087,314**	$ 16,777,150	$ 15,561,987
Allowance for credit losses:			
Balance at end of prior year	**$ 162,395**	$ 150,136	$ 150,044
Provision for credit losses on loans	**39,214**	43,325	19,155
Loans charged off:			
Business	**1,973**	3,751	1,474
Real estate — construction and land	**—**	—	—
Real estate — business	**62**	134	6
Real estate — personal	**302**	41	159
Consumer	**11,818**	8,323	6,073
Revolving home equity	**—**	11	77
Consumer credit card	**30,427**	24,105	19,039
Overdrafts	**2,689**	3,803	2,414
Total loans charged off	**47,271**	40,168	29,242
Recoveries of loans previously charged off:			
Business	**879**	647	421
Real estate — construction and land	**—**	115	—
Real estate — business	**168**	30	26
Real estate — personal	**63**	78	233
Consumer	**2,035**	2,075	2,283
Revolving home equity	**166**	68	137
Consumer credit card	**4,416**	5,052	6,381
Overdrafts	**677**	1,037	698
Total recoveries	**8,404**	9,102	10,179
Net loans charged off	**38,867**	31,066	19,063
Balance at end of year	**$ 162,742**	$ 162,395	$ 150,136
Ratio of allowance to loans at end of year	**.95%**	.94%	.92 %
Ratio of provision to average loans outstanding	**.23%**	.26 %	.12 %
Non-accrual loans	**$ 18,278**	$ 7,312	$ 8,306
Ratio of non-accrual loans to total loans outstanding	**.11%**	.04%	.05 %
Ratio of allowance for credit losses on loans to non-accrual loans	**890.37**	2,220.94	1,807.56

(A) Net of unearned income, before deducting allowance for credit losses on loans, excluding loans held for sale.

	Years Ended December 31		
	2024	2023	2022
Ratio of net charge-offs (recoveries) to average loans outstanding, by loan category:			
Business	**.02%**	.05 %	.02%
Real estate — construction and land	**—**	(.01)	—
Real estate — personal	**.01**	—	—
Consumer	**.46**	.30	.18
Revolving home equity	**(.05)**	(.02)	(.02)
Consumer credit card	**4.64**	3.40	2.31
Overdrafts	**34.06**	56.19	30.40
Ratio of total net charge-offs to total average loans outstanding	**.23%**	.19%	.12%

Average loans outstanding by loan class are listed on the Company's average balance sheet on page 62.

The following schedule provides a breakdown of the allowance for credit losses on loans (ACL) by loan category and the percentage of each loan category to total loans outstanding at year end.

(Dollars in thousands)	2024			2023		
	Credit Loss Allowance Allocation	**% of Loans to Total Loans**	**% of ACL to Loan Category**	Credit Loss Allowance Allocation	% of Loans to Total Loans	% of ACL to Loan Category
Business	**$ 43,826**	**35.0%**	**.72%**	$ 47,114	35.0%	.78%
RE — construction and land	**30,164**	**8.2**	**2.14**	31,373	8.4	2.17
RE — business	**32,779**	**21.3**	**.90**	29,714	21.6	.80
RE — personal	**11,632**	**17.8**	**.38**	11,999	17.6	.40
Consumer	**11,772**	**12.0**	**.57**	11,665	12.1	.56
Revolving home equity	**1,707**	**2.1**	**.48**	1,753	1.9	.55
Consumer credit card	**30,717**	**3.5**	**5.15**	28,667	3.4	4.86
Overdrafts	**145**	**.1**	**1.29**	110	—	1.62
Total	**$ 162,742**	**100.0%**	**.95%**	$ 162,395	100.0%	.94%

The following schedule shows a summary of the activity in the liability for unfunded lending commitments.

	Years Ended December 31		
(In thousands)	**2024**	2023	2022
LIABILITY FOR UNFUNDED LENDING COMMITMENTS			
Balance at beginning of period	**$ 25,246**	$ 33,120	$ 24,204
Provision for credit losses on unfunded lending commitments	**(6,311)**	(7,874)	8,916
Balance at end of period	**$ 18,935**	$ 25,246	$ 33,120

Risk Elements of the Loan Portfolio

Management reviews the loan portfolio continuously for evidence of problem loans. During the ordinary course of business, management becomes aware of borrowers that may not be able to meet the contractual requirements of loan agreements. Such loans are placed under close supervision with consideration given to placing the loan on non-accrual status, the need for an additional allowance for credit loss, and (if appropriate) partial or full loan charge-off. Loans are placed on non-accrual status when management does not expect to collect payments consistent with acceptable and agreed upon terms of repayment. After a loan is placed on non-accrual status, any interest previously accrued but not yet collected is reversed against current income. Interest is included in income only as received and only after all previous loan charge-offs have been recovered, so long as management is satisfied there is no impairment of collateral values. The loan is returned to accrual status only when the borrower has brought all past due principal and interest payments current, and, in the opinion of management, the borrower has demonstrated the ability to make future payments of principal and interest as scheduled. Loans that are 90 days past due as to principal and/or interest payments are generally placed on non-accrual, unless they are both well-secured and in the process of collection, or they are comprised of those personal banking loans that are exempt under regulatory rules from being classified as non-accrual. Consumer installment loans and related accrued interest are normally charged down to the fair value of related collateral (or are charged off in full if no collateral) once the loans are more than 120 days delinquent. Credit card loans and the related accrued interest are charged off when the receivable is more than 180 days past due.

The following schedule shows non-performing assets and loans past due 90 days and still accruing interest.

	December 31				
(Dollars in thousands)	**2024**	2023	2022	2021	2020
Total non-accrual loans	**$ 18,278**	$ 7,312	$ 8,306	$ 9,157	$ 26,540
Real estate acquired in foreclosure	**343**	270	96	115	93
Total non-performing assets	**$ 18,621**	$ 7,582	$ 8,402	$ 9,272	$ 26,633
Non-performing assets as a percentage of total loans	**.11 %**	.04 %	.05 %	.06 %	.16 %
Non-performing assets as a percentage of total assets	**.06 %**	.02 %	.03 %	.03 %	.08 %
Loans past due 90 days and still accruing interest	**$ 24,516**	$ 21,864	$ 15,830	$ 11,726	$ 22,190

Non-accrual loans totaled $18.3 million at year end 2024, an increase of $11.0 million from the balance at year end 2023. The increase from December 31, 2023 occurred mainly in business real estate, which increased $14.9 million. This increase was partially offset by a decrease in business loans of $3.5 million. At December 31, 2024, non-accrual loans were comprised of business real estate (81.8%), revolving home equity (10.8%), personal real estate (5.6%), construction and land real estate (1.2%), and business (0.6%) loans. Foreclosed real estate totaled $343 thousand at December 31, 2024, an increase of $73 thousand when compared to December 31, 2023. Total non-performing assets remain low compared to the overall banking industry in 2024, with the non-performing assets to total loans ratio at .11% at December 31, 2024. Total loans past due 90 days or more and still accruing interest were $24.5 million as of December 31, 2024, an increase of $2.7 million when compared to December 31, 2023. Balances by class for non-accrual loans and loans past due 90 days and still accruing interest are shown in the *"Delinquent and non-accrual loans"* section of Note 2 to the consolidated financial statements.

In addition to the non-performing and past due loans mentioned above, the Company also has identified loans for which management has concerns about the ability of the borrowers to meet existing repayment terms. They are classified as substandard under the Company's internal rating system. The loans are generally secured by either real estate or other borrower assets, reducing the potential for loss should they become non-performing. Although these loans are generally identified as potential problem loans, they may never become non-performing. Such loans totaled $330.3 million at December 31, 2024, compared with $216.4 million at December 31, 2023, resulting in an increase of $113.9 million or 52.7%. The increase in potential problem loans was largely driven by a $56.8 million increase in business loans and a $55.2 million increase in business real estate loans.

	December 31	
(In thousands)	**2024**	2023
Potential problem loans:		
Business	**$ 131,527**	$ 74,760
Real estate – construction and land	**2,662**	—
Real estate – business	**196,030**	140,800
Real estate – personal	**96**	827
Total potential problem loans	**$ 330,315**	$ 216,387

Loans with Special Risk Characteristics

Management relies primarily on an internal risk rating system, in addition to delinquency status, to assess risk in the loan portfolio, and these statistics are presented in Note 2 to the consolidated financial statements. However, certain types of loans are considered at a higher risk of loss due to their terms, location, or special conditions. Construction and land loans and business real estate loans are subject to higher risk because of the impact that volatile interest rates and a changing economy can have on real estate value, and because of the potential volatility of the real estate industry. Certain home equity loans have contractual features that could increase credit exposure in a market of declining real estate prices, when interest rates are steadily increasing, or when a geographic area experiences an economic downturn. For these home equity loans, higher risks could exist when 1) loan terms require a minimum monthly payment that covers only interest, or 2) loan-to-collateral value (LTV) ratios at origination are above 80%, with no private mortgage insurance. Information presented below for home equity loans is based on LTV ratios which were calculated with valuations at loan origination date. The Company does not obtain updated appraisals or valuations unless the loans become significantly delinquent or are in the process of being foreclosed upon. In addition, FICO scores are obtained and updated on a quarterly basis for most of the loans in the Personal Banking portfolio. This is a published credit score designed to measure the risk of default by taking into account various factors from a borrower's financial history and is considered supplementary information utilized by the Company, as management does not consider this information in evaluating the allowance for credit losses on loans. The Bank normally obtains a FICO score at the loan's origination and renewal dates, and updates are obtained on a quarterly basis. For credit monitoring purposes, the Company analyzes delinquency information, current FICO scores, and line utilization. This has remained an effective means of evaluating credit trends and identifying problem loans, partly because the Company offers standard, conservative lending products.

Real Estate - Construction and Land Loans

The Company's portfolio of construction and land loans, as shown in the table below, amounted to 8.2% of total loans outstanding at December 31, 2024. The largest component of construction and land loans was commercial construction, which decreased $25.7 million during the year ended December 31, 2024. At December 31, 2024, multi-family residential construction loans totaled approximately $526.6 million, or 44.0%, of the commercial construction loan portfolio.

(Dollars in thousands)	**December 31, 2024**	**% of Total**	**% of Total Loans**	December 31, 2023	% of Total	% of Total Loans
Commercial construction	**$ 1,197,278**	**84.9 %**	**7.0 %**	$ 1,222,961	84.5%	7.1 %
Residential construction	**106,884**	**7.6**	**.6**	110,687	7.7	.6
Residential land and land development	**65,342**	**4.6**	**.4**	62,417	4.3	.4
Commercial land and land development	**40,397**	**2.9**	**.2**	50,699	3.5	.3
Total real estate – construction and land loans	**$ 1,409,901**	**100.0 %**	**8.2 %**	$ 1,446,764	100.0%	8.4 %

Real Estate – Business Loans

Total business real estate loans were $3.7 billion at December 31, 2024 and comprised 21.3% of the Company's total loan portfolio. These loans include properties such as manufacturing and warehouse buildings, distribution facilities, small office and medical buildings, churches, hotels and motels, shopping centers, and other commercial properties, which have historically resulted in lower net charge-off rates than non-owner-occupied commercial real estate loans. Approximately 33.8% of these loans were for owner-occupied real estate properties, which have historically resulted in lower net charge-off rates than non-owner-occupied commercial real estate loans.

(Dollars in thousands)	**December 31, 2024**	**% of Total**	**% of Total Loans**	December 31, 2023	% of Total	% of Total Loans
Owner-occupied	**$ 1,237,265**	**33.8%**	**7.2%**	$ 1,175,476	31.6%	6.8%
Industrial	**485,250**	**13.3**	**2.8**	630,713	17.0	3.7
Office	**520,715**	**14.2**	**3.0**	489,320	13.2	2.8
Retail	**309,431**	**8.5**	**1.8**	366,693	9.9	2.1
Hotels	**334,479**	**9.1**	**1.9**	292,941	7.9	1.7
Multi-family	**310,806**	**8.5**	**1.8**	256,657	6.9	1.5
Farm	**189,794**	**5.2**	**1.1**	195,981	5.3	1.1
Senior living	**183,695**	**5.0**	**1.1**	183,778	4.9	1.1
Other	**89,783**	**2.4**	**.6**	127,747	3.3	.8
Total real estate - business loans	**$ 3,661,218**	**100.0%**	**21.3%**	$ 3,719,306	100.0%	21.6%

Information about the credit quality of the Company's business real estate loan portfolio as of December 31, 2024 and December 31, 2023 is provided in the table below.

(Dollars in thousands)	Pass	Special Mention	Substandard	Non-Accrual	Total
December 31, 2024					
Owner-occupied	**$ 1,203,019**	**$ 3,362**	**$ 30,598**	**$ 286**	**$ 1,237,265**
Industrial	**485,250**	**—**	**—**	**—**	**485,250**
Office	**451,189**	**11,980**	**57,546**	**—**	**520,715**
Retail	**308,730**	**—**	**701**	**—**	**309,431**
Hotels	**334,479**	**—**	**—**	**—**	**334,479**
Multi-family	**299,825**	**10,981**	**—**	**—**	**310,806**
Farm	**185,998**	**642**	**3,154**	**—**	**189,794**
Senior living	**65,366**	**—**	**103,661**	**14,668**	**183,695**
Other	**89,577**	**206**	**—**	**—**	**89,783**
Total	**$ 3,423,433**	**$ 27,171**	**$ 195,660**	**$ 14,954**	**$ 3,661,218**
December 31, 2023					
Owner-occupied	$ 1,146,112	$ 10,376	$ 18,928	$ 60	$ 1,175,476
Industrial	630,644	69	—	—	630,713
Office	489,320	—	—	—	489,320
Retail	349,321	15,500	1,872	—	366,693
Hotels	282,105	9,253	1,583	—	292,941
Multi-family	255,507	1,150	—	—	256,657
Farm	195,981	—	—	—	195,981
Senior living	69,379	—	114,399	—	183,778
Other	127,505	242	—	—	127,747
Total	$ 3,545,874	$ 36,590	$ 136,782	$ 60	$ 3,719,306

Revolving Home Equity Loans

The Company has revolving home equity loans that are generally collateralized by residential real estate. Most of these loans (93.5%) are written with terms requiring interest-only monthly payments. These loans are offered in three main product lines: LTV up to 80%, 80% to 90%, and 90% to 100%. As shown in the following tables, the percentage of loans with LTV ratios greater than 80% has remained a small segment of this portfolio, and delinquencies have been low and stable. The weighted average FICO score for the total portfolio balance at December 31, 2024 was 776. At maturity, the accounts are re-underwritten and if they qualify under the Company's credit, collateral and capacity policies, the borrower is given the option to renew the line of credit or to convert the outstanding balance to an amortizing loan. If criteria are not met, amortization is required, or the borrower may pay off the loan. Over the next three years, approximately 14.3% of the Company's current outstanding balances are expected to mature. Of these balances, 85.7% have a FICO score above 700. The Company does not expect a significant increase in losses as these loans mature, due to their high FICO scores, low LTVs, and low historical loss levels.

(Dollars in thousands)	Principal Outstanding at December 31, 2024	*	New Lines Originated During 2024	*	Unused Portion of Available Lines at December 31, 2024	*	Balances Over 30 Days Past Due	*
Loans with interest-only payments	$ 328,061	93.5 %	$ 258,228	73.6 %	$ 919,341	262.0 %	$ 2,902	.8 %
Loans with LTV:								
Between 80% and 90%	29,943	8.5	9,927	2.8	45,388	12.9	5,274	1.5
Over 90%	1,914	0.5	25	—	1,564	0.4	282	.1
Over 80% LTV	$ 31,857	9.1 %	$ 9,952	2.8 %	$ 46,952	13.4 %	$ 5,556	1.6 %
Total loan portfolio from which above loans were identified	$ 350,856		$ 267,675		$ 947,918			

** Percentage of total principal outstanding of $350.9 million at December 31, 2024.*

(Dollars in thousands)	Principal Outstanding at December 31, 2023	*	New Lines Originated During 2023	*	Unused Portion of Available Lines at December 31, 2023	*	Balances Over 30 Days Past Due	*
Loans with interest-only payments	$ 293,847	91.9 %	$ 230,809	72.2 %	$ 876,328	273.9 %	$ 3,752	1.2 %
Loans with LTV:								
Between 80% and 90%	30,231	9.5	10,125	3.2	45,523	14.2	604	.2
Over 90%	2,053	0.6	195	.1	2,151	0.7	—	—
Over 80% LTV	$ 32,284	10.1 %	$ 10,320	3.2 %	$ 47,674	14.9 %	$ 604	0.2 %
Total loan portfolio from which above loans were identified	$ 319,894		$ 237,719		$ 899,980			

* *Percentage of total principal outstanding of $319.9 million at December 31,* 2023.

Consumer Loans

The Company's consumer loans totaled $2.1 billion and comprised 12% of total loans outstanding at December 31, 2024. Within the consumer loan portfolio are several direct and indirect product lines comprised mainly of loans secured by automobiles, motorcycles, marine, and RVs. Auto loans comprised 38% of the consumer loan portfolio at December 31, 2024, and outstanding balances in the auto loan portfolio were $776.7 million and $820.3 million at December 31, 2024 and 2023, respectively. The balances over 30 days past due amounted to $14.4 million at December 31, 2024, compared to $9.5 million at the end of 2023, and comprised 1.9% of the outstanding balances of these loans at December 31, 2024 compared to 1.2% at 2023. For the year ended December 31, 2024, $319.5 million of new auto loans were originated, compared to $364.9 million during 2023. At December 31, 2024, the automobile loan portfolio had a weighted average FICO score of 755, and net charge-offs on auto loans were .7% of average auto loans.

The Company's consumer loan portfolio also includes fixed rate home equity loans, typically for home repair or remodeling, and these loans comprised 11% of the consumer loan portfolio at December 31, 2024. Losses on these loans have historically been low, and the Company had net recoveries of $97 thousand in 2024. Private banking loans comprised 35% of the consumer loan portfolio at December 31, 2024. The Company's private banking loans are generally well-collateralized and at December 31, 2024 were secured primarily by assets held by the Company's trust department. The remaining portion of the Company's consumer loan portfolio is comprised of health services financing, motorcycles, marine and RV loans. Net charge-offs on private banking, health services financing, motorcycle and marine and RV loans totaled $4.3 million in 2024 and were .4% of the average balances of these loans at December 31, 2024.

Consumer Credit Card Loans

The Company offers low introductory rates on selected consumer credit card products. Out of a portfolio at December 31, 2024 of $595.9 million in consumer credit card loans outstanding, approximately $122.2 million, or 20.5%, carried a low promotional rate. Within the next six months, $51.4 million of these loans are scheduled to convert to the ongoing higher contractual rate. To mitigate some of the risk involved with this credit card promotional feature, the Company performs credit checks and detailed analysis of the customer borrowing profile before approving the loan application. Below are the FICO scores for the Company's consumer credit card loan portfolio at December 31, 2024 and 2023. Management believes that the risks in the consumer loan portfolio are reasonable and the anticipated loss ratios are within acceptable parameters.

	December 31, 2024	December 31, 2023
FICO score:		
Under 600	**5.1 %**	4.7 %
600 – 659	**11.9**	12.1
660 – 719	**28.3**	29.2
720 – 779	**26.3**	27.0
780 and over	**28.4**	27.0
Total	**100.0 %**	100.0 %

Oil and Gas Energy Lending

The Company's energy lending portfolio was comprised of lending to the petroleum and natural gas sectors and totaled $338.0 million at December 31, 2024, an increase of $66.0 million from year end 2023, as shown in the table below.

(In thousands)	**December 31, 2024**	December 31, 2023	**Unfunded commitments at December 31, 2024**
Extraction	**$ 274,265**	$ 219,828	**$ 158,974**
Mid-stream shipping and storage	**36,801**	35,505	**91,416**
Downstream distribution and refining	**9,757**	8,890	**36,753**
Support activities	**17,226**	7,811	**9,225**
Total energy lending portfolio	**$ 338,049**	$ 272,034	**$ 296,368**

Investment Securities Analysis

Investment securities are comprised of securities that are classified as available for sale, equity, trading or other. The largest component, available for sale debt securities, decreased 7.1% during 2024 to $10.1 billion (excluding unrealized gains/losses in fair value) at year end 2024. During 2024, available for sale debt securities of $2.6 billion were purchased, which included $2.2 billion in U.S. government and federal agency obligations and $395.0 million in asset-backed securities. Total sales, maturities and pay downs of available for sale debt securities were $3.4 billion during 2024. During 2025, maturities and pay downs of approximately $1.6 billion are expected to occur. The Company's tax-exempt investment portfolio is included in its state and municipal obligations and represented 39% of this portfolio at December 31, 2024, compared to 30% at December 31, 2023. The decline in balances of tax-exempt investment securities during 2024 was mostly due to sales of securities as part of the Company's available for sale debt securities portfolio repositioning discussed in Note 3, Investment Securities.

At December 31, 2024, the fair value of available for sale securities was $9.1 billion, which included a net unrealized loss in fair value of $990.6 million, compared to a net unrealized loss of $1.2 billion at December 31, 2023. The overall unrealized loss in fair value at December 31, 2024 included net losses of $38.9 million is U.S. government and federal agency obligations, net losses of $79.9 million in state and municipal securities, and net losses of $845.9 million in mortgage and asset-backed securities. For the year ended December 31, 2024, the Company did not recognize a credit loss expense on any available for sale debt securities.

Available for sale investment securities at year end for the past two years are shown below:

	December 31	
(In thousands)	**2024**	2023
Amortized Cost		
U.S. government and federal agency obligations	**$ 2,594,130**	$ 841,267
Government-sponsored enterprise obligations	**55,425**	55,658
State and municipal obligations	**822,790**	1,346,633
Agency mortgage-backed securities	**4,195,182**	4,621,821
Non-agency mortgage-backed securities	**625,539**	1,331,288
Asset-backed securities	**1,595,797**	2,200,712
Other debt securities	**238,563**	507,386
Total available for sale debt securities	**$ 10,127,426**	$ 10,904,765
Fair Value		
U.S. government and federal agency obligations	**$ 2,555,252**	$ 816,514
Government-sponsored enterprise obligations	**42,849**	43,962
State and municipal obligations	**742,891**	1,197,419
Agency mortgage-backed securities	**3,444,891**	3,901,346
Non-agency mortgage-backed securities	**568,689**	1,157,898
Asset-backed securities	**1,557,015**	2,107,485
Other debt securities	**225,266**	460,136
Total available for sale debt securities	**$ 9,136,853**	$ 9,684,760

At December 31, 2024, the available for sale portfolio included $3.4 billion of agency mortgage-backed securities, which are collateralized bonds issued by agencies including FNMA, GNMA, FHLMC, FHLB, and Federal Farm Credit Banks. Non-agency mortgage-backed securities totaled $568.7 million and included $325.6 million collateralized by commercial mortgages and $243.1 million collateralized by residential mortgages at December 31, 2024.

At December 31, 2024, U.S. government obligations included TIPS of $405.4 million, at fair value. Other debt securities include corporate bonds, notes and commercial paper.

The types of securities held in the available for sale security portfolio at year end 2024 are presented in the table below. Additional detail by maturity category is provided in Note 3 to the consolidated financial statements.

	December 31, 2024		
	Percent of Total Debt Securities	Weighted Average Yield	Estimated Average Maturity*
Available for sale debt securities:			
U.S. government and federal agency obligations	28.0%	3.61%	3.8 years
Government-sponsored enterprise obligations	0.5	2.38	11.4
State and municipal obligations	8.1	1.80	6.4
Agency mortgage-backed securities	37.7	2.11	7.3
Non-agency mortgage-backed securities	6.2	2.34	4.1
Asset-backed securities	17.0	3.18	1.8
Other debt securities	2.5	2.40	5.1

**Based on call provisions and estimated prepayment speeds.*

Equity securities mainly include common and preferred stock with readily determinable fair values that totaled $48.4 million at December 31, 2024, compared to $5.7 million at December 31, 2023.

Other securities totaled $230.1 million at December 31, 2024 and $222.5 million at December 31, 2023. These include Federal Reserve Bank stock and Federal Home Loan Bank (Des Moines) stock held by the bank subsidiary in accordance with debt and regulatory requirements. These are restricted securities and are carried at cost. Also included in other securities are private equity investments which are held by a subsidiary qualified as a Small Business Investment Company. These investments are carried at estimated fair value, but are not readily marketable. While the nature of these investments carries a higher degree of risk than the normal lending portfolio, this risk is mitigated by the overall size of the investments and oversight provided by management, and management believes the potential for long-term gains in these investments outweighs the potential risks. Other securities at year end for the past two years are shown below:

	December 31	
(In thousands)	**2024**	2023
Federal Reserve Bank stock	**$ 35,545**	$ 35,166
Federal Home Loan Bank stock	**10,120**	10,640
Private equity investments in debt securities	**66,454**	67,322
Private equity investments in equity securities	**117,932**	109,345
Total other securities	**$ 230,051**	$ 222,473

In addition to its holdings in the investment securities portfolio, the Company invests in securities purchased under agreements to resell, which totaled $625.0 million at December 31, 2024 and $450.0 million at December 31, 2023. Of the total resale agreements outstanding at December 31, 2024, $125.0 million mature in 2025, $250.0 million mature in 2028, and $250.0 million mature in 2029. The resale agreements have fixed base rates and some of the agreements include structures that increase the base rate when interest rates decline to certain levels. The counterparties to these agreements are other financial institutions from whom the Company has accepted collateral of $649.6 million in marketable investment securities at December 31, 2024. The average rate earned on these agreements during 2024 was 3.2%, compared to 1.9% in 2023.

Deposits and Borrowings

Deposits, including both individual and corporate customer deposits, are the primary funding source for the Bank and are acquired from a broad base of local markets. Total period-end deposits were $25.3 billion at December 31, 2024, compared to $25.4 billion last year, reflecting a decrease of $70.3 million, or .3%.

Average deposits decreased $801.4 million, or 3.2%, in 2024 compared to 2023, mainly resulting from decreases of $884.5 million, $152.8 million and $110.8 million in business demand deposits, savings account balances and money market account balances, respectively. Partly offsetting these decreases was an increase in interest checking account balances of $328.6 million.

The following table shows year end deposit balances by type, as a percentage of total deposits.

	December 31	
	2024	2023
Non-interest bearing	**32.3%**	31.4%
Savings, interest checking and money market	**58.3**	57.2
Certificates of deposit of less than $100,000	**3.9**	3.7
Certificates of deposit of $100,000 and over	**5.5**	7.7
Total deposits	**100.0%**	100.0%

Core deposits, which include non-interest bearing, interest checking, savings, and money market deposits, supported 73% and 72% of average earning assets in 2024 and 2023, respectively. Average balances by major deposit category for the last six years are disclosed in the Average Balance Sheets section of Management's Discussion and Analysis of Financial Condition and Results of Operations. A maturity schedule of all certificates of deposits outstanding at December 31, 2024 is included in Note 7 on Deposits in the consolidated financial statements.

Total uninsured deposits were calculated using the same methodology that the Company uses to determine uninsured deposits for regulatory reporting and amounted to $10.8 billion at both December 31, 2024 and December 31, 2023. The following table shows a detailed breakdown of the maturities of uninsured certificates of deposit at December 31, 2024. The Company estimated the uninsured deposits in the following table by aggregating all deposit balances by customer and assuming federal deposit insurance would first apply to demand deposits, followed by savings deposits, and lastly to time deposits (beginning with the earliest maturity deposits).

(In thousands)	Uninsured Certificates of Deposit at December 31, 2024	
Due in 3 months or less	$	468,603
Due in over 3 through 6 months		198,643
Due in over 6 through 12 months		201,756
Due in over 12 months		61,042
Total	**$**	**930,044**

The Company’s primary sources of overnight borrowings are federal funds purchased and securities sold under agreements to repurchase (repurchase agreements). Balances in these accounts can fluctuate significantly on a day-to-day basis and generally have one day maturities. Total balances of federal funds purchased and repurchase agreements outstanding at December 31, 2024 were $2.9 billion, comprised of federal funds purchased of $123.7 million and repurchase agreements of $2.8 billion. At December 31, 2024, balances of federal funds purchased decreased $137.6 million, while repurchase agreements outstanding increased $155.5 million compared to balances at December 31, 2023. On an average basis, these borrowings decreased $218.4 million, or 7.7%, during 2024, due to a decrease of $265.7 million in federal funds purchased, partly offset by an increase of $47.4 million in repurchase agreements. The average rates paid on federal funds purchased and repurchase agreements were 5.31% and 3.38%, respectively, during 2024, compared to rates of 5.10% on federal funds purchased and 3.12% paid on repurchase agreements during 2023.

In addition to the funding sources above, the Company may borrow from the FHLB on a short-term basis or long-term basis. During 2024, there were no short-term borrowings from the FHLB. During 2023, the Company had average short-term borrowings from the FHLB of $756.4 million. All of the short-term borrowings were repaid by the Company before December 31, 2023, and the average rate paid on FHLB borrowings was 5.22%. The Company did not borrow any long-term funds from the FHLB during 2024 or 2023.

Liquidity and Capital Resources

Liquidity Management

Liquidity is managed within the Company in order to satisfy cash flow requirements of deposit and borrowing customers while at the same time meeting its own cash flow needs. The Company has taken numerous steps to address liquidity risk and has developed a variety of liquidity sources which it believes will provide the necessary funds for future growth or to replace deposit runoff during periods of stress and uncertainty in the banking industry. The Company manages its liquidity position through a variety of actions and sources including:

- A portfolio of liquid investments with overnight maturities,
- A portfolio of liquid available for sale debt securities,
- A diversified customer deposit base spread across three business segments,
- Access to the brokered certificate of deposit market,
- A loan to deposit ratio lower than industry average,
- Maintaining excellent debt ratings from both Standard & Poor's and Moody's national rating services,
- Available borrowing capacity of unsecured, overnight federal funds purchased, and
- Available borrowing capacity from the FHLB and Federal Reserve Bank.

The Company's most liquid assets include balances at the Federal Reserve Bank, federal funds sold, available for sale debt securities, and securities purchased under agreements to resell. At December 31, 2024 and 2023, such assets were as follows:

(In thousands)		**2024**		2023
Balances at the Federal Reserve Bank	**$**	**2,624,553**	$	2,239,010
Federal funds sold		**3,000**		5,025
Securities purchased under agreements to resell		**625,000**		450,000
Available for sale debt securities		**9,136,853**		9,684,760
Total	**$**	**12,389,406**	$	12,378,795

Interest earning balances at the Federal Reserve Bank, which have overnight maturities and are used for general liquidity purposes, totaled $2.6 billion at December 31, 2024. There were $3.0 million federal funds sold at December 31, 2024, which are funds lent to the Company's correspondent bank customers with overnight maturities. The fair value of the available for sale debt portfolio was $9.1 billion at December 31, 2024 and included an unrealized loss of $994.5 million. The total net unrealized loss included net losses of $846.9 million on mortgage-backed and asset-backed securities, $79.9 million on state and municipal obligations, and $41.9 million on U.S. government and federal agency obligations.

Resale agreements totaled $625.0 million at December 31, 2024, with $125.0 million of the agreements maturing in the first quarter of 2025 and the remaining amount to mature through 2029. Under these agreements, the Company lends funds to upstream financial institutions and holds marketable securities, safe-kept by a third-party custodian, as collateral. This collateral totaled $649.6 million in fair value at December 31, 2024.

The Company's available for sale debt securities portfolio has a diverse mix of high quality and liquid investment securities with a duration of 4.0 years at December 31, 2024. Approximately $1.6 billion of the available for sale debt portfolio is expected to mature or pay down during 2025, and these funds offer substantial resources to meet either new loan demand or offset potential reductions in the Company's deposit funding base. The Company pledges portions of its investment securities portfolio to secure public fund deposits, securities sold under agreements to repurchase, trust funds, letters of credit issued by the FHLB, and borrowing capacity at the FHLB and the Federal Reserve Bank. At December 31, 2024 and 2023, total investment securities pledged for these purposes were as follows:

(In thousands)	**2024**	2023
Investment securities pledged for the purpose of securing:		
Federal Reserve Bank borrowings	**$ 840,771**	$ 2,636,523
FHLB borrowings and letters of credit	**1,473,691**	301,617
Repurchase agreements *	**2,866,468**	2,710,616
Other deposits	**1,755,335**	1,818,092
Total pledged securities	**6,936,265**	7,466,848
Unpledged and available for pledging	**2,175,800**	2,211,243
Ineligible for pledging	**24,788**	6,669
Total available for sale debt securities, at fair value	**$ 9,136,853**	$ 9,684,760

** Includes securities pledged for collateral swaps, as discussed in Note 20 to the consolidated financial statements*

The average loans to deposits ratio is a measure of a bank's liquidity, and the Company's average loans to deposits ratio was 69.7% for the year ended December 31, 2024. Core customer deposits, defined as non-interest bearing, interest checking, savings, and money market deposit accounts, totaled $22.9 billion and represented 90.6% of the Company's total deposits at December 31, 2024. These core deposits are normally less volatile, often with customer relationships tied to other products offered by the Company promoting long lasting relationships and stable funding sources. Core deposits increased $417.0 million at year end 2024 compared to year end 2023, primarily due to an increase in commercial deposits of $605.6 million, partly offset by decreases in wealth management deposits and consumer deposits of $111.8 million and $68.7 million, respectively. While the Company considers core consumer and wealth management deposits less volatile, corporate deposits could decline if interest rates increase significantly, encouraging corporate customers to increase investing activities, or if the economy deteriorates and companies experience lower cash inflows, reducing deposit balances. If these corporate deposits decline, the Company's funding needs may be met by liquidity supplied by investment security maturities and pay downs expected to total $1.6 billion over the next year, as noted above. In addition, as shown in the table of collateral available for future advances below, the Company has borrowing capacity of $6.1 billion through advances from the FHLB and the Federal Reserve.

(In thousands)	**2024**	2023
Core deposit base:		
Non-interest bearing	**$ 8,150,669**	$ 7,975,935
Interest checking	**7,301,288**	7,020,134
Savings and money market	**7,453,283**	7,492,139
Total	**$ 22,905,240**	$ 22,488,208

Certificates of deposit of $100,000 or greater totaled $1.4 billion at December 31, 2024. These deposits are normally considered more volatile and higher costing, and comprised 5.5% of total deposits at December 31, 2024.

Amid the banking sector's period of uncertainty during the second quarter of 2023, the Company issued several tranches of short-term brokered certificates of deposit totaling $1.2 billion, which all matured by December 31, 2023. During the third quarter of 2024, the Company issued $100.0 million of brokered certificates, all of which matured by December 31, 2024. The Company may occasionally issue brokered certificates of deposit to test the reliability of this potential funding source. While it is not clear how many brokered certificates of deposit the market would allow the Company to issue, the Company believes brokered certificates of deposits may be an additional, reliable source of liquidity during periods of stress in the banking industry.

Other important components of liquidity are the level of borrowings from third party sources and the availability of future credit. The Company's outside borrowings are mainly comprised of federal funds purchased and repurchase agreements, as follows:

(In thousands)	**2024**	2023
Borrowings:		
Federal funds purchased	**$ 123,715**	$ 261,305
Securities sold under agreements to repurchase	**2,803,043**	2,647,510
Other debt	**56**	1,404
Total	**$ 2,926,814**	$ 2,910,219

Federal funds purchased, which totaled $123.7 million at December 31, 2024, are unsecured overnight borrowings obtained mainly from upstream correspondent banks with which the Company maintains approved lines of credit. At December 31, 2024, the Company had approved lines of credit totaling $3.9 billion. Since these borrowings are unsecured and limited by market trading activity, their availability may be less certain than collateralized sources of borrowings. Retail repurchase agreements are offered to customers wishing to earn interest in highly liquid balances and are used by the Company as a funding source considered to be stable, but short-term in nature. Repurchase agreements are collateralized by securities in the Company's investment portfolio. Total repurchase agreements at December 31, 2024 were comprised of non-insured customer funds totaling $2.8 billion, and securities pledged as collateral for these retail agreements totaled $2.9 billion.

The Company pledges certain assets, including loans and investment securities, to both the Federal Reserve Bank and the FHLB as security to establish lines of credit and borrow from these entities. Based on the amount and type of collateral pledged, the FHLB establishes a collateral value from which the Company may draw advances against the collateral. Additionally, this collateral is used to enable the FHLB to issue letters of credit in favor of public fund depositors of the Company. The Federal Reserve Bank also establishes a collateral value of assets pledged and permits borrowings from the discount window. The following table reflects the collateral value of assets pledged, borrowings, and letters of credit outstanding, in addition to the estimated future funding capacity available to the Company at December 31, 2024.

	December 31, 2024		
(In thousands)	FHLB	Federal Reserve	Total
Total collateral value established by FHLB and FRB	$ 3,271,321	$ 2,935,481	$ 6,206,802
Letters of credit issued	(120,300)	—	(120,300)
Available for future advances	**$ 3,151,021**	**$ 2,935,481**	**$ 6,086,502**

The Company receives outside ratings from both Standard & Poor's and Moody's on both the consolidated company and its subsidiary bank, Commerce Bank. These ratings are as follows:

	Standard & Poor's	Moody's
Commerce Bancshares, Inc.		
Issuer rating	A-	
Rating outlook	Stable	
Commerce Bank		
Issuer rating	A	A3
Baseline credit assessment		a2
Short-term rating	A-1	P-1
Rating outlook	Stable	Stable

The Company considers these ratings to be indications of a sound capital base and strong liquidity and believes that these ratings would help ensure the ready marketability of its commercial paper, should the need arise. No commercial paper has been outstanding during the past ten years. The Company has no subordinated or hybrid debt instruments which would affect future borrowing capacity. Because of its lack of significant long-term debt, the Company believes that, through its Capital Markets Group or in other public debt markets, it could generate additional liquidity from sources such as jumbo certificates of deposit, privately-placed corporate notes or other forms of debt.

The cash flows from the operating, investing and financing activities of the Company resulted in a net increase in cash, cash equivalents and restricted cash of $688.7 million in 2024, as reported in the consolidated statements of cash flows. Operating activities, consisting mainly of net income adjusted for certain non-cash items, provided cash flow of $577.9 million and has historically been a stable source of funds. Investing activities provided cash of $483.8 million. Sales and maturities proceeds (net of purchases) of investment securities provided cash of $750.7 million, repayments of securities purchased under agreements to resell (net of securities purchased under agreements to resell) used cash of $175.0 million, and a net increase in the loan portfolio used cash of $54.7 million. Investing activities are somewhat unique to financial institutions in that, while large sums of cash flow are normally used to fund growth in investment securities, loans, or other bank assets, they are normally dependent on the financing activities described below.

During 2024, financing activities used cash of $372.9 million. This decrease in cash was largely driven treasury stock purchases, which used cash of $170.5 million. The Company paid cash dividends of $139.5 million on common stock, and a decline in deposits used cash of $74.0 million during 2024. Federal funds purchases and short-term securities sold under agreements to repurchase provided cash of $17.9 million. Future short-term liquidity needs for daily operations are not expected to vary significantly, and the Company believes it maintains adequate liquidity to meet these cash flows.

Cash outflows resulting from the Company's transactions in its common stock were as follows:

(In millions)	**2024**	2023	2022
Purchases of treasury stock	**$ 170.5**	$ 76.4	$ 186.6
Common cash dividends paid	**139.5**	134.7	127.5
Cash used	**$ 310.0**	$ 211.1	$ 314.1

The Parent faces unique liquidity constraints due to legal limitations on its ability to borrow funds from its bank subsidiary. The Parent obtains funding to meet its obligations from two main sources: dividends received from bank and non-bank subsidiaries (within regulatory limitations) and management fees charged to subsidiaries as reimbursement for services provided by the Parent, as presented below:

(In millions)	**2024**	2023	2022
Dividends received from subsidiaries	**$ 215.0**	$ 280.0	$ 300.0
Management fees	**42.3**	47.8	38.6
Total	**$ 257.3**	$ 327.8	$ 338.6

These sources of funds are used mainly to pay cash dividends on outstanding stock, pay general operating expenses, and purchase treasury stock. At December 31, 2024, the Parent's investment securities totaled $18.1 million at fair value, consisting mainly of corporate bonds and preferred stock. To support its various funding commitments, the Parent maintains a $20.0 million line of credit with its subsidiary bank. There were no borrowings outstanding under the line during 2024 or 2023.

Company senior management is responsible for measuring and monitoring the liquidity profile of the organization with oversight by the Company's Asset/Liability Committee. This is done through a series of controls, including a written Contingency Funding Policy and risk monitoring procedures, which include daily, weekly and monthly reporting. In addition, the Company prepares forecasts to project changes in the balance sheet affecting liquidity and to allow the Company to better plan for forecasted changes.

Material Cash Requirements, Contractual Obligations, Commitments, and Off-Balance Sheet Arrangements

The Company's material cash requirements include commitments for contractual obligations (both short-term and long-term), commitments to extend credit, and off-balance sheet arrangements. The Company's material cash requirements for the next 12 months are primarily to fund loan growth. Additionally, the Company will utilize cash to fund deposit maturities and withdrawals that may occur in the next 12 months. Other contractual obligations, purchase commitments, lease obligations, and unfunded commitments may require cash payments by the Company within the next 12 months, and these, along with longer-term obligations, are discussed below.

A table summarizing contractual cash obligations of the Company at December 31, 2024, and the expected timing of these payments follows:

	Payments Due by Period				
(In thousands)	In One Year or Less	After One Year Through Three Years	After Three Years Through Five Years	After Five Years	Total
Operating lease obligations	$ 6,226	$ 12,126	$ 9,322	$ 14,536	$ 42,210
Purchase obligations	307,841	366,145	119,194	212,268	1,005,448
Certificates of Deposit*	2,206,964	173,362	8,071	7	2,388,404
Total	**$ 2,521,031**	**$ 551,633**	**$ 136,587**	**$ 226,811**	**$ 3,436,062**

**Includes principal payments only.*

In the normal course of business, various commitments and contingent liabilities arise that are not required to be recorded on the balance sheet. The most significant of these are loan commitments totaling $15.4 billion (including approximately $5.8 billion in unused, approved credit card lines) and the contractual amount of standby letters of credit totaling $561.5 million at December 31, 2024. As many commitments expire unused or only partially used, these totals do not necessarily reflect future cash requirements. Management does not anticipate any material losses arising from commitments or contingent liabilities and believes there are no material commitments to extend credit that represent risks of an unusual nature.

The Company funds a defined benefit pension plan for a portion of its employees. Under the funding policy for the plan, contributions are made as necessary to provide for current service and for any unfunded accrued actuarial liabilities over a reasonable period. No contributions to the defined benefit plan were made in 2024, 2023 or 2022, and the Company is not required nor does it expect to make a contribution in 2025.

The Company has investments in low-income housing partnerships generally within the areas it serves. These partnerships supply funds for the construction and operation of apartment complexes that provide affordable housing to that segment of the population with lower family income. If these developments successfully attract a specified percentage of residents falling in that lower income range, federal (and sometimes state) income tax credits are made available to the partners. The tax credits are normally recognized over ten years, and they play an important part in the anticipated yield from these investments. In order to continue receiving the tax credits each year over the life of the partnership, the low-income residency targets must be maintained. Under the terms of the partnership agreements, the Company has a commitment to fund a specified amount that will be due in installments over the life of the agreements, which ranges from 3 to 20 years. At December 31, 2024, the investments totaled $94.4 million and are recorded as other assets in the Company's consolidated balance sheet. Unfunded commitments, which are recorded as liabilities, amounted to $56.9 million at December 31, 2024.

The Company regularly purchases various state tax credits arising from third-party property redevelopment. These credits are either resold to third parties for a profit or retained for use by the Company. During 2024, purchases and sales of tax credits amounted to $123.9 million and $127.6 million, respectively. Income from the sales of tax credits were $5.2 million, $3.1 million and $5.4 million in 2024, 2023 and 2022, respectively. At December 31, 2024, the Company had outstanding purchase commitments totaling $215.3 million that it expects to fund in 2025. These commitments, along with the commitments for the next five years, are included in the table above.

Through the various sources of liquidity described above, the Company maintains a liquidity position that it believes will adequately satisfy its financial obligations.

Capital Management

Under Basel III capital guidelines, at December 31, 2024 and 2023, the Company met all capital adequacy requirements and had regulatory capital ratios in excess of the levels established for well-capitalized institutions, as shown in the following table.

(Dollars in thousands)	**2024**	2023	Minimum Capital Requirement	Capital Conservation Buffer	Minimum Ratios Requirement including Capital Conservation Buffer	Minimum Ratios for Well-Capitalized Banks*
Risk-adjusted assets	**$ 23,500,396**	$ 24,216,527				
Tier I common risk-based capital	**3,926,446**	3,693,089				
Tier I risk-based capital	**3,926,446**	3,693,089				
Total risk-based capital	**4,108,270**	3,881,024				
Tier I common risk-based capital ratio	**16.71%**	15.25%	4.50%	2.50%	7.00%	6.50%
Tier I risk-based capital ratio	**16.71**	15.25	6.00	2.50	8.50	8.00
Total risk-based capital ratio	**17.48**	16.03	8.00	2.50	10.50	10.00
Tier I leverage ratio	**12.26**	11.25	4.00	N/A	4.00	5.00
Tangible common equity to tangible assets	**9.92**	8.85				
Dividend payout ratio	**26.50**	28.24				

** Under Prompt Corrective Action requirements*

The Company is subject to a 2.5% capital conservation buffer, which is an amount above the minimum ratios under capital adequacy guidelines, and is intended to absorb losses during periods of economic stress. Failure to maintain the buffer will result in constraints on dividends, share repurchases, and executive compensation.

In the first quarter of 2020, the interim final rule of the Federal Reserve Bank and other U.S. banking agencies became effective, providing banks that adopted CECL (ASU 2016-13) during the 2020 calendar year the option to delay recognizing the estimated impact on regulatory capital until after a two year deferral period, followed by a three year transition period. In connection with the adoption of CECL on January 1, 2020, the Company elected to utilize this option. As a result, the two year deferral period for the Company extended through December 31, 2021. Beginning on January 1, 2022, the Company was required to phase in 25% of the previously deferred estimated capital impact of CECL, with an additional 25% to be phased in at the beginning of each subsequent year until fully phased in by the first quarter of 2025.

The Company maintains a treasury stock buyback program under authorizations by its Board of Directors and periodically purchases stock in the open market. During 2023, the Company purchased 1.4 million shares, and during 2024 the Company purchased 2.9 million shares. At December 31, 2024, 2.9 million shares remained available for purchase under the current Board authorization.

The Company’s common stock dividend policy reflects its earnings outlook, desired payout ratios, the need to maintain adequate capital levels and alternative investment options. Per share cash dividends paid by the Company increased 5.0% in 2024 compared with 2023, and the Company increased its first quarter 2025 cash dividend 7%, making 2025 the Company's 57th consecutive year of regular cash dividend increases. The Company also distributed its 31st consecutive annual 5% stock dividend in December 2024.

Interest Rate Sensitivity

The Company's Asset/Liability Management Committee (ALCO) measures and manages the Company's interest rate risk on a monthly basis to identify trends and establish strategies to maintain stability in net interest income throughout various rate environments. Analytical modeling techniques provide management insight into the Company's exposure to changing rates. These techniques include net interest income simulations and market value analysis. Management has set guidelines specifying acceptable limits within which net interest income and market value may change under various rate change scenarios.

The Company's main interest rate measurement tool, income simulation, projects net interest income under various rate change scenarios in order to quantify the magnitude and timing of potential rate-related changes. Income simulations are able to capture option risks within the balance sheet where expected cash flows may be altered under various rate environments. Modeled rate movements include "shocks, ramps and twists." Shocks are intended to capture interest rate risk under extreme conditions by immediately shifting rates up and down, while ramps measure the impact of gradual changes and twists measure yield curve risk. The size of the balance sheet is assumed to remain constant so that results are not influenced by growth predictions.

The Company also employs a sophisticated simulation technique known as a stochastic income simulation. This technique allows management to see a range of results from hundreds of income simulations. The stochastic simulation creates a vector of potential rate paths around the market's best guess (forward rates) concerning the future path of interest rates and allows rates to randomly follow paths throughout the vector. This allows for the modeling of non-biased rate forecasts around the market consensus. Results give management insight into a likely range of rate-related risk as well as worst and best-case rate scenarios.

Additionally, the Company uses market value analyses to help identify longer-term risks that may reside on the balance sheet. This is considered a secondary risk measurement tool by management. The Company measures the market value of equity as the net present value of all asset and liability cash flows discounted along the current swap curve plus appropriate market risk spreads. It is the change in the market value of equity under different rate environments, or effective duration, that gives insight into the magnitude of risk to future earnings due to rate changes. Market value analyses also help management understand the price sensitivity of non-marketable bank products under different rate environments.

The tables below show the effects of gradual shifts in interest rates over a twelve month period on the Company's net interest income versus the Company's net interest income in a flat rate scenario. The simulation presents three rising rate scenarios and three falling rate scenarios and in each scenario, rates are assumed to change evenly over 12 months. In these scenarios, the current balance sheet is held constant.

The Company utilizes this simulation for monitoring interest rate risk. While the future effects of rising and falling rates on deposit balances cannot be known, the Company maintains a practice of running multiple rate scenarios to better understand interest rate risk and its effect on the Company's performance.

	December 31, 2024		September 30, 2024	
(Dollars in millions)	**$ Change in Net Interest Income**	**% Change in Net Interest Income**	$ Change in Net Interest Income	% Change in Net Interest Income
300 basis points rising	**$ 24.8**	**2.28%**	$ 13.8	1.29%
200 basis points rising	**25.5**	**2.34**	15.1	1.43
100 basis points rising	**25.6**	**2.35**	14.6	1.37
100 basis points falling	**(22.4)**	**(2.06)**	(19.8)	(1.86)
200 basis points falling	**(41.4)**	**(3.8)**	(42.5)	(4.00)
300 basis points falling	**(54.9)**	**(5.05)**	(62.0)	(5.83)

Under the simulation, in the three rising rate scenarios interest rate and three falling rate scenarios, interest rate risk is more asset sensitive when compared to the scenarios in the previous quarter. This change is primarily due to actions taken by the Federal Reserve to reduce short-term interest rates 50 basis points. As short-term rates fall, deposit rates become less sensitive, which results in larger declines in net interest income in the falling rate scenarios. This impact was slightly offset by an increase in deposits and by the benefit of interest rate floors, which result in progressively more interest income in the falling 200 and 300 basis points scenarios. In the rising interest rate scenarios, deposits that are now less sensitive to rates result in larger increases in net interest income. Deposit balances were held constant for this simulation in both the current and previous quarters.

Derivative Financial Instruments

The Company maintains an overall interest rate risk management strategy that permits the use of derivative instruments to modify exposure to interest rate risk. Such instruments include interest rate swaps, interest rate floors, interest rate caps, credit risk participation agreements, mortgage loan commitments, forward sale contracts, and forward to-be-announced (TBA) contracts. The Company's interest rate risk management strategy includes the ability to modify the re-pricing characteristics of certain assets and liabilities so that changes in interest rates do not adversely affect the net interest margin and cash flows.

In addition to using derivatives to manage interest rate risk, the Company enters into foreign exchange derivative instruments as an accommodation to customers and offsets the related foreign exchange risk by entering into offsetting third-party forward contracts with approved, reputable counterparties. This trading activity is managed within a policy of specific controls and limits.

In all of these contracts, the Company is exposed to credit risk in the event of nonperformance by counterparties, who may be bank customers or other financial institutions. The Company controls the credit risk of its financial contracts through credit approvals, limits and monitoring procedures. Because the Company generally only enters into transactions with high quality counterparties, there have been no losses associated with counterparty nonperformance on derivative financial instruments.

The following table summarizes the notional amounts and estimated fair values of the Company's derivative instruments at December 31, 2024 and 2023. Notional amount, along with the other terms of the derivative, is used to determine the amounts to be exchanged between the counterparties. Because the notional amount does not represent amounts exchanged by the parties, it is not a measure of loss exposure related to the use of derivatives nor of exposure to liquidity risk. All of these derivative instruments utilized by the Company are further discussed in Note 19 on Derivative Instruments in the consolidated financial statements.

	2024			2023		
(In thousands)	**Notional Amount**	**Positive Fair Value**	**Negative Fair Value**	Notional Amount	Positive Fair Value	Negative Fair Value
Interest rate swaps	**$ 2,065,400**	**$ 26,759**	**$ (26,759)**	$ 2,166,393	$ 35,816	$ (35,816)
Interest rate floors	**2,000,000**	**35,544**	**—**	2,000,000	78,960	—
Interest rate caps	**37,488**	**44**	**(44)**	336,682	1,391	(1,391)
Credit risk participation agreements	**503,196**	**35**	**(58)**	653,887	77	(194)
Foreign exchange contracts	**16,978**	**179**	**(101)**	30,401	534	(479)
Mortgage loan commitments	**3,060**	**58**	**—**	3,004	89	(1)
Mortgage loan forward sale contracts	**1,759**	**14**	**—**	1,349	8	—
Forward TBA contracts	**3,500**	**15**	**(1)**	3,000	1	(18)
Total at December 31	**$ 4,631,381**	**$ 62,648**	**$ (26,963)**	$ 5,194,716	$ 116,876	$ (37,899)

Operating Segments

The Company segregates financial information for use in assessing its performance and allocating resources among three operating segments. The results are determined based on the Company's management accounting process, which assigns balance sheet and income statement items to each responsible segment. These segments are defined by customer base and product type. The management process measures the performance of the operating segments based on the management structure of the Company and is not necessarily comparable with similar information for any other financial institution. Each segment is managed by executives who, in conjunction with the Chief Executive Officer, make strategic business decisions regarding that segment. The three reportable operating segments are Consumer, Commercial, and Wealth. Additional information is presented in Note 13 on Segments in the consolidated financial statements.

The Company uses a funds transfer pricing method to value funds used (e.g., loans, fixed assets, cash, etc.) and funds provided (deposits, borrowings, and equity) by the business segments and their components. This process assigns a specific value to each new source or use of funds with a maturity, based on current swap rates, thus determining an interest spread at the time of the transaction. Non-maturity assets and liabilities are valued using weighted average pools. The funds transfer pricing process attempts to remove interest rate risk from valuation, allowing management to compare profitability under various rate environments. The Company also assigns loan charge-offs and recoveries (labeled in the table below as "provision for credit

losses") directly to each operating segment instead of allocating an estimated credit loss provision. The operating segments also include a number of allocations of income and expense from various support and overhead centers within the Company. The table below is a summary of segment pre-tax income results for the past three years.

(Dollars in thousands)	Consumer	Commercial	Wealth	Segment Totals	Other/ Elimination	Consolidated Totals
Year ended December 31, 2024:						
Net interest income	**$ 512,224**	**$ 515,681**	**$ 87,818**	**$ 1,115,723**	**$ (75,477)**	**$ 1,040,246**
Provision for credit losses	**(37,610)**	**(1,446)**	**148**	**(38,908)**	**6,005**	**(32,903)**
Non-interest income	**102,904**	**259,229**	**243,476**	**605,609**	**9,944**	**615,553**
Investment securities gains (losses), net	**—**	**—**	**—**	**—**	**7,823**	**7,823**
Non-interest expense	**(331,757)**	**(401,498)**	**(158,932)**	**(892,187)**	**(59,042)**	**(951,229)**
Income before income taxes	**$ 245,761**	**$ 371,966**	**$ 172,510**	**$ 790,237**	**$ (110,747)**	**$ 679,490**
Year ended December 31, 2023:						
Net interest income	$ 552,694	$ 521,530	$ 99,797	$ 1,174,021	$ (175,892)	$ 998,129
Provision for loan losses	(27,459)	(3,513)	(28)	(31,000)	(4,451)	(35,451)
Non-interest income	99,910	246,183	218,241	564,334	8,711	573,045
Investment securities gains (losses), net	—	—	—	—	14,985	14,985
Non-interest expense	(326,838)	(391,980)	(157,679)	(876,497)	(54,485)	(930,982)
Income before income taxes	$ 298,307	$ 372,220	$ 160,331	$ 830,858	$ (211,132)	$ 619,726
2024 vs 2023						
Increase (decrease) in income before income taxes:						
Amount	**$ (52,546)**	**$ (254)**	**$ 12,179**	**$ (40,621)**	**$ 100,385**	**$ 59,764**
Percent	**(17.6)%**	**(.1)%**	**7.6%**	**(4.9)%**	**(47.5)%**	**9.6%**
Year ended December 31, 2022:						
Net interest income	$ 582,329	$ 542,940	$ 118,724	$ 1,243,993	$ (301,808)	$ 942,185
Provision for loan losses	(17,816)	(1,195)	(8)	(19,019)	(9,052)	(28,071)
Non-interest income	105,806	224,810	221,099	551,715	(5,180)	546,535
Investment securities gains (losses), net	—	—	—	—	20,506	20,506
Non-interest expense	(306,671)	(365,037)	(152,623)	(824,331)	(24,446)	(848,777)
Income before income taxes	$ 363,648	$ 401,518	$ 187,192	$ 952,358	$ (319,980)	$ 632,378
2023 vs 2022						
Increase (decrease) in income before income taxes:						
Amount	$ (65,341)	$ (29,298)	$ (26,861)	$ (121,500)	$ 108,848	$ (12,652)
Percent	(18.0)%	(7.3)%	(14.3)%	(12.8)%	(34.0)%	(2.0)%

Consumer

The Consumer segment includes consumer deposits, consumer finance, and consumer debit and credit cards. During 2024, income before income taxes for the Consumer segment decreased $52.5 million, or 17.6%, compared to 2023. This decrease was due to a decline in net interest income of $40.5 million, or 7.3%, an increase in the provision for credit losses of $10.2 million, or 37.0%, and higher non-interest expense of $4.9 million, or 1.5%, partly offset by an increase in non-interest income of $3.0 million, or 3.0%. Net interest income decreased due to an increase of $66.4 million in deposit interest expense, partly offset by a $19.7 million increase in loan interest income and a $6.2 million increase in net allocated funding credits assigned to the Consumer segment's loan and deposit portfolios. Non-interest income increased mainly due to growth in net bank card fees (mainly credit and debit card fees), deposit account fees and mortgage banking revenue. Non-interest expense increased over the same period in the previous year mainly due to higher miscellaneous losses and allocated support costs for information technology and retail operations, partly offset by lower salaries and benefits expense and allocated management support costs. The provision for credit losses totaled $37.6 million, a $10.2 million increase over the prior year, which resulted mainly from higher consumer credit card and auto loan net charge-offs, partly offset by lower other vehicle and equipment loan net charge-offs. Total average loans in this segment decreased $1.7 million in 2024 compared to 2023 mainly due to declines in auto and

other vehicle loans and personal real estate loans, partly offset by higher revolving and fixed rate home equity loans. Average deposits increased $44.4 million, or .4%, over the prior year, resulting from growth in certificate of deposit account balances, partly offset by declines in savings, interest checking and money market deposit account balances.

During 2023, income before income taxes for the Consumer segment decreased $65.3 million, or 18.0%, compared to 2022. This decrease was due to lower net interest income of $29.6 million, or 5.1%, higher non-interest expense of $20.2 million, or 6.6%, an increase in the provision for credit losses of $9.6 million, or 54.1%, and a decline in non-interest income of $5.9 million, or 5.6%. Net interest income decreased due to a $17.4 million decrease in net allocated funding credits assigned to the Consumer segment's loan and deposit portfolios and an increase of $54.0 million in deposit interest expense, partly offset by a $41.8 million increase in loan interest income. Non-interest income decreased mainly due to lower deposit account fees (mainly overdraft and return item fees) and mortgage banking revenue, partly offset by growth in net debit card fees. Non-interest expense increased over 2022 mainly due to higher salaries and benefits expense, FDIC insurance expense, data processing and software expense and allocated support costs for consumer administration and operations and information technology. The provision for credit losses totaled $27.5 million, a $9.6 million increase over 2022, which resulted mainly from higher consumer credit card and personal loan net charge-offs. Total average loans in this segment increased $127.4 million, or 3.4%, in 2023 compared to 2022 mainly due to increases in personal real estate loans and revolving and fixed rate home equity loans. Average deposits decreased $1.2 billion, or 8.8%, from 2022, resulting from declines in money market, interest checking and savings deposit account balances, partly offset by growth in certificate of deposit account balances.

Commercial

The Commercial segment provides lending (including the Small Business Banking product line within the branch network), leasing, international services, and business, government deposit, and related commercial cash management services, as well as merchant and commercial bank card products. The segment includes the Commercial Tradable Products division, which sells fixed-income securities, underwrites municipal bonds, and provides securities safekeeping and accounting services to its business and correspondent bank customers. Pre-tax income for 2024 decreased $254 thousand, or .1%, compared to 2023, mainly due to lower net interest income and higher non-interest expense, mostly offset by higher non-interest income and a decrease in the provision for credit losses. Net interest income decreased $5.8 million, or 1.1%, due to lower net allocated funding credits of $30.9 million, coupled with higher interest expense on deposits and borrowings of $21.0 million and $8.2 million, respectively. These decreases to income were partly offset by higher loan interest income of $53.1 million. Non-interest income increased $13.0 million, or 5.3%, over the previous year mainly due to growth in deposit account fees (mainly corporate cash management fees), capital market fees, tax credit sales fees and loan commitment fees. These increases were partly offset by decreases in net bank card fees (mainly corporate card fees), letter of credit fees and swap fees. Non-interest expense increased $9.5 million, or 2.4%, mainly due to higher salaries and benefits expense and allocated servicing and support costs for management and bank operations. These increases were partly offset by lower insurance and marketing expense. The provision for credit losses decreased $2.1 million from the same period last year, mainly due to lower commercial and industrial loan net charge-offs. Average segment loans increased $240.8 million, or 2.2%, compared to 2023, mainly due to growth in business real estate, floor plan, tax free, and commercial and industrial loans. Average deposits decreased $498.9 million, or 4.8%, mainly due to declines in business demand and certificate of deposit account balances, partly offset by increases in interest checking and money market account balances.

Pre-tax income for 2023 decreased $29.3 million, or 7.3%, compared to 2022, mainly due to a decrease in net interest income and increases in non-interest expense and the provision for credit losses, partly offset by an increase in non-interest income. Net interest income decreased $21.4 million, or 3.9%, due to a decrease of $129.3 million in net allocated funding credits assigned to the Commercial segment's loan and deposit portfolios and increases in interest expense on customer repurchase agreements and deposits of $49.4 million and $116.4 million, respectively. These decreases to income were partly offset by higher loan interest income of $273.0 million. Non-interest income increased $21.4 million, or 9.5%, over 2022 due to growth in net bank card fees (mainly corporate card and merchant fees), deposit account fees (mainly corporate cash management fees), letter of credit fees and cash sweep commissions, partly offset by a decline in tax credit sales fees. Non-interest expense increased $26.9 million, or 7.4%, mainly due to higher salaries and benefits expense, FDIC insurance expense and allocated service and support costs (mainly bank operations, commercial payments and products and credit administration). These increases were partly offset by lower allocated support costs for information technology. The provision for credit losses increased $2.3 million over 2022, mainly due to higher business loan net charge-offs. Average segment loans increased $1.0 billion, or 10.4%, compared to 2022, mainly due to increases in business, business real estate, and construction loans. Average deposits decreased $1.6 billion, or 13.1%, mainly due to declines in business demand and money market deposit account balances, partly offset by increases in interest checking and certificate of deposit account balances.

Wealth

The Wealth segment provides traditional trust and estate planning, advisory and discretionary investment management services, brokerage services, and includes Private Banking accounts. At December 31, 2024, the Trust group managed investments with a market value of $45.3 billion and administered an additional $29.5 billion in non-managed assets. It also provides investment management services to The Commerce Funds, a series of mutual funds with $2.6 billion in total assets at December 31, 2024. In 2024, pre-tax income for the Wealth segment was $172.5 million, compared to $160.3 million in 2023, an increase of $12.2 million, or 7.6%. Net interest income decreased $12.0 million, or 12.0%, mainly due to a $20.3 million increase in deposit interest expense and a $510 thousand decline in net allocated funding credits assigned to the Wealth segment's loan and deposit portfolios, partly offset by an $8.9 million increase in loan interest income. Non-interest income increased $25.2 million, or 11.6%, over the prior year mainly due to higher private client and institutional trust fees, brokerage fees and cash sweep commissions. Non-interest expense increased $1.3 million, or .8%, mainly due to higher salaries and benefits expense, partly offset by deconversion costs recorded in the prior year (previously mentioned). The provision for credit losses decreased $176 thousand from the prior year due to lower fixed-rate home equity loan net charge-offs. Average assets increased $72.3 million, or 3.8%, during 2024 mainly due to higher personal real estate loan balances, partly offset by lower commercial and industrial and fixed rate home equity loan balances. Average deposits increased $1.6 million, or .1%, due to growth in certificate of deposit and money market deposit account balances, mostly offset by declines in interest checking and business demand deposit account balances.

In 2023, pre-tax income for the Wealth segment was $160.3 million, compared to $187.2 million in 2022, a decrease of $26.9 million, or 14.3%. Net interest income decreased $18.9 million, or 15.9%, mainly due to a $25.0 million decrease in net allocated funding credits assigned to the Wealth segment's loan and deposit portfolios and a $26.2 million increase in deposit interest expense, partly offset by a $32.3 million increase in loan interest income. Non-interest income decreased $2.9 million, or 1.3%, from 2022 mainly due to lower mutual fund retail trust fees and lower brokerage fees (mainly annuity fees), partly offset by higher private client trust fees and cash sweep commissions. Non-interest expense increased $5.1 million, or 3.3%, mainly due to higher salaries and benefits expense and deconversion costs recorded in 2023, partly offset by lower allocated costs for trust service fees to affiliates. The provision for credit losses increased $20 thousand over 2022. Average assets increased $54.9 million, or 3.0%, during 2023 mainly due to higher personal real estate loan balances, partly offset by lower business and fixed rate home equity loan balances. Average deposits decreased $427.4 million, or 15.2%, due to declines in interest checking and money market deposit account balances, partly offset by growth in certificate of deposit account balances.

The segment activity, as shown above, includes both direct and allocated items. Amounts in the “Other/Elimination” column include the activity of various support and overhead operating units of the Company, in addition to the investment securities portfolio, brokered deposits and other items not allocated to the segments. In accordance with the Company's transfer pricing procedures, the difference between the total provision and total net charge-offs/recoveries is not allocated to a business segment and is included in this category. In 2024, the pre-tax net loss in this category was $110.7 million, compared to net losses of $211.1 million in 2023. Unallocated securities gains were $7.8 million in 2024, compared to securities gains of $15.0 million in 2023. Additionally, net interest income increased $100.4 million, the provision for credit losses decreased $10.5 million, and non-interest income increased $1.2 million. These increases were partly offset by an increase in non-interest expense of $4.6 million. The increase in net interest income was driven by decreases in interest expense on borrowings and deposits of $52.1 million and $17.7 million, respectively, and a $25.2 million decrease in net allocated funding credits. The decrease in the unallocated provision for credit losses was primarily driven by a decrease in the liability for unfunded lending commitments, partly offset by an increase in the provision for credit losses on loans, which are both not allocated to the segments for management reporting purposes. Net charge-offs are allocated to segments when incurred for management reporting purposes. For the year ended December 31, 2024, the Company's provision for credit losses on unfunded lending commitments was a benefit $6.3 million, compared to a benefit of $7.9 million in 2023. The provision for credit losses on loans was $347 thousand in excess of net-charge offs in 2024, due to an increase in the allowance for credit losses on loans, while the provision was $12.3 million higher than net charge-offs in 2023.

Impact of Recently Issued Accounting Standards

Segment Reporting The FASB issued ASU 2023-07, "Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures", in November 2023. The amendments require disclosure of significant segment expenses and other segment items on an annual and interim basis. Public entities are required to disclose significant expense categories and amounts for each reportable segment, as well as the amount and a description of the composition of other segment items. Significant expense categories are derived from expenses that are regularly provided to an entity's chief operating decision-maker ("CODM"), and included in a segment's reported measures of profit or loss. Public entities are also required to disclose the title and position of the CODM and explain how the CODM uses the reported measures of profit or loss in assessing segment performance and deciding how to allocate resources. This Update requires interim disclosures of certain segment-related disclosures that previously were only required annually. This Update requires annual disclosures for fiscal years beginning January 1, 2024 and interim disclosures for fiscal years beginning January 1, 2025. The Company adopted this standard in 2024, and other than the inclusion of additional disclosures, the adoption did not have a significant impact on the Company's consolidated financial statements. The standard will be effective for the Company's consolidated financial statements for interim periods beginning January 1, 2025.

Income Taxes The FASB issued ASU 2023-09, "Income Taxes (Topic 740) - Improvements to Income Tax Disclosures", in December 2023. The amendments in this Update require additional disclosures regarding the rate reconciliation and income taxes paid. This Update also removed certain existing disclosure requirements. This Update is effective for annual periods beginning January 1, 2025. Early adoption is permitted. The amendments in this Update should be applied on a prospective basis, though retrospective application is permitted. Other than the inclusion of additional disclosures, the adoption is not expected to have a significant effect on the Company's consolidated financial statements.

Income Statement Reporting The FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses" in November 2024. The amendments in this Update require new disclosures providing further detail of a company's income statement expense items. This Update is effective for annual periods beginning January 1, 2027, and interim periods beginning January 1, 2028. Early adoption is permitted. The amendments in this Update should be applied on a prospective basis. Other than the inclusion of additional disclosures, the adoption is not expected to have a significant effect on the Company's consolidated financial statements.

Corporate Governance

The Company has adopted a number of corporate governance measures. These include corporate governance guidelines, a code of ethics that applies to its senior financial officers and the charters for its audit and risk committee, its committee on compensation and human resources, and its committee on governance/directors. This information is available on the Company's investor relations website at investor.commercebank.com/overview/corporate-governance.

SUMMARY OF QUARTERLY STATEMENTS OF INCOME

Year ended December 31, 2024	For the Quarter Ended			
(In thousands, except per share data)	12/31/2024	9/30/2024	6/30/2024	3/31/2024
Interest income	$ 369,405	$ 372,068	$ 369,363	$ 358,721
Interest expense	(102,758)	(109,717)	(107,114)	(109,722)
Net interest income	266,647	262,351	262,249	248,999
Non-interest income	155,436	159,025	152,244	148,848
Investment securities gains (losses), net	977	3,872	3,233	(259)
Salaries and employee benefits	(153,819)	(153,122)	(149,120)	(151,801)
Other expense	(81,899)	(84,478)	(83,094)	(93,896)
Provision for credit losses	(13,508)	(9,140)	(5,468)	(4,787)
Income before income taxes	173,834	178,508	180,044	147,104
Income taxes	(36,590)	(38,245)	(38,602)	(31,652)
Non-controlling interest	(1,136)	(2,256)	(1,889)	(2,789)
Net income attributable to Commerce Bancshares, Inc.	$ 136,108	$ 138,007	$ 139,553	$ 112,663
Net income per common share — basic*	$ 1.01	$ 1.02	$ 1.03	$ .82
Net income per common share — diluted*	$ 1.01	$ 1.01	$ 1.03	$ .82
Weighted average shares — basic*	133,509	134,217	134,881	135,494
Weighted average shares — diluted*	133,687	134,395	135,041	135,645

Year ended December 31, 2023	For the Quarter Ended			
(In thousands, except per share data)	12/31/2023	9/30/2023	6/30/2023	3/31/2023
Interest income	$ 362,609	$ 361,162	$ 348,663	$ 308,857
Interest expense	(114,188)	(112,615)	(99,125)	(57,234)
Net interest income	248,421	248,547	249,538	251,623
Non-interest income	144,879	142,949	147,605	137,612
Investment securities gains (losses), net	7,601	4,298	3,392	(306)
Salaries and employee benefits	(147,456)	(146,805)	(145,429)	(144,373)
Other expense	(103,798)	(81,205)	(82,182)	(79,734)
Provision for credit losses	(5,879)	(11,645)	(6,471)	(11,456)
Income before income taxes	143,768	156,139	166,453	153,366
Income taxes	(32,307)	(33,439)	(35,990)	(32,813)
Non-controlling interest	(2,238)	(2,104)	(2,674)	(1,101)
Net income attributable to Commerce Bancshares, Inc.	$ 109,223	$ 120,596	$ 127,789	$ 119,452
Net income per common share — basic*	$ .80	$ .88	$ .93	$ .86
Net income per common share — diluted*	$ .79	$ .88	$ .93	$ .86
Weighted average shares — basic*	135,982	136,399	136,583	136,714
Weighted average shares — diluted*	136,089	136,509	136,718	136,996

Year ended December 31, 2022	For the Quarter Ended			
(In thousands, except per share data)	12/31/2022	9/30/2022	6/30/2022	3/31/2022
Interest income	$ 286,377	$ 262,666	$ 238,154	$ 211,782
Interest expense	(31,736)	(16,293)	(5,769)	(2,996)
Net interest income	254,641	246,373	232,385	208,786
Non-interest income	136,825	138,514	139,427	131,769
Investment securities gains (losses), net	8,904	3,410	1,029	7,163
Salaries and employee benefits	(138,458)	(137,393)	(142,243)	(135,953)
Other expense	(78,282)	(75,491)	(71,262)	(69,695)
Provision for credit losses	(15,477)	(15,290)	(7,162)	9,858
Income before income taxes	168,153	160,123	152,174	151,928
Income taxes	(34,499)	(33,936)	(32,021)	(31,902)
Non-controlling interest	(2,026)	(3,364)	(4,359)	(1,872)
Net income attributable to Commerce Bancshares, Inc.	$ 131,628	$ 122,823	$ 115,794	$ 118,154
Net income per common share — basic*	$ .95	$ .88	$ .83	$ .84
Net income per common share — diluted*	$ .95	$ .88	$ .83	$ .84
Weighted average shares — basic*	137,053	137,636	138,515	139,291
Weighted average shares — diluted*	137,360	137,941	138,823	139,628

** Restated for the 5% stock dividend distributed in 2024.*

AVERAGE BALANCE SHEETS — AVERAGE RATES AND YIELDS

	Years Ended December 31								
	2024			2023			2022		
(Dollars in thousands)	Average Balance	Interest Income/ Expense	Average Rates Earned/Paid	Average Balance	Interest Income/ Expense	Average Rates Earned/Paid	Average Balance	Interest Income/ Expense	Average Rates Earned/Paid
ASSETS									
Loans:[A]									
Business[B]	**$ 5,946,080**	**$ 359,757**	**6.05%**	$ 5,781,736	$ 326,498	5.65%	$ 5,376,584	$ 198,238	3.69%
Real estate – construction and land	**1,438,834**	**118,557**	**8.24**	1,473,797	117,238	7.95	1,229,977	61,893	5.03
Real estate – business	**3,652,383**	**226,605**	**6.20**	3,577,093	214,091	5.99	3,205,061	133,909	4.18
Real estate – personal	**3,042,824**	**123,700**	**4.07**	2,979,014	110,729	3.72	2,841,626	94,878	3.34
Consumer	**2,106,724**	**137,508**	**6.53**	2,096,517	121,310	5.79	2,075,781	84,044	4.05
Revolving home equity	**333,711**	**25,298**	**7.58**	302,967	22,775	7.52	280,242	12,625	4.51
Consumer credit card	**560,850**	**78,052**	**13.92**	561,103	77,223	13.76	547,071	64,832	11.85
Overdrafts	**5,908**	**—**	**—**	4,923	—	—	5,645	—	—
Total loans	**17,087,314**	**1,069,477**	**6.26**	16,777,150	989,864	5.90	15,561,987	650,419	4.18
Loans held for sale	**2,283**	**165**	**7.23**	5,692	583	10.24	7,754	637	8.22
Investment securities:									
U.S. government & federal agency obligations	**1,603,655**	**60,796**	**3.79**	1,001,979	24,921	2.49	1,097,935	41,095	3.74
Government-sponsored enterprise obligations	**55,574**	**1,321**	**2.38**	63,436	1,683	2.65	54,768	1,293	2.36
State & municipal obligations[B]	**1,021,291**	**20,340**	**1.99**	1,518,835	31,280	2.06	2,061,620	47,121	2.29
Mortgage-backed securities	**5,358,809**	**112,669**	**2.10**	6,237,225	128,875	2.07	6,979,862	135,920	1.95
Asset-backed securities	**1,740,722**	**45,511**	**2.61**	2,732,093	58,318	2.13	3,888,405	58,716	1.51
Other debt securities	**327,832**	**6,574**	**2.01**	518,549	9,590	1.85	606,661	11,811	1.95
Trading debt securities[B]	**47,755**	**2,249**	**4.71**	41,092	1,968	4.79	41,205	1,129	2.74
Equity securities[B]	**70,559**	**3,597**	**5.10**	12,317	2,988	24.26	9,492	2,578	27.16
Other securities[B]	**222,487**	**21,231**	**9.54**	240,808	23,115	9.60	203,953	21,103	10.35
Total investment securities	**10,448,684**	**274,288**	**2.63**	12,366,334	282,738	2.29	14,943,901	320,766	2.15
Federal funds sold	**760**	**49**	**6.45**	12,464	659	5.29	11,701	412	3.52
Securities purchased under agreements to resell	**421,998**	**13,358**	**3.17**	702,110	13,649	1.94	1,495,956	22,647	1.51
Interest earning deposits with banks	**2,304,969**	**121,440**	**5.27**	1,960,185	103,248	5.27	1,362,863	15,098	1.11
Total interest earning assets	**30,266,008**	**1,478,777**	**4.89**	31,823,935	1,390,741	4.37	33,384,162	1,009,979	3.03
Allowance for credit losses on loans	**(159,988)**			(157,398)			(141,341)		
Unrealized gain (loss) on debt securities	**(1,100,133)**			(1,443,659)			(922,259)		
Cash and due from banks	**326,983**			304,610			323,296		
Premises and equipment - net	**482,372**			454,360			409,235		
Other assets	**870,038**			958,767			552,224		
Total assets	**$ 30,685,280**			$ 31,940,615			$ 33,605,317		
LIABILITIES AND EQUITY									
Interest bearing deposits:									
Savings	**$ 1,311,878**	**773**	**.06**	$ 1,464,639	756	.05	$ 1,583,983	740	.05
Interest checking and money market	**13,325,607**	**226,103**	**1.70**	13,099,305	145,636	1.11	14,475,089	24,359	.17
Certificates of deposit of less than $100,000	**1,024,704**	**42,226**	**4.12**	1,005,938	38,690	3.85	406,580	1,469	.36
Certificates of deposit of $100,000 and over	**1,500,739**	**67,060**	**4.47**	1,486,403	61,057	4.11	670,472	3,898	.58
Total interest bearing deposits	**17,162,928**	**336,162**	**1.96**	17,056,285	246,139	1.44	17,136,124	30,466	.18
Borrowings:									
Federal funds purchased	**230,059**	**12,221**	**5.31**	495,798	25,265	5.10	83,255	1,836	2.21
Securities sold under agreements to repurchase	**2,391,201**	**80,908**	**3.38**	2,343,835	73,164	3.12	2,356,024	24,022	1.02
Other borrowings[C]	**620**	**23**	**3.71**	757,288	39,496	5.22	46,459	1,840	3.96
Total borrowings	**2,621,880**	**93,152**	**3.55**	3,596,921	137,925	3.83	2,485,738	27,698	1.11
Total interest bearing liabilities	**19,784,808**	**429,314**	**2.17%**	20,653,206	384,064	1.86%	19,621,862	58,164	.30%
Non-interest bearing deposits	**7,344,079**			8,252,096			10,964,573		
Other liabilities	**397,547**			375,855			198,002		
Equity	**3,158,846**			2,659,458			2,820,880		
Total liabilities and equity	**$ 30,685,280**			$ 31,940,615			$ 33,605,317		
Net interest margin (FTE)		**$1,049,463**			$1,006,677			$ 951,815	
Net yield on interest earning assets			**3.47%**			3.16%			2.85%
Percentage increase (decrease) in net interest margin (FTE) compared to the prior year			**4.25%**			5.76%			12.36%

(A) Loans on non-accrual status are included in the computation of average balances. Included in interest income above are loan fees and late charges, net of amortization of deferred loan origination fees and costs, which are immaterial. Credit card income from merchant discounts and net interchange fees are not included in loan income.

Years Ended December 31										
2021			2020			2019				
Average Balance	Interest Income/ Expense	Average Rates Earned/Paid	Average Balance	Interest Income/ Expense	Average Rates Earned/Paid	Average Balance	Interest Income/ Expense	Average Rates Earned/Paid	Average Balance Five Year Compound Growth Rate	
$ 5,838,682	$ 186,968	3.20%	$ 6,387,410	$ 196,249	3.07%	$ 5,214,158	$ 202,308	3.88%	2.66%	
1,144,741	40,702	3.56	956,999	38,619	4.04	909,367	49,702	5.47	9.61	
3,005,943	104,329	3.47	2,959,068	110,080	3.72	2,859,008	127,635	4.46	5.02	
2,797,635	92,267	3.30	2,619,211	94,835	3.62	2,178,716	85,604	3.93	6.91	
2,009,577	76,361	3.80	1,967,133	86,096	4.38	1,930,883	92,414	4.79	1.76	
286,064	9,823	3.43	334,866	12,405	3.70	358,474	18,204	5.08	(1.42)	
577,411	64,274	11.13	668,810	78,704	11.77	764,828	93,754	12.26	(6.02)	
4,335	—	—	3,351	—	—	9,203	—	—	(8.48)	
15,664,388	574,724	3.67	15,896,848	616,988	3.88	14,224,637	669,621	4.71	3.74	
21,524	880	4.09	18,685	860	4.60	18,577	1,209	6.51	(34.25)	
796,043	32,888	4.13	780,903	17,369	2.22	851,124	20,968	2.46	13.51	
50,789	1,180	2.32	105,069	3,346	3.18	191,406	4,557	2.38	(21.91)	
2,015,635	47,721	2.37	1,562,415	42,260	2.70	1,220,958	38,362	3.14	(3.51)	
6,985,897	95,175	1.36	5,733,398	109,834	1.92	4,594,576	123,806	2.69	3.13	
2,824,993	32,705	1.16	1,467,496	29,759	2.03	1,372,574	37,478	2.73	4.87	
603,720	12,556	2.08	444,489	10,846	2.44	333,105	9,017	2.71	(.32)	
36,534	452	1.24	30,321	659	2.17	29,450	886	3.01	10.15	
6,809	2,223	32.65	4,206	2,030	48.26	4,547	1,792	39.41	73.05	
171,322	18,924	11.05	133,391	8,732	6.55	134,255	8,466	6.31	10.63	
13,491,742	243,824	1.81	10,261,688	224,835	2.19	8,731,995	245,332	2.81	3.65	
677	4	.59	278	3	1.08	2,034	55	2.70	(17.87)	
1,275,837	37,377	2.93	849,998	40,647	4.78	741,089	15,898	2.15	(10.65)	
2,420,533	3,202	.13	1,115,551	2,273	.20	316,299	6,698	2.12	48.77	
32,874,701	860,011	2.62	28,143,048	885,606	3.15	24,034,631	938,813	3.91	4.72	
(188,758)			(196,942)			(160,212)			(.03)	
198,722			292,898			74,605			N.M.	
339,431			343,516			370,709			(2.48)	
408,537			399,228			380,350			4.87	
531,102			634,949			513,442			11.12	
$ 34,163,735			$ 29,616,697			$ 25,213,525			4.01	
$ 1,450,495	1,129	.08	$ 1,123,413	1,053	.09	$ 918,896	1,021	.11	7.38	
13,370,226	6,380	.05	11,539,717	16,798	.15	10,607,224	38,691	.36	4.67	
478,371	1,158	.24	585,695	4,897	.84	610,807	6,368	1.04	10.90	
1,244,757	2,577	.21	1,358,389	12,948	.95	1,396,760	26,945	1.93	1.45	
16,543,849	11,244	.07	14,607,214	35,696	.24	13,533,687	73,025	.54	4.87	
23,623	17	.07	126,203	794	.63	247,126	5,332	2.16	(1.42)	
2,311,214	1,629	.07	1,840,276	5,297	.29	1,574,972	24,083	1.53	8.71	
808	5	.62	126,585	1,029	.81	43,919	952	2.17	(57.35)	
2,335,645	1,651	.07	2,093,064	7,120	.34	1,866,017	30,367	1.63	7.04	
18,879,494	12,895	.07%	16,700,278	42,816	.26%	15,399,704	103,392	.67%	5.14	
11,240,267			8,890,263			6,376,204			2.87	
591,459			715,033			360,587			1.97	
3,452,515			3,311,123			3,077,030			.53	
$ 34,163,735			$ 29,616,697			$ 25,213,525			4.01%	
	$ 847,116			$ 842,790			$ 835,421			
		2.58%			2.99%			3.48%		
		.51%			.88%			(.55%)		

(B) Interest income and yields are presented on a fully taxable-equivalent basis using a federal income tax rate of 21%. Loan interest income includes tax free loan income (categorized as business loan income) which includes tax equivalent adjustments of $6,706,000 in 2024, $5,467,000 in 2023, $4,126,000 in 2022, $4,176,000 in 2021, $4,916,000 in 2020, and $6,282,000 in 2019. Investment securities interest income includes tax equivalent adjustments of $2,514,000 in 2024, $3,983,000 in 2023, $6,874,000 in 2022, $7,546,000 in 2021, $8,042,000 in 2020, and $7,845,000 in 2019. These adjustments relate to state and municipal obligations, trading securities, equity securities, and other securities.

(C) Interest expense of $2,000, $903,000, $1,370,000, $29,000 and $14,000, which was capitalized on construction projects in 2024, 2023, 2022, 2021, and 2020, respectively, is not deducted from the interest expense shown above.

QUARTERLY AVERAGE BALANCE SHEETS — AVERAGE RATES AND YIELDS

	Year ended December 31, 2024							
	Fourth Quarter		Third Quarter		Second Quarter		First Quarter	
(Dollars in millions)	Average Balance	Average Rates Earned/Paid	Average Balance	Average Rates Earned/Paid	Average Balance	Average Rates Earned/Paid	Average Balance	Average Rates Earned/Paid
ASSETS								
Loans:								
Business[(A)]	$ 5,964	5.86%	$ 5,967	6.17%	$ 5,979	6.11%	$ 5,873	6.07%
Real estate – construction and land	1,411	7.75	1,401	8.44	1,472	8.36	1,473	8.40
Real estate – business	3,636	6.01	3,581	6.28	3,666	6.26	3,728	6.26
Real estate – personal	3,047	4.17	3,048	4.10	3,045	4.04	3,031	3.95
Consumer	2,087	6.52	2,129	6.64	2,128	6.56	2,082	6.40
Revolving home equity	351	7.28	336	7.69	326	7.68	322	7.70
Consumer credit card	568	13.60	559	14.01	553	13.96	563	14.11
Overdrafts	6	—	5	—	5	—	8	—
Total loans	17,070	6.11	17,026	6.35	17,174	6.30	17,080	6.27
Loans held for sale	2	7.65	2	6.34	2	7.54	2	7.49
Investment securities:								
U.S. government & federal agency obligations	2,459	3.86	1,889	3.68	1,202	5.04	852	2.08
Government-sponsored enterprise obligations	55	2.36	56	2.37	56	2.39	56	2.39
State & municipal obligations[(A)]	832	2.01	857	2.00	1,070	2.00	1,331	1.97
Mortgage-backed securities	4,905	2.17	5,082	1.95	5,554	2.09	5,902	2.19
Asset-backed securities	1,571	2.99	1,526	2.66	1,786	2.50	2,085	2.39
Other debt securities	221	2.11	225	2.07	365	2.01	503	1.93
Trading debt securities[(A)]	56	4.26	47	4.52	47	4.95	40	5.30
Equity securities[(A)]	57	6.58	85	4.44	128	2.82	13	25.64
Other securities[(A)]	223	5.75	216	6.09	228	13.20	222	13.04
Total investment securities	10,379	2.80	9,983	2.52	10,436	2.75	11,004	2.44
Federal funds sold	1	5.78	—	—	2	6.74	1	6.71
Securities purchased under agreements to resell	566	3.57	475	3.53	304	3.21	341	1.93
Interest earning deposits with banks	2,610	4.78	2,565	5.43	2,100	5.48	1,938	5.48
Total interest earning assets	30,628	4.83	30,051	4.96	30,018	4.98	30,366	4.78
Allowance for credit losses on loans	(160)		(158)		(160)		(162)	
Unrealized gain (loss) on debt securities	(896)		(962)		(1,272)		(1,274)	
Cash and due from banks	396		362		268		282	
Premises and equipment – net	491		481		479		478	
Other assets	815		806		903		955	
Total assets	$ 31,274		$ 30,580		$ 30,236		$ 30,645	
LIABILITIES AND EQUITY								
Interest bearing deposits:								
Savings	$ 1,281	.05	$ 1,304	.07	$ 1,329	.06	$ 1,334	.06
Interest checking and money market	13,680	1.63	13,242	1.74	13,161	1.73	13,215	1.69
Certificates of deposit under $100,000	1,062	3.91	1,056	4.17	1,004	4.22	977	4.20
Certificates of deposit $100,000 & over	1,452	4.24	1,464	4.51	1,493	4.55	1,595	4.56
Total interest bearing deposits	17,475	1.87	17,066	2.00	16,987	1.99	17,121	1.97
Borrowings:								
Federal funds purchased	122	4.71	207	5.38	265	5.42	328	5.42
Securities sold under agreements to repurchase	2,446	3.11	2,352	3.56	2,255	3.44	2,512	3.43
Other borrowings	1	3.36	—	4.81	1	3.84	—	—
Total borrowings	2,569	3.18	2,559	3.71	2,521	3.65	2,840	3.66
Total interest bearing liabilities	20,044	2.04%	19,625	2.22%	19,508	2.21%	19,961	2.21%
Non-interest bearing deposits	7,464		7,285		7,298		7,329	
Other liabilities	375		405		399		410	
Equity	3,391		3,265		3,031		2,945	
Total liabilities and equity	$ 31,274		$ 30,580		$ 30,236		$ 30,645	
Net interest margin (FTE)	$ 269		$ 265		$ 265		$ 251	
Net yield on interest earning assets		3.49%		3.50%		3.55%		3.33%

(A) Stated on a fully taxable-equivalent basis using a federal income tax rate of 21%.

(Dollars in millions)	Year ended December 31, 2023							
	Fourth Quarter		Third Quarter		Second Quarter		First Quarter	
	Average Balance	Average Rates Earned/Paid	Average Balance	Average Rates Earned/Paid	Average Balance	Average Rates Earned/Paid	Average Balance	Average Rates Earned/Paid
ASSETS								
Loans:								
Business[(A)]	$ 5,861	5.91%	$ 5,849	5.77%	$ 5,756	5.58%	$ 5,657	5.31%
Real estate – construction and land	1,524	8.34	1,509	8.17	1,450	7.92	1,411	7.33
Real estate – business	3,645	6.18	3,642	6.13	3,541	5.96	3,478	5.65
Real estate – personal	3,028	3.85	2,993	3.73	2,961	3.68	2,934	3.61
Consumer	2,117	6.21	2,102	5.97	2,099	5.63	2,067	5.31
Revolving home equity	310	7.70	304	7.76	301	7.55	297	7.03
Consumer credit card	568	13.83	564	13.77	556	13.77	556	13.68
Overdrafts	5	—	5	—	5	—	4	—
Total loans	17,058	6.15	16,968	6.02	16,669	5.84	16,404	5.56
Loans held for sale	5	9.93	6	10.55	6	10.17	6	10.30
Investment securities:								
U.S. government & federal agency obligations	889	2.32	986	2.31	1,036	3.42	1,099	1.90
Government-sponsored enterprise obligations	56	2.36	56	2.36	56	2.38	87	3.21
State & municipal obligations[(A)]	1,364	1.94	1,392	1.95	1,533	2.04	1,794	2.26
Mortgage-backed securities	6,024	2.05	6,161	2.06	6,316	2.09	6,454	2.06
Asset-backed securities	2,325	2.30	2,554	2.20	2,828	2.08	3,234	2.01
Other debt securities	511	1.85	515	1.75	520	1.86	529	1.93
Trading debt securities[(A)]	37	5.05	35	5.11	46	4.53	46	4.59
Equity securities[(A)]	12	27.47	12	23.06	12	23.25	12	23.24
Other securities[(A)]	222	8.60	237	13.13	274	9.40	230	7.11
Total investment securities	11,440	2.27	11,948	2.33	12,621	2.37	13,485	2.18
Federal funds sold	1	6.65	3	6.56	7	5.63	39	5.09
Securities purchased under agreements to resell	450	1.64	712	2.08	825	1.99	825	1.94
Interest earning deposits with banks	2,387	5.47	2,338	5.39	2,284	5.14	810	4.67
Total interest earning assets	31,341	4.62	31,975	4.51	32,412	4.34	31,569	4.00
Allowance for credit losses on loans	(162)		(158)		(159)		(150)	
Unrealized gain (loss) on debt securities	(1,596)		(1,458)		(1,331)		(1,387)	
Cash and due from banks	299		296		310		314	
Premises and equipment – net	473		464		449		431	
Other assets	1,026		990		1,182		631	
Total assets	$ 31,381		$ 32,109		$ 32,863		$ 31,408	
LIABILITIES AND EQUITY								
Interest bearing deposits:								
Savings	$ 1,358	.05	$ 1,436	.05	$ 1,517	.05	$ 1,550	.05
Interest checking and money market	13,167	1.57	13,048	1.33	12,919	.93	13,266	.61
Certificates of deposit under $100,000	1,097	4.21	1,424	4.32	1,075	3.78	415	1.39
Certificates of deposit $100,000 & over	1,839	4.55	1,718	4.37	1,472	3.93	903	2.98
Total interest bearing deposits	17,461	1.93	17,626	1.76	16,983	1.29	16,134	.71
Borrowings:								
Federal funds purchased	474	5.40	509	5.33	507	5.06	494	4.59
Securities sold under agreements to repurchase	2,467	3.25	2,283	3.20	2,207	3.09	2,419	2.93
Other borrowings	179	5.45	685	5.30	1,618	5.24	551	4.94
Total borrowings	3,120	3.71	3,477	3.93	4,332	4.13	3,464	3.49
Total interest bearing liabilities	20,581	2.20%	21,103	2.12%	21,315	1.87%	19,598	1.20%
Non-interest bearing deposits	7,749		7,939		8,224		9,115	
Other liabilities	421		369		598		112	
Equity	2,630		2,698		2,726		2,583	
Total liabilities and equity	$ 31,381		$ 32,109		$ 32,863		$ 31,408	
Net interest margin (FTE)	$ 251		$ 251		$ 252		$ 253	
Net yield on interest earning assets		3.17%		3.11%		3.12%		3.26%

(A) Stated on a fully taxable-equivalent basis using a federal income tax rate of 21%.

Item 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this item is disclosed within the Interest Rate Sensitivity section of Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Commerce Bancshares, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Commerce Bancshares, Inc. and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 25, 2025 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

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

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

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment for credit losses related to loans collectively evaluated for impairment

As discussed in Notes 1 and 2 to the consolidated financial statements, the total allowance for credit losses was $162.7 million as of December 31, 2024. The allowance for credit losses on loans and leases is measured on a collective (pool) basis where loans are aggregated into pools based on similar risk characteristics. The Company estimates the collective ACL utilizing average historical loss rates, calculated using historical net charge-offs and outstanding loan balances during a lookback period for each pool. In certain pools, if the Company's own historical loss rate is not reflective of loss

expectations, the historical loss rate is augmented by industry and peer data. The calculated average net charge-off rate is then adjusted for current conditions and reasonable and supportable forecasts (forecast adjust loss rate). These adjustments increase or decrease the average historical loss rate to reflect expectations of further losses given a single path economic forecast of key macroeconomic variables. The adjustments are based on results from various regression models projecting the impact of the macroeconomic variables to loss rates. The forecast is used for a reasonable and supportable period before reverting back to historical averages using a straight-line method. The forecast adjustment loss rate is applied to the amortized cost of loans over the remaining contractual lives, adjusted for expected prepayments. The allowance is further adjusted for certain qualitative factors not included in historical loss rates or the macroeconomic forecast, which include concentrations, changes in portfolio composition and characteristics, underwriting practices, watchlist trends, or significant unique events or conditions.

We identified the assessment of the December 31, 2024 collective ACL as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, and subjective and complex auditor judgement was involved in the assessment due to significant measurement uncertainty. Specifically, this assessment encompassed the evaluation of the conceptual soundness of the average historical loss model used to estimate the collective ACL, including the following key factors and assumptions (1) historical losses, (2) the reasonable and supportable forecast period, and (3) the development and evaluation of qualitative adjustments. In addition, auditor judgement was required to evaluate the sufficiency of audit evidence obtained.

The following are the primary procedures we performed to address the critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's measurement of the collective ACL estimates, including controls over the (1) development and approval of the collective ACL methodology, (2) performance monitoring of the collective ACL methodology and model, (3) identification and determination of the key factors and assumptions used to estimate the collective ACL, (4) development of qualitative adjustments, and (5) analysis of the collective ACL results, trends, and ratios. We evaluated the Company's process to develop the collective ACL results by testing certain sources of data, factors, and assumptions, and considered the relevance and reliability of such data, factors, and assumptions. We evaluated whether the historical losses in the Company's portfolio are representative of the credit characteristics of the current portfolio. We involved credit risk professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's collective ACL methodology for compliance with U.S generally accepted accounting principles

- evaluating the collective ACL methodology and model for conceptual soundness by inspecting the methodology and model documentation to determine whether the methodology and model are suitable for intended use

- testing the historical losses period and the reasonable and supportable forecast period by comparing them to the Company's business environment and relevant industry practices

- evaluating the methodology used to develop the qualitative factors and the effect of those factors on the collective ACL compared with changes in the nature and volume of the entity's loans and leases and identified limitations of the underlying quantitative model.

We assessed the sufficiency of the audit evidence obtained related to the Company's December 31, 2024 collective ACL by evaluating the cumulative results of the audit procedures, qualitative aspects of the Company's accounting practices and potential bias in the accounting estimates.

KPMG LLP

We have served as the Company's auditor since 1971.

Kansas City, Missouri
February 25, 2025

Commerce Bancshares, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	December 31	
	2024	2023
	(In thousands)	
ASSETS		
Loans	**$ 17,220,103**	$ 17,205,479
Allowance for credit losses on loans	**(162,742)**	(162,395)
Net loans	**17,057,361**	17,043,084
Loans held for sale (including $2,981,000 and $1,585,000 of residential mortgage loans carried at fair value at December 31, 2024 and 2023, respectively)	**3,242**	4,177
Investment securities:		
Available for sale debt, at fair value (amortized cost of $10,127,426,000 and $10,904,765,000 at December 31, 2024 and 2023, respectively, and allowance for credit losses of $– at both December 31, 2024 and 2023)	**9,136,853**	9,684,760
Trading debt	**38,034**	28,830
Equity	**57,442**	12,701
Other	**230,051**	222,473
Total investment securities	**9,462,380**	9,948,764
Federal funds sold	**3,000**	5,025
Securities purchased under agreements to resell	**625,000**	450,000
Interest earning deposits with banks	**2,624,553**	2,239,010
Cash and due from banks	**748,357**	443,147
Premises and equipment – net	**475,275**	469,059
Goodwill	**146,539**	146,539
Other intangible assets – net	**13,632**	14,179
Other assets	**837,288**	938,077
Total assets	**$ 31,996,627**	$ 31,701,061
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-interest bearing	**$ 8,150,669**	$ 7,975,935
Savings, interest checking and money market	**14,754,571**	14,512,273
Certificates of deposit of less than $100,000	**996,721**	930,432
Certificates of deposit of $100,000 and over	**1,391,683**	1,945,258
Total deposits	**25,293,644**	25,363,898
Federal funds purchased and securities sold under agreements to repurchase	**2,926,758**	2,908,815
Other borrowings	**56**	1,404
Other liabilities	**443,694**	462,714
Total liabilities	**28,664,152**	28,736,831
Commerce Bancshares, Inc. stockholders' equity:		
Common stock, $5 par value Authorized 190,000,000 shares at December 31, 2024 and 190,000,000 shares at December 31, 2023; issued 135,210,812 shares at December 31, 2024 and 131,064,418 shares at December 31, 2023	**676,054**	655,322
Capital surplus	**3,395,645**	3,162,622
Retained earnings	**45,494**	53,183
Treasury stock of 784,203 shares at December 31, 2024 and 611,546 shares at December 31, 2023, at cost	**(48,401)**	(35,599)
Accumulated other comprehensive income (loss)	**(758,911)**	(891,412)
Total Commerce Bancshares, Inc. stockholders' equity	**3,309,881**	2,944,116
Non-controlling interest	**22,594**	20,114
Total equity	**3,332,475**	2,964,230
Total liabilities and equity	**$ 31,996,627**	$ 31,701,061

See accompanying notes to consolidated financial statements.

Commerce Bancshares, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

	For the Years Ended December 31		
(In thousands, except per share data)	**2024**	2023	2022
INTEREST INCOME			
Interest and fees on loans	**$ 1,062,771**	$ 984,397	$ 646,293
Interest on loans held for sale	**165**	583	637
Interest on investment securities	**271,774**	278,755	313,892
Interest on federal funds sold	**49**	659	412
Interest on securities purchased under agreements to resell	**13,358**	13,649	22,647
Interest on deposits with banks	**121,440**	103,248	15,098
Total interest income	**1,469,557**	1,381,291	998,979
INTEREST EXPENSE			
Interest on deposits:			
Savings, interest checking and money market	**226,876**	146,392	25,099
Certificates of deposit of less than $100,000	**42,226**	38,690	1,469
Certificates of deposit of $100,000 and over	**67,060**	61,057	3,898
Interest on federal funds purchased	**12,221**	25,265	1,836
Interest on securities sold under agreements to repurchase	**80,908**	73,164	24,022
Interest on other borrowings	**20**	38,594	470
Total interest expense	**429,311**	383,162	56,794
Net interest income	**1,040,246**	998,129	942,185
Provision for credit losses	**32,903**	35,451	28,071
Net interest income after credit losses	**1,007,343**	962,678	914,114
NON-INTEREST INCOME			
Trust fees	**214,430**	190,954	184,719
Bank card transaction fees	**189,784**	191,156	176,144
Deposit account charges and other fees	**100,336**	90,992	94,381
Capital market fees	**19,776**	14,100	14,231
Consumer brokerage services	**18,141**	17,223	19,117
Loan fees and sales	**12,890**	11,165	13,141
Other	**60,196**	57,455	44,802
Total non-interest income	**615,553**	573,045	546,535
INVESTMENT SECURITIES GAINS (LOSSES), NET	**7,823**	14,985	20,506
NON-INTEREST EXPENSE			
Salaries and employee benefits	**607,862**	584,063	554,047
Data processing and software	**127,390**	118,758	110,692
Net occupancy	**53,223**	53,629	49,117
Professional and other services	**35,077**	36,198	35,805
Marketing	**22,353**	24,511	23,827
Equipment	**20,619**	19,548	19,359
Supplies and communication	**19,291**	19,420	18,101
Deposit insurance	**16,482**	33,163	10,583
Other	**48,932**	41,692	27,246
Total non-interest expense	**951,229**	930,982	848,777
Income before income taxes	**679,490**	619,726	632,378
Less income taxes	**145,089**	134,549	132,358
Net income	**534,401**	485,177	500,020
Less non-controlling interest expense (income)	**8,070**	8,117	11,621
Net income attributable to Commerce Bancshares, Inc.	**$ 526,331**	$ 477,060	$ 488,399
Net income per common share - basic	**$ 3.88**	$ 3.47	$ 3.50
Net income per common share - diluted	**$ 3.87**	$ 3.46	$ 3.50

See accompanying notes to consolidated financial statements.

Commerce Bancshares, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	For the Years Ended December 31		
(In thousands)	**2024**	2023	2022
Net income	**$ 534,401**	$ 485,177	$ 500,020
Other comprehensive income (loss), net of tax:			
Net unrealized gains (losses) on other securities	**172,075**	209,914	(1,148,089)
Change in pension loss	**1,537**	3,590	3,482
Unrealized gains (losses) on cash flow hedge derivatives	**(41,111)**	(18,052)	(19,337)
Other comprehensive income (loss), net of tax	**132,501**	195,452	(1,163,944)
Comprehensive income (loss)	**666,902**	680,629	(663,924)
Less non-controlling interest (income) loss	**8,070**	8,117	11,621
Comprehensive income (loss) attributable to Commerce Bancshares, Inc.	**$ 658,832**	$ 672,512	$ (675,545)

See accompanying notes to consolidated financial statements.

Commerce Bancshares, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Commerce Bancshares, Inc. Shareholders						
(In thousands, except per share data)	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest	Total
Balance at December 31, 2021	$ 610,804	$ 2,689,894	$ 92,493	$ (32,973)	$ 77,080	$ 11,026	$ 3,448,324
Net income			488,399			11,621	500,020
Other comprehensive income (loss)					(1,163,944)		(1,163,944)
Distributions to non-controlling interest						(6,361)	(6,361)
Purchases of treasury stock				(186,622)			(186,622)
Cash dividends paid on common stock ($.916 per share)			(127,466)				(127,466)
Stock-based compensation		16,995					16,995
Issuance under stock purchase and equity compensation plans		(19,563)		21,468			1,905
5% stock dividend, net	18,515	245,633	(421,806)	156,384			(1,274)
Balance at December 31, 2022	629,319	2,932,959	31,620	(41,743)	(1,086,864)	16,286	2,481,577
Net income			477,060			8,117	485,177
Other comprehensive income (loss)					195,452		195,452
Distributions to non-controlling interest						(4,235)	(4,235)
Purchases of treasury stock				(76,890)			(76,890)
Sale of non-controlling interest of subsidiary		54				(54)	—
Cash dividends paid on common stock ($.980 per share)			(134,734)				(134,734)
Stock-based compensation		17,052					17,052
Issuance under stock purchase and equity compensation plans		(21,732)		23,439			1,707
5% stock dividend, net	26,003	234,289	(320,763)	59,595			(876)
Balance at December 31, 2023	**655,322**	**3,162,622**	**53,183**	**(35,599)**	**(891,412)**	**20,114**	**2,964,230**
Net income			**526,331**			**8,070**	**534,401**
Other comprehensive income (loss)					**132,501**		**132,501**
Distributions to non-controlling interest						**(5,590)**	**(5,590)**
Purchases of treasury stock				**(171,407)**			**(171,407)**
Cash dividends paid on common stock ($1.029 per share)			**(139,503)**				**(139,503)**
Stock-based compensation		**17,031**					**17,031**
Issuance under stock purchase and equity compensation plans		**(23,816)**		**25,514**			**1,698**
5% stock dividend, net	**20,732**	**239,808**	**(394,517)**	**133,091**			**(886)**
Balance at December 31, 2024	**$ 676,054**	**$ 3,395,645**	**$ 45,494**	**$ (48,401)**	**$ (758,911)**	**$ 22,594**	**$ 3,332,475**

See accompanying notes to consolidated financial statements.

Commerce Bancshares, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	For the Years Ended December 31		
	2024	2023	2022
OPERATING ACTIVITIES			
Net income	**$ 534,401**	$ 485,177	$ 500,020
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for credit losses	**32,903**	35,451	28,071
Depreciation and amortization	**54,076**	49,513	46,856
Amortization of investment security premiums, net	**(839)**	17,666	18,805
Deferred income tax (benefit) expense	**(591)**	(7,399)	21,716
Investment securities (gains) losses, net (A)	**(7,823)**	(14,985)	(20,506)
Net (gains) losses on sales of loans held for sale	**(2,326)**	(1,026)	(2,660)
Proceeds from sales of loans held for sale	**107,456**	58,946	123,656
Originations of loans held for sale	**(104,974)**	(57,424)	(118,850)
Net (increase) decrease in trading securities, excluding unsettled transactions	**(18,466)**	28,478	4,152
Purchase of interest rate floors	**—**	(54,449)	(35,799)
Stock-based compensation	**17,031**	17,052	16,995
(Increase) decrease in interest receivable	**(5,362)**	(5,986)	(28,439)
Increase (decrease) in interest payable	**(23,856)**	46,650	3,054
Increase (decrease) in income taxes payable	**12,215**	4,586	(12,936)
Other changes, net	**(15,986)**	(113,481)	15,250
Net cash provided by (used in) operating activities	**577,859**	488,769	559,385
INVESTING ACTIVITIES			
Cash paid in acquisition, net of cash received	**—**	(6,365)	—
Distributions received from equity-method investment	**—**	1,434	400
Proceeds from sales of investment securities (A)	**1,295,587**	1,141,949	106,971
Proceeds from maturities/pay downs of investment securities (A)	**2,133,113**	1,935,552	2,691,260
Purchases of investment securities (A)	**(2,677,996)**	(246,286)	(2,147,862)
Net (increase) decrease in loans	**(54,675)**	(933,736)	(1,146,292)
Securities purchased under agreements to resell	**(500,000)**	—	(200,000)
Repayments of securities purchased under agreements to resell	**325,000**	375,000	1,000,000
Purchases of premises and equipment	**(46,133)**	(88,074)	(65,191)
Sales of premises and equipment	**8,891**	4,358	2,985
Net cash provided by (used in) investing activities	**483,787**	2,183,832	242,271
FINANCING ACTIVITIES			
Net increase (decrease) in non-interest bearing, savings, interest checking and money market deposits	**413,329**	(2,612,412)	(3,254,081)
Net increase (decrease) in certificates of deposit	**(487,286)**	1,881,587	(448,511)
Net increase (decrease) in federal funds purchased and short-term securities sold under agreements to repurchase	**17,943**	67,081	(181,233)
FHLB short-term borrowings	**—**	2,250,000	—
Repayments of FHLB borrowings	**—**	(2,250,000)	—
Net increase (decrease) in other borrowings	**(1,348)**	(8,268)	(2,888)
Purchases of treasury stock	**(170,470)**	(76,370)	(186,622)
Cash dividends paid on common stock and distributions to non-controlling interest	**(145,093)**	(134,734)	(127,466)
Other, net	**(12)**	(3)	(8)
Net cash provided by (used in) financing activities	**(372,937)**	(883,119)	(4,200,809)
Increase (decrease) in cash, cash equivalents and restricted cash	**688,709**	1,789,482	(3,399,153)
Cash, cash equivalents and restricted cash at beginning of year	**2,687,283**	897,801	4,296,954
Cash, cash equivalents and restricted cash at end of year	**$ 3,375,992**	$ 2,687,283	$ 897,801
Income tax payments, net	**$ 126,129**	$ 130,957	$ 116,995
Interest paid on deposits and borrowings	**453,167**	336,512	53,740
Loans transferred to foreclosed real estate	**1,184**	322	457

(A) Available for sale debt securities, equity securities, and other securities.
See accompanying notes to consolidated financial statements.

1. Summary of Significant Accounting Policies

Nature of Operations

Commerce Bancshares, Inc. and its subsidiaries (the Company) conducts its principal activities from approximately 243 branch and ATM locations throughout Missouri, Kansas, Illinois, Oklahoma and Colorado. Principal activities include retail and commercial banking, investment management, securities brokerage, mortgage banking, trust, and private banking services. The Company also maintains offices in Dallas, Houston, Cincinnati, Nashville, Des Moines, Indianapolis, and Grand Rapids that support customers in its commercial and/or wealth segments and operates a commercial payments business with sales representatives covering the continental U.S.

Basis of Presentation, Use of Estimates, and Subsequent Events

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All material inter-company transactions have been eliminated through consolidation. Certain prior year amounts have been reclassified to conform to the current year presentation. Such reclassifications had no effect on net income or total assets.

The Company follows accounting principles generally accepted in the United States of America (GAAP) and reporting practices applicable to the banking industry. The preparation of financial statements under GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes. These estimates are based on information available to management at the time the estimates are made. While the consolidated financial statements reflect management's best estimates and judgments, actual results could differ from those estimates.

Management has evaluated subsequent events for potential recognition or disclosure through the date these consolidated financial statements were issued.

The Company, in the normal course of business, engages in a variety of activities that involve variable interest entities (VIEs). A VIE is a legal entity that lacks equity investors or whose equity investors do not have a controlling financial interest in the entity through their equity investments. However, an enterprise is deemed to have a controlling financial interest and is the primary beneficiary of a VIE if it has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. An enterprise that is the primary beneficiary must consolidate the VIE. The Company's interests in VIEs are evaluated to determine if the Company is the primary beneficiary both at inception and when there is a change in circumstances that requires a reconsideration.

The Company is considered to be the primary beneficiary in a rabbi trust related to a deferred compensation plan offered to certain employees. The assets and liabilities of this trust, which are included in the accompanying consolidated balance sheets, are not significant. The Company also has variable interests in certain entities in which it is not the primary beneficiary. These entities are not consolidated. These interests include certain investments in entities accounted for using the equity method of accounting, as well as affordable housing limited partnership interests, holdings in its investment portfolio of various asset and mortgage-backed bonds that are issued by securitization trusts, and managed discretionary trust assets that are not included in the accompanying consolidated balance sheets.

Cash, Cash Equivalents and Restricted Cash

In the accompanying consolidated statements of cash flows, cash and cash equivalents include "Cash and due from banks", "Federal funds sold", "Securities purchased under agreements to resell", and "Interest earning deposits with banks" as segregated in the accompanying consolidated balance sheets. Restricted cash is comprised of cash collateral on deposit with another financial institution to secure interest rate swap transactions. Restricted cash is included in other assets in the consolidated balance sheets and totaled $82 thousand and $101 thousand at December 31, 2024 and 2023, respectively.

During 2020, the Federal Reserve System, which historically required the Bank to maintain cash balances at the Federal Reserve Bank, reduced the reserve requirement ratios to zero percent effective March 26, 2020. Other interest earning cash balances held at the Federal Reserve Bank totaled $2.6 billion at December 31, 2024.

Loans and Related Earnings

The Company's portfolio of held-for-investment loans includes a net investment in direct financing and sales type leases to commercial and industrial and tax-exempt entities, and collectively, the Company's portfolio of loans and leases is referred to as its "loan portfolio" or "loans". Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at amortized cost, excluding accrued interest receivable. Amortized cost is the outstanding principal balance, net of any deferred fees and costs on originated loans. Origination fee income received on loans and amounts representing the estimated direct costs of origination are deferred and amortized to interest income over the life of the loan using the interest method.

Interest on loans is accrued based upon the principal amount outstanding. The Company has elected the practical expedient to exclude all accrued interest receivable from all required disclosures of amortized cost. Additionally, an election was made not to measure an allowance for credit losses for accrued interest receivables. The Company has also made the election that all interest accrued but ultimately not received is reversed against interest income.

Loan and commitment fees, net of costs, are deferred and recognized in interest income over the term of the loan or commitment as an adjustment of yield. Annual fees charged on credit card loans are capitalized to principal and amortized over 12 months to loan fees and sales. Other credit card fees, such as cash advance fees and late payment fees, are recognized in income as an adjustment of yield when charged to the cardholder’s account.

Past Due Loans

Management reports loans as past due on the day following the contractual repayment date if payment was not received by end of the business day. Loans, or portions of loans, are charged off to the extent deemed uncollectible. Loan charge-offs reduce the allowance for credit losses on loans, and recoveries of loans previously charged off are added back to the allowance. Business, business real estate, construction and land real estate, and personal real estate loans are generally charged down to estimated collectible balances when they are placed on non-accrual status. Consumer loans and related accrued interest are normally charged down to the fair value of related collateral (or are charged off in full if not collateralized) once the loans are more than 120 to 180 days delinquent, depending on the type of loan. Revolving home equity loans are charged down to the fair value of the related collateral once the loans are more than 180 days past due. Credit card loans are charged off against the allowance for credit losses when the receivable is more than 180 days past due.

Non-Accrual Loans

Loans are placed on non-accrual status when management does not expect to collect payments consistent with acceptable and agreed upon terms of repayment. Business, construction real estate, business real estate, and individually significant personal real estate and consumer loans that are contractually 90 days past due as to principal and/or interest payments are generally placed on non-accrual status, unless they are both well-secured and in the process of collection. Personal real estate, consumer, revolving home equity and credit card loans are generally exempt under regulatory rules from being classified as non-accrual. When a loan is placed on non-accrual status, any interest previously accrued but not collected is reversed against current interest income, and the loan is charged off to the extent uncollectible. Principal and interest payments received on non-accrual loans are generally applied to principal. Interest is included in income only after all previous loan charge-offs have been recovered and is recorded only as received. The loan is returned to accrual status only when the borrower has brought all past due principal and interest payments current, and, in the opinion of management, the borrower has demonstrated the ability to make future payments of principal and interest as scheduled. A six month history of sustained payment performance is generally required before reinstatement of accrual status.

Modifications for Borrowers Experiencing Financial Difficulty

The Company may renegotiate the terms of existing loans for a variety of reasons. When refinancing or restructuring a loan, the Company evaluates whether the borrower is experiencing financial difficulty. In making this determination, the Company considers whether the borrower is currently in default on any of its debt. In addition, the Company evaluates whether it is probable that the borrower would be in payment default on any of its debt in the foreseeable future without the modification and if the borrower (without the current modification) could obtain equivalent financing from another creditor at a market rate for similar debt. Modifications of loans to borrowers in these situations may indicate that the borrower is facing financial difficulty.

Loans Held For Sale

Historically, loans held for sale included student loans and certain fixed rate residential mortgage loans. These loans are typically classified as held for sale upon origination based upon management's intent to sell the production of these loans. During 2024, the Company sold its remaining portfolio of student loans. When offered, the student loans were carried at the lower of aggregate cost or fair value, and their fair value was determined based on sale contract prices. The mortgage loans are carried at fair value under the elected fair value option. Their fair value is based on secondary market prices for loans with similar characteristics, including an adjustment for embedded servicing value. Changes in fair value and gains and losses on sales are included in loan fees and sales. Deferred fees and costs related to these loans are not amortized but are recognized as part of the cost basis of the loan at the time it is sold. Interest income related to loans held for sale is accrued based on the principal amount outstanding and the loan's contractual interest rate.

Occasionally, other types of loans may be classified as held for sale in order to manage credit concentration. These loans are carried at the lower of cost or fair value with gains and losses on sales recognized in loan fees and sales.

Allowance for Credit Losses on Loans

The allowance for credit losses on loans is a valuation amount that is deducted from the amortized cost basis of loans not held at fair value to present the net amount expected to be collected over the contractual term of the loans. The allowance for credit losses on loans is measured using relevant information about past events, including historical credit loss experience on loans with similar risk characteristics, current conditions, and reasonable and supportable forecasts that affect the collectability of the remaining cash flows over the contractual term of the loans. An allowance will be created upon origination or acquisition of a loan and is updated at subsequent reporting dates. The methodology is applied consistently for each reporting period and reflects management’s current expectations of credit losses. Changes to the allowance for credit losses on loans resulting from periodic evaluations are recorded through increases or decreases to the credit loss expense for loans, which is recorded in provision for credit losses on the consolidated statements of income. Loans that are deemed to be uncollectible are charged off against the related allowance for credit losses on loans.

The allowance for credit losses on loans is measured on a collective (pool) basis. Loans are aggregated into pools based on similar risk characteristics including borrower type, collateral type and expected credit loss patterns. Loans that do not share similar risk characteristics, primarily large loans on non-accrual status, are evaluated on an individual basis. The allowance related to these large non-accrual loans is generally measured using the fair value of the collateral (less selling cost, if applicable) as most of these loans are collateral dependent and the borrower is facing financial difficulty.

As noted above, the allowance for credit losses on loans does not include an allowance for accrued interest.

Liability for Unfunded Lending Commitments

The Company’s unfunded lending commitments are primarily unfunded loan commitments and letters of credit. Expected credit losses for these unfunded lending commitments are calculated over the contractual period during which the Company is exposed to the credit risk. The methodology used to measure credit losses for unfunded lending commitments is the same as the methodology used for loans, however, the estimate of credit risk for unfunded lending commitments takes into consideration the likelihood that funding will occur. The liability for unfunded lending commitments excludes any exposures that are unconditionally cancellable by the Company. The loss estimate is recorded within other liabilities on the consolidated balance sheet. Changes to the liability for unfunded lending commitments are recorded through increases or decreases to the provision for credit losses on the consolidated statements of income.

Direct Financing and Sales Type Leases

The net investment in direct financing and sales type leases is included in loans on the Company’s consolidated balance sheets and consists of the present values of the sum of the future minimum lease payments and estimated residual value of the leased asset. Revenue consists of interest earned on the net investment and is recognized over the lease term as a constant percentage return thereon.

Investments in Debt and Equity Securities

The majority of the Company's investment portfolio is comprised of debt securities that are classified as available for sale. From time to time, the Company sells securities and utilizes the proceeds to reduce borrowings, fund loan growth, or modify its interest rate profile. Securities classified as available for sale are carried at fair value. Changes in fair value are reported in other comprehensive income (loss), a component of stockholders’ equity. Securities are periodically evaluated for credit losses in accordance with the guidance provided in Accounting Standards Codification (ASC) 326. Further discussion of this

evaluation is provided in "*Allowance for Credit Losses on Available for Sale Debt Securities"* below. Gains and losses realized upon sales of securities are calculated using the specific identification method and are included in investment securities gains (losses), net, in the consolidated statements of income. Purchase premiums and discounts are amortized to interest income using a level yield method over the estimated lives of the securities. For certain callable debt securities purchased at a premium, the amortization is recorded to the earliest call date. For mortgage and asset-backed securities, prepayment experience is evaluated quarterly to determine if a change in a bond's estimated remaining life is necessary. A corresponding adjustment is then made in the related amortization of premium or discount accretion.

Accrued interest receivable on available for sale debt securities is reported in other assets on the consolidated balance sheet. The Company has elected the practical expedient to exclude the accrued interest from all required disclosures of amortized cost of debt securities. Additionally, an election was made not to measure an allowance for credit losses for accrued interest receivables. Interest accrued but not received is reversed against interest income.

Equity securities include common and preferred stock and are carried at fair value. Certain equity securities do not have readily determinable fair values. The Company has elected to measure these equity securities without a readily determinable fair value at cost minus impairment, if any, plus or minus changes resulting from observable price changes for the identical or similar investment of the same issuer. The Company has not recorded any impairment or other adjustments to the carrying amount of these equity securities without readily determinable fair values.

Other securities include the Company's investments in Federal Reserve Bank stock and Federal Home Loan Bank stock, equity method investments, and private equity investments. Federal Reserve Bank stock and Federal Home Loan Bank stock are held for debt and regulatory purposes, are carried at cost and are periodically evaluated for impairment. The Company's equity method investments are carried at cost, adjusted to reflect the Company's portion of income, loss, or dividends of the investee. The Company's private equity investments in portfolio concerns, consisting of both debt and equity instruments, are held by the Company's private equity subsidiary, which is a small business investment company licensed by the Small Business Administration. The Company's private equity investments are carried at fair value in accordance with investment company accounting guidance (ASC 946-10-15), with changes in fair value reported in current income. In the absence of readily ascertainable market values, fair value is estimated using internally developed methods. Changes in fair value which are recognized in current income and gains and losses from sales are included in investment securities gains (losses), net, in the consolidated statements of income.

Trading account securities, which are debt securities bought and held principally for the purpose of resale in the near term, are carried at fair value. Gains and losses, both realized and unrealized, are recorded in non-interest income.

Purchases and sales of securities are recognized on a trade date basis. A receivable or payable is recognized for transaction pending settlements.

Allowance for Credit Losses on Available for Sale Debt Securities

For available for sale debt securities in an unrealized loss position, the entire loss in fair value is required to be recognized in current earnings if the Company intends to sell the securities or believes it more likely than not that it will be required to sell the security before the anticipated recovery. If neither condition is met, and the Company does not expect to recover the amortized cost basis, the Company determines whether the decline in fair value resulted from credit losses or other factors. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss has occurred, and an allowance for credit losses is recorded. The allowance for credit losses is limited by the amount that the fair value is less than the amortized cost basis. Any impairment not recorded through the provision for credit losses is recognized in other comprehensive income.

Changes in the allowance for credit losses are recorded as a provision for (or reversal of) credit losses on the consolidated statements of income. Losses are charged against the allowance for credit losses on securities when management believes the uncollectibility of an available for sale security is confirmed or when either of the conditions regarding intent or requirement to sell is met.

Accrued interest receivable on available for sale debt securities is excluded from the estimate of credit losses.

Securities Purchased under Agreements to Resell and Securities Sold under Agreements to Repurchase

Securities purchased under agreements to resell and securities sold under agreements to repurchase are treated as collateralized financing transactions, not as purchases and sales of the underlying securities. The agreements are recorded at the amount of cash advanced or received.

The Company periodically enters into securities purchased under agreements to resell with large financial institutions. Securities pledged by the counterparties to secure these agreements are delivered to a third party custodian.

Securities sold under agreements to repurchase are a source of funding to the Company and are offered to cash management customers as an automated, collateralized investment account. From time to time, securities sold may also be used by the Bank to obtain additional borrowed funds at favorable rates. These borrowings are secured by a portion of the Company's investment security portfolio and delivered either to the dealer custody account at the Federal Reserve Bank or to the applicable counterparty.

The fair value of collateral either received from or provided to a counterparty is monitored daily, and additional collateral is obtained, returned, or provided by the Company in order to maintain full collateralization for these transactions.

As permitted by current accounting guidance, the Company offsets certain securities purchased under agreements to resell against securities sold under agreements to repurchase in its balance sheet presentation. These agreements are further discussed in Note 20, Resale and Repurchase Agreements.

Premises and Equipment

Land is stated at cost, and buildings and equipment are stated at cost, including capitalized interest when appropriate, less accumulated depreciation. Depreciation is computed using a straight-line method, utilizing estimated useful lives; generally 30 to 40 years for buildings, 10 years for building improvements, and 3 to 10 years for equipment. Leasehold improvements are amortized over the shorter of 10 years or the remaining lease term. Maintenance and repairs are charged to non-interest expense as incurred.

Also included in premises and equipment is construction in process, which represents facilities construction projects underway that have not yet been placed into service, as well as the Company's right-of-use leased assets, which are mainly comprised of operating leases for branches, office space, ATM locations, and certain equipment.

Foreclosed Assets

Foreclosed assets consist of property that has been repossessed and is comprised of commercial and residential real estate and other non-real estate property, including auto and recreational and marine vehicles. The assets are initially recorded at fair value less estimated selling costs, establishing a new cost basis. Initial valuation adjustments are charged to the allowance for credit losses. Fair values are estimated primarily based on appraisals, third-party price opinions, or internally developed pricing models. After initial recognition, fair value estimates are updated periodically. Declines in fair value below cost are recognized through valuation allowances which may be reversed when supported by future increases in fair value. These valuation adjustments, in addition to gains and losses realized on sales and net operating expenses, are recorded in other non-interest expense. Foreclosed assets are included in other assets on the consolidated balance sheets.

Goodwill and Intangible Assets

Goodwill and intangible assets that have indefinite useful lives, such as property easement intangible assets, are not amortized but are assessed for impairment on an annual basis or more frequently in certain circumstances. When testing for goodwill impairment, the Company may initially perform a qualitative assessment. Based on the results of this qualitative assessment, if the Company concludes it is more likely than not that a reporting unit's fair value is less than its carrying amount, a quantitative analysis is performed. Quantitative valuation methodologies include a combination of formulas using current market multiples, based on recent sales of financial institutions within the Company's geographic marketplace. If the fair value of a reporting unit is less than the carrying amount, an impairment has occurred and is measured as the amount by which the carrying amount exceeds the reporting unit's fair value. The Company has not recorded impairment resulting from goodwill impairment tests. However, adverse changes in the economic environment, operations of the reporting unit, or other factors could result in a decline in fair value.

Intangible assets that have finite useful lives, such as core deposit intangibles and mortgage servicing rights, are amortized over their estimated useful lives. Core deposit intangibles are generally amortized over periods of 8 to 14 years, representing their estimated lives, using accelerated methods. Mortgage servicing rights are amortized in proportion to and over the period of

estimated net servicing income, considering appropriate prepayment assumptions. Core deposit intangibles are reviewed for impairment whenever events or changes in circumstances indicate their carrying amount may not be recoverable. Impairment is indicated if the sum of the undiscounted estimated future net cash flows is less than the carrying value of the intangible asset. Mortgage servicing rights, while initially recorded at fair value, are subsequently amortized and carried at the lower of the initial capitalized amount (net of accumulated amortization), or estimated fair value. The Company evaluates its mortgage servicing rights for impairment on a quarterly basis, using estimated prepayment speeds of the underlying mortgage loans serviced and stratification based on the risk characteristics of the underlying loans. A valuation allowance has been established, through a charge to earnings, to the extent the amortized cost exceeds the estimated fair value. However, the Company has not recorded other-than-temporary impairment losses on its intangible assets.

Income Taxes

Amounts provided for income tax expense are based on income reported for financial statement purposes and do not necessarily represent amounts currently payable under tax laws. Deferred income taxes are provided for temporary differences between the financial reporting bases and income tax bases of the Company's assets and liabilities, net operating losses, and tax credit carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates that are expected to apply to taxable income when such assets and liabilities are anticipated to be settled or realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as tax expense or benefit in the period that includes the enactment date of the change. In determining the amount of deferred tax assets to recognize in the financial statements, the Company evaluates the likelihood of realizing such benefits in future periods. A valuation allowance is established if it is more likely than not that all or some portion of the deferred tax asset will not be realized. The Company recognizes interest and penalties related to income taxes within income tax expense in the consolidated statements of income.

The Company and its eligible subsidiaries file a consolidated federal income tax return. State and local income tax returns are filed on a combined, consolidated or separate return basis based upon each jurisdiction's laws and regulations.

Additional information about current and deferred income taxes is provided in Note 9, Income Taxes.

Non-Interest Income

Non-interest income is mainly comprised of revenue from contracts with customers. For that revenue (excluding certain revenue associated with financial instruments, derivative and hedging instruments, guarantees, lease contracts, transferring and servicing of financial assets, and other specific revenue transactions), the Company applies the following five-step approach when recognizing revenue: (i) identify the contract with the customer, (ii) identify the performance obligations, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations, and (v) recognize revenue when (or as) the performance obligation is satisfied. The Company's contracts with customers are generally short term in nature, with a duration of one year or less, and most contracts are cancellable by either the Company or its customer without penalty. Performance obligations for customer contracts are generally satisfied at a single point in time, typically when the transaction is complete and the customer has received the goods or service, or over time. For performance obligations satisfied over time, the Company recognizes the value of the goods or services transferred to the customer when the performance obligations have been transferred and received by the customer. Payments for satisfied performance obligations are typically due when or as the goods or services are completed, or shortly thereafter, which usually occurs within a single financial reporting period.

In situations where payment is made before the performance obligation is satisfied, the fees are deferred until the performance obligations pertaining to those goods or services are completed. In cases where payment has not been received despite satisfaction of its performance obligations, the Company accrues an estimate of the amount due in the period that the performance obligations have been satisfied. For contracts with variable components, the Company only recognizes revenue to the extent that it is probable that the cumulative amount recognized will not be subject to a significant reversal in future periods. Generally, the Company's contracts do not include terms that require significant judgment to determine whether a variable component is included within the transaction price. The Company generally acts in a principal capacity, on its own behalf, in most of its contracts with customers. For these transactions, revenue and the related costs to provide the goods or services are presented on a gross basis in the financial statements. In some cases, the Company acts in an agent capacity, deriving revenue through assisting third parties in transactions with the Company's customers. In such transactions, revenue and the related costs to provide services is presented on a net basis in the financial statements. These transactions primarily relate to fees earned from bank card and related network and rewards costs and beginning in August 2023, commissions on sales of consumer brokerage transactions and products.

Derivatives

The Company's derivative contracts are carried at fair value, and changes in fair value are recognized in current earnings. They include interest rate swaps and caps, which are offered to customers to assist in managing their risks of adverse changes in interest rates. Each contract between the Company and a customer is offset by a contract between the Company and an institutional counterparty, thus minimizing the Company's exposure to rate changes. The Company also enters into certain contracts, known as credit risk participation agreements, to buy or sell credit protection on specific interest rate swaps. It also purchases and sells forward foreign exchange contracts, either in connection with customer transactions, or for its own trading purposes. Additionally, the Company originates and sells certain personal real estate mortgages. Derivative instruments under this program include mortgage loan commitments, forward loan sale contracts, and forward contracts to sell certain to-be-announced (TBA) securities.

The Company's interest rate risk management policy permits the use of hedge accounting for derivatives, and the Company has entered into interest rate floor contracts as protection from the potential for declining interest rates in the commercial loan portfolio. These floors were designated and qualified as cash flow hedges. In a cash flow hedge, the changes in fair value are recorded in accumulated other comprehensive income and recognized in the income statement when the hedged cash flows affect earnings. Both at hedge inception and on an ongoing basis, the Company assesses whether the interest rate floors used in the hedging relationships are highly effective in offsetting changes in the cash flows of the hedged items. From time to time, the Company has monetized its interest rate floors that had previously been designated and qualified as cash flow hedges. In such case, the monetized cash flow hedge is derecognized and the amounts recorded in accumulated other comprehensive income (AOCI) remain in AOCI until the underlying forecasted transaction impacts earnings, unless the forecasted transaction becomes probable of not occurring.

The Company has master netting arrangements with various counterparties but does not offset derivative assets and liabilities under these arrangements in its consolidated balance sheets. However, interest rate swaps that are executed under central clearing requirements are presented net of variation margin as mandated by the statutory terms of the Company's contract with its clearing counterparty.

Additional information about derivatives held by the Company and valuation methods employed is provided in Note 17, Fair Value Measurements and Note 19, Derivative Instruments.

Cash flows associated with derivative instruments and their related gains and losses are presented in the consolidated statement of cash flows as operating activities.

Pension Plan

The Company’s pension plan is described in Note 10, Employee Benefit Plans. In accordance with ASU 2017-07, the Company has reported the service cost component of net periodic pension cost in salaries and employee benefits in the accompanying consolidated statements of income, while the other components are reported in other non-interest expense. The funded status of the plan is recognized as an other asset or other liability in the consolidated balance sheets, and changes in that funded status are recognized in the year in which the changes occur through other comprehensive income. Plan assets and benefit obligations are measured as of the fiscal year end of the plan. The measurement of the projected benefit obligation and pension expense involve actuarial valuation methods and the use of various actuarial and economic assumptions. The Company monitors the assumptions and updates them periodically. Due to the long-term nature of the pension plan obligation, actual results may differ significantly from estimations. Such differences are adjusted over time as the assumptions are replaced by facts and values are recalculated.

Stock-Based Compensation

The Company’s stock-based compensation plan is described in Note 11, Stock-Based Compensation and Directors Stock Purchase Plan. In accordance with the requirements of ASC 718-10-30-3 and 35-2, the Company measures the cost of stock-based compensation based on the grant-date fair value of the award, recognizing the cost over the requisite service period, which is generally the vesting period. The fair value of stock appreciation rights is estimated using the Black-Scholes option-pricing model while the fair value of a nonvested stock award is the common stock (CBSH) market price. The expense recognized for stock-based compensation is included in salaries and benefits in the accompanying consolidated statements of income. The Company recognizes forfeitures as a reduction to expense only when they have occurred.

Treasury Stock

Purchases of the Company’s common stock are recorded at cost. Upon re-issuance for acquisitions, exercises of stock-based awards or other corporate purposes, treasury stock is reduced based upon the average cost basis of shares held.

Income per Share

Basic income per share is computed using the weighted average number of common shares outstanding during each year. Diluted income per share includes the effect of all dilutive potential common shares (primarily stock appreciation rights) outstanding during each year. The Company applies the two-class method of computing income per share. The two-class method is an earnings allocation formula that determines income per share for common stock and for participating securities, according to dividends declared and participation rights in undistributed earnings. The Company's nonvested stock awards are considered to be a class of participating security. All per share data has been restated to reflect the 5% stock dividend distributed in December 2024.

2. Loans and Allowance for Credit Losses

Major classifications within the Company's held for investment loan portfolio at December 31, 2024 and 2023 are as follows:

(In thousands)	**2024**	2023
Commercial:		
Business	**$ 6,053,820**	$ 6,019,036
Real estate — construction and land	**1,409,901**	1,446,764
Real estate — business	**3,661,218**	3,719,306
Personal Banking:		
Real estate — personal	**3,058,195**	3,026,041
Consumer	**2,073,123**	2,077,723
Revolving home equity	**356,650**	319,894
Consumer credit card	**595,930**	589,913
Overdrafts	**11,266**	6,802
Total loans [(1)]	**$ 17,220,103**	$ 17,205,479

(1) Accrued interest receivable totaled $70.6 million and $71.9 million at December 31, 2024 and 2023, respectively, and was included within other assets on the consolidated balance sheets. For the year ended December 31, 2024, the Company wrote-off accrued interest by reversing interest income of $548 thousand and $6.1 million in the Commercial and Personal Banking portfolios, respectively. For the year ended December 31, 2023, the Company wrote-off accrued interest by reversing interest income of $460 thousand and $4.8 million in the Commercial and Personal Banking portfolios, respectively.

Loans to directors and executive officers of the Parent and the Bank, and to their affiliates, are summarized as follows:

(In thousands)	
Balance at January 1, 2024	$ 39,304
Additions	32,969
Amounts collected	(37,912)
Amounts written off	—
Balance at December 31, 2024	$ 34,361

Management believes all loans to directors and executive officers have been made in the ordinary course of business with normal credit terms, including interest rate and collateral considerations, and do not represent more than a normal risk of collection. The activity in the table above includes draws and repayments on several lines of credit with business entities. There were no outstanding loans at December 31, 2024 to principal holders (over 10% ownership) of the Company's common stock.

The Company's lending activity is generally centered in Missouri, Kansas, Illinois and other nearby states including Oklahoma, Colorado, Iowa, Ohio, and Texas. The Company maintains a diversified portfolio with limited industry concentrations of credit risk. Loans and loan commitments are extended under the Company's normal credit standards, controls, and monitoring procedures. Most loan commitments are short or intermediate term in nature. Commercial loan maturities generally range from one to seven years. Collateral is commonly required and would include such assets as marketable securities, cash equivalent assets, accounts receivable, inventory, equipment, other forms of personal property, and real estate. At December 31, 2024, unfunded loan commitments totaled $15.4 billion (which included $5.8 billion in unused approved lines of credit related to credit card loan agreements) which could be drawn by customers subject to certain review and terms of agreement. At December 31, 2024, loans totaling $3.2 billion were pledged at the FHLB as collateral for borrowings and letters of credit obtained to secure public deposits. Additional loans of $2.6 billion were pledged at the Federal Reserve Bank as collateral for discount window borrowings.

The Company has a net investment in direct financing and sales type leases to commercial and industrial and tax-exempt entities of $879.6 million and $867.0 million at December 31, 2024 and 2023, respectively, which is included in business loans on the Company's consolidated balance sheets. This investment includes deferred income of $102.5 million and $98.6 million at December 31, 2024 and 2023, respectively.

Allowance for credit losses

The allowance for credit losses is measured using an average historical loss model which incorporates relevant information about past events (including historical credit loss experience on loans with similar risk characteristics), current conditions, and reasonable and supportable forecasts that affect the collectability of the remaining cash flows over the contractual term of the loans. The allowance for credit losses is measured on a collective (pool) basis. Loans are aggregated into pools based on similar risk characteristics including borrower type, collateral type and expected credit loss patterns. Loans that do not share similar risk characteristics, primarily large loans on non-accrual status, are evaluated on an individual basis.

For loans evaluated for credit losses on a collective basis, average historical loss rates are calculated for each pool using the Company's historical net charge-offs (combined charge-offs and recoveries by observable historical reporting period) and outstanding loan balances during a lookback period. Lookback periods can be different based on the individual pool and represent management's credit expectations for the pool of loans over the remaining contractual life. In certain loan pools, if the Company's own historical loss rate is not reflective of the loss expectations, the historical loss rate is augmented by industry and peer data. The calculated average net charge-off rate is then adjusted for current conditions and reasonable and supportable forecasts. These adjustments increase or decrease the average historical loss rate to reflect expectations of future losses given a single path economic forecast of key macroeconomic variables including GDP, disposable income, unemployment rate, various interest rates, consumer price index (CPI) inflation rate, housing price index (HPI), commercial real estate price index (CREPI) and market volatility. The adjustments are based on results from various regression models projecting the impact of the macroeconomic variables to loss rates. The forecast is used for a reasonable and supportable period before reverting back to historical averages using a straight-line method. The forecast-adjusted loss rate is applied to the amortized cost of loans over the remaining contractual lives, adjusted for expected prepayments. The contractual term excludes expected extensions (except for contractual extensions at the option of the customer), renewals and modifications. Credit cards and certain similar consumer lines of credit do not have stated maturities and therefore, for these loan classes, remaining contractual lives are determined by estimating future cash flows expected to be received from customers until payments have been fully allocated to outstanding balances. Additionally, the allowance for credit losses considers other qualitative factors not included in historical loss rates or macroeconomic forecast such as changes in portfolio composition, underwriting practices, or significant unique events or conditions.

Key assumptions in the Company's allowance for credit loss model include the economic forecast, the reasonable and supportable period, forecasted macro-economic variables, prepayment assumptions and qualitative factors applied for portfolio composition changes, underwriting practices, or significant unique events or conditions. The assumptions utilized in estimating the Company's allowance for credit losses at December 31, 2024 and 2023 are discussed below.

Key Assumption	December 31, 2024	December 31, 2023
Overall economic forecast	• The US economy will continue to grow • Expansionary fiscal policy and less immigration cause the labor market to tighten, pushing the unemployment rate lower	• The US economy is projected to slow at the start of 2024, but not enter a recession • Impacts of tighter monetary and fiscal policy creates uncertainty • Consumer spending is expected to decrease
Reasonable and supportable period and related reversion period	• Reasonable and supportable period of one year • Reversion to historical average loss rates within two quarters using a straight-line method	• Reasonable and supportable period of one year • Reversion to historical average loss rates within two quarters using a straight-line method
Forecasted macro-economic variables	• Unemployment rate ranges from 4.2% to 4.3% during the reasonable and supportable forecast period • Real GDP growth ranges from 2.5% to 2.7% • BBB corporate yield from 5.2% to 5.3% • Housing Price Index from 324.8 to 335.4	• Unemployment rate ranges from 4.1% to 4.5% during the reasonable and supportable forecast period • Real GDP growth ranges from .46% to 2.1% • BBB corporate yield from 5.3% to 5.9% • Housing Price Index from 305.4 to 307.4
Prepayment assumptions	Commercial loans • 5% for most loan pools Personal banking loans • Ranging from 8.9% to 23.1% for most loan pools • Consumer credit cards 66.5%	Commercial loans • 5% for most loan pools Personal banking loans • Ranging from 6.5% to 23.5% for most loan pools • Consumer credit cards 66.9%
Qualitative factors	Added qualitative factors related to: • Changes in the composition of the loan portfolios • Certain industries experiencing stress or emerging concerns within the portfolio • Loans downgraded to special mention, substandard, or non-accrual status • Consumer auto portfolio • Certain portfolios where the model assumptions do not capture all identified loss risk	Added qualitative factors related to: • Changes in the composition of the loan portfolios • Certain stressed industries within the portfolio • Certain portfolios sensitive to unusually high rate of inflation and supply chain issues • Loans downgraded to special mention, substandard, or non-accrual status

The liability for unfunded lending commitments utilizes the same model as the allowance for credit losses on loans, however, the liability for unfunded lending commitments incorporates an assumption for the portion of unfunded commitments that are expected to be funded.

Sensitivity in the Allowance for Credit Loss model

The allowance for credit losses is an estimate that requires significant judgment including projections of the macro-economic environment. The forecasted macro-economic environment continuously changes which can cause fluctuations in estimated expected credit losses.

The current forecast projects the economy will continue to see a low unemployment rate. The Federal Reserve's path of monetary policy is less certain given the upcoming change in US presidential administration as a result of the November 2024 election.

Updated information on inflation and labor market trends could impact the Federal Reserve's decision on the timing and degree of rate reductions. The market's response to these events along with other economic, political, and social developments regionally, nationally and even globally could significantly modify economic projections used in the estimation of the allowance for credit losses.

Potential changes in any one economic variable *may or may not* affect the overall allowance because a variety of economic variables and inputs are considered in estimating allowance, and changes in those variables and inputs may not occur at the same rate, may not be consistent across product types and may have offsetting impacts to other changing variables and inputs.

A summary of the activity in the allowance for credit losses on loans and the liability for unfunded lending commitments during the years ended December 31, 2024 and 2023 follows:

	For the Year Ended December 31		
(In thousands)	Commercial	Personal Banking	Total
ALLOWANCE FOR CREDIT LOSSES ON LOANS			
Balance December 31, 2023	**$ 108,201**	**$ 54,194**	**$ 162,395**
Provision for credit losses on loans	**(444)**	**39,658**	**39,214**
Deductions:			
Loans charged off	**2,035**	**45,236**	**47,271**
Less recoveries on loans	**1,047**	**7,357**	**8,404**
Net loan charge-offs (recoveries)	**988**	**37,879**	**38,867**
Balance December 31, 2024	**$ 106,769**	**$ 55,973**	**$ 162,742**
LIABILITY FOR UNFUNDED LENDING COMMITMENTS			
Balance December 31, 2023	**$ 23,909**	**$ 1,337**	**$ 25,246**
Provision for credit losses on unfunded lending commitments	**(6,022)**	**(289)**	**(6,311)**
Balance December 31, 2024	**$ 17,887**	**$ 1,048**	**$ 18,935**
ALLOWANCE FOR CREDIT LOSSES ON LOANS AND LIABILITY FOR UNFUNDED LENDING COMMITMENTS	**$ 124,656**	**$ 57,021**	**$ 181,677**
ALLOWANCE FOR CREDIT LOSSES ON LOANS			
Balance at December 31, 2022	$ 103,293	$ 46,843	$ 150,136
Provision for credit losses on loans	8,001	35,324	43,325
Deductions:			
Loans charged off	3,885	36,283	40,168
Less recoveries on loans	792	8,310	9,102
Net loan charge-offs (recoveries)	3,093	27,973	31,066
Balance December 31, 2023	$ 108,201	$ 54,194	$ 162,395
LIABILITY FOR UNFUNDED LENDING COMMITMENTS			
Balance at December 31, 2022	$ 31,743	$ 1,377	$ 33,120
Provision for credit losses on unfunded lending commitments	(7,834)	(40)	(7,874)
Balance December 31, 2023	$ 23,909	$ 1,337	$ 25,246
ALLOWANCE FOR CREDIT LOSSES ON LOANS AND LIABILITY FOR UNFUNDED LENDING COMMITMENTS	$ 132,110	$ 55,531	$ 187,641

Delinquent and non-accrual loans

The Company considers loans past due on the day following the contractual repayment date, if the contractual repayment was not received by the Company as of the end of the business day. The following table provides aging information on the Company's past due and accruing loans, in addition to the balances of loans on non-accrual status, at December 31, 2024 and 2023.

(In thousands)	Current or Less Than 30 Days Past Due	30 – 89 Days Past Due	90 Days Past Due and Still Accruing	Non-accrual	Total
December 31, 2024					
Commercial:					
Business	**$ 6,051,654**	**$ 1,501**	**$ 564**	**$ 101**	**$ 6,053,820**
Real estate – construction and land	**1,409,681**	**—**	**—**	**220**	**1,409,901**
Real estate – business	**3,640,643**	**5,621**	**—**	**14,954**	**3,661,218**
Personal Banking:					
Real estate – personal	**3,021,017**	**25,267**	**10,885**	**1,026**	**3,058,195**
Consumer	**2,029,115**	**40,398**	**3,610**	**—**	**2,073,123**
Revolving home equity	**351,056**	**2,798**	**819**	**1,977**	**356,650**
Consumer credit card	**579,670**	**7,622**	**8,638**	**—**	**595,930**
Overdrafts	**10,953**	**313**	**—**	**—**	**11,266**
Total	**$ 17,093,789**	**$ 83,520**	**$ 24,516**	**$ 18,278**	**$ 17,220,103**
December 31, 2023					
Commercial:					
Business	$ 5,985,713	$ 29,087	$ 614	$ 3,622	$ 6,019,036
Real estate – construction and land	1,446,764	—	—	—	1,446,764
Real estate – business	3,714,579	4,582	85	60	3,719,306
Personal Banking:					
Real estate – personal	2,999,988	14,841	9,559	1,653	3,026,041
Consumer	2,036,353	38,217	3,153	—	2,077,723
Revolving home equity	315,483	1,564	870	1,977	319,894
Consumer credit card	574,805	7,525	7,583	—	589,913
Overdrafts	6,553	249	—	—	6,802
Total	$ 17,080,238	$ 96,065	$ 21,864	$ 7,312	$ 17,205,479

At December 31, 2024 and 2023, the Company had $2.0 million and $4.3 million, respectively, of non-accrual loans that had no allowance for credit loss. The Company did not record any interest income on non-accrual loans during the years ended December 31, 2024 and 2023.

Credit quality indicators

The following table provides information about the credit quality of the Commercial loan portfolio. The Company utilizes an internal risk rating system comprised of a series of grades to categorize loans according to perceived risk associated with the expectation of debt repayment based on borrower specific information, including but not limited to, current financial information, historical payment experience, industry information, collateral levels and collateral types. The "pass" category consists of a range of loan grades that reflect increasing, though still acceptable, risk. A loan is assigned the risk rating at origination and then monitored throughout the contractual term for possible risk rating changes. Movement of risk through the various grade levels in the "pass" category is monitored for early identification of credit deterioration. The "special mention" rating is applied to loans where the borrower exhibits negative financial trends due to borrower specific or systemic conditions that, if left uncorrected, threaten its capacity to meet its debt obligations. The borrower is believed to have sufficient financial flexibility to react to and resolve its negative financial situation. It is a transitional grade that is closely monitored for improvement or deterioration. The "substandard" rating is applied to loans where the borrower exhibits well-defined weaknesses that jeopardize its continued performance and are of a severity that the distinct possibility of default exists. Loans are placed on "non-accrual" when management does not expect to collect payments consistent with acceptable and agreed upon terms of repayment.

All loans are analyzed for risk rating updates annually. For larger loans, rating assessments may be more frequent if relevant information is obtained earlier through debt covenant monitoring or overall relationship management. Smaller loans are monitored as identified by the loan officer based on the risk profile of the individual borrower or if the loan becomes past due related to credit issues. Loans rated Special Mention, Substandard or Non-accrual are subject to quarterly review and monitoring processes. In addition to the regular monitoring performed by the lending personnel and credit committees, loans are subject to review by a credit review department which verifies the appropriateness of the risk ratings for the loans chosen as part of its risk-based review plan.

The risk category of loans in the Commercial portfolio as of December 31, 2024 and 2023 are as follows:

	Term Loans Amortized Cost Basis by Origination Year							
(In thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Total
December 31, 2024								
Business								
Risk Rating:								
Pass	$ 1,505,299	$ 956,449	$ 596,681	$ 405,669	$ 148,483	$ 350,106	$ 1,887,596	$ 5,850,283
Special mention	13,576	7,978	8,941	4,155	263	2,065	34,997	71,975
Substandard	2,218	5,596	19,145	5,069	928	10,086	88,419	131,461
Non-accrual	1	47	1	—	—	52	—	101
Total Business:	$ 1,521,094	$ 970,070	$ 624,768	$ 414,893	$ 149,674	$ 362,309	$ 2,011,012	$ 6,053,820
Gross write-offs for the year ended December 31, 2024	$ 200	$ 275	$ 40	$ 53	$ —	$ 18	$ 1,387	$ 1,973
Real estate-construction								
Risk Rating:								
Pass	$ 419,562	$ 442,720	$ 451,606	$ 53,462	$ 3,143	$ 2,450	$ 34,075	$ 1,407,018
Special mention	—	—	—	—	—	—	—	—
Substandard	—	2,663	—	—	—	—	—	2,663
Non-accrual	220	—	—	—	—	—	—	220
Total Real estate-construction:	$ 419,782	$ 445,383	$ 451,606	$ 53,462	$ 3,143	$ 2,450	$ 34,075	$ 1,409,901
Gross write-offs for the year ended December 31, 2024	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Real estate- business								
Risk Rating:								
Pass	$ 755,498	$ 604,936	$ 753,023	$ 448,041	$ 363,717	$ 368,350	$ 129,868	$ 3,423,433
Special mention	324	—	12,383	12,524	1,643	298	—	27,172
Substandard	1,280	23,420	36,657	18,429	4,416	104,382	7,075	195,659
Non-accrual	—	—	170	—	14,668	116	—	14,954
Total Real-estate business:	$ 757,102	$ 628,356	$ 802,233	$ 478,994	$ 384,444	$ 473,146	$ 136,943	$ 3,661,218
Gross write-offs for the year ended December 31, 2024	$ —	$ —	$ —	$ —	$ —	$ 62	$ —	$ 62
Commercial loans								
Risk Rating:								
Pass	$ 2,680,359	$ 2,004,105	$ 1,801,310	$ 907,172	$ 515,343	$ 720,906	$ 2,051,539	$ 10,680,734
Special mention	13,900	7,978	21,324	16,679	1,906	2,363	34,997	99,147
Substandard	3,498	31,679	55,802	23,498	5,344	114,468	95,494	329,783
Non-accrual	221	47	171	—	14,668	168	—	15,275
Total Commercial loans:	$ 2,697,978	$ 2,043,809	$ 1,878,607	$ 947,349	$ 537,261	$ 837,905	$ 2,182,030	$ 11,124,939
Gross write-offs for the year ended December 31, 2024	$ 200	$ 275	$ 40	$ 53	$ —	$ 80	$ 1,387	$ 2,035

	Term Loans Amortized Cost Basis by Origination Year							
(In thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
December 31, 2023								
Business								
Risk Rating:								
Pass	$ 1,609,685	$ 839,511	$ 555,991	$ 273,138	$ 215,988	$ 257,177	$ 2,096,108	$ 5,847,598
Special mention	19,639	3,412	19,489	643	412	2,485	43,054	89,134
Substandard	5,256	8,666	6,891	20,854	1,422	10,235	25,358	78,682
Non-accrual	—	130	1,184	—	—	2,308	—	3,622
Total Business:	$ 1,634,580	$ 851,719	$ 583,555	$ 294,635	$ 217,822	$ 272,205	$ 2,164,520	$ 6,019,036
Gross write-offs for the year ended December 31, 2023	$ —	$ 2,260	$ 57	$ 41	$ —	$ —	$ 1,393	$ 3,751
Real estate-construction								
Risk Rating:								
Pass	$ 476,489	$ 579,933	$ 295,841	$ 41,418	$ 498	$ 2,834	$ 31,670	$ 1,428,683
Special mention	3,068	15,013	—	—	—	—	—	18,081
Substandard	—	—	—	—	—	—	—	—
Total Real estate-construction:	$ 479,557	$ 594,946	$ 295,841	$ 41,418	$ 498	$ 2,834	$ 31,670	$ 1,446,764
Gross write-offs for the year ended December 31, 2023	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Real estate- business								
Risk Rating:								
Pass	$ 807,631	$ 1,063,189	$ 510,397	$ 433,030	$ 311,457	$ 325,738	$ 94,432	$ 3,545,874
Special mention	16,650	8,619	451	884	9,253	733	—	36,590
Substandard	2,952	18,463	27,914	17,430	11,636	58,387	—	136,782
Non-accrual	—	—	—	—	—	60	—	60
Total Real-estate business:	$ 827,233	$ 1,090,271	$ 538,762	$ 451,344	$ 332,346	$ 384,918	$ 94,432	$ 3,719,306
Gross write-offs for the year ended December 31, 2023	$ —	$ —	$ —	$ —	$ —	$ 134	$ —	$ 134
Commercial loans								
Risk Rating:								
Pass	$ 2,893,805	$ 2,482,633	$ 1,362,229	$ 747,586	$ 527,943	$ 585,749	$ 2,222,210	$10,822,155
Special mention	39,357	27,044	19,940	1,527	9,665	3,218	43,054	143,805
Substandard	8,208	27,129	34,805	38,284	13,058	68,622	25,358	215,464
Non-accrual	—	130	1,184	—	—	2,368	—	3,682
Total Commercial loans:	$ 2,941,370	$ 2,536,936	$ 1,418,158	$ 787,397	$ 550,666	$ 659,957	$ 2,290,622	$11,185,106
Gross write-offs for the year ended December 31, 2023	$ —	$ 2,260	$ 57	$ 41	$ —	$ 134	$ 1,393	$ 3,885

The credit quality of Personal Banking loans is monitored primarily on the basis of aging/delinquency, and this information is provided as of December 31, 2024 and 2023 below:

	Term Loans Amortized Cost Basis by Origination Year							
(In thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Total
December 31, 2024								
Real estate-personal								
Current to 90 days past due	$ 387,119	$ 387,486	$ 404,680	$ 482,733	$ 637,115	$ 736,217	$ 10,934	$ 3,046,284
Over 90 days past due	665	892	1,431	1,890	3,180	2,827	—	10,885
Non-accrual	—	8	—	108	—	910	—	1,026
Total Real estate-personal:	$ 387,784	$ 388,386	$ 406,111	$ 484,731	$ 640,295	$ 739,954	$ 10,934	$ 3,058,195
Gross write-offs for the year ended December 31, 2024	$ —	$ 82	$ 115	$ 83	$ —	$ 22	$ —	$ 302
Consumer								
Current to 90 days past due	$ 418,902	$ 369,855	$ 228,189	$ 165,030	$ 72,314	$ 49,890	$ 765,333	$ 2,069,513
Over 90 days past due	465	584	406	213	47	367	1,528	3,610
Total Consumer:	$ 419,367	$ 370,439	$ 228,595	$ 165,243	$ 72,361	$ 50,257	$ 766,861	$ 2,073,123
Gross write-offs for the year ended December 31, 2024	$ 1,438	$ 3,109	$ 2,859	$ 1,308	$ 540	$ 255	$ 2,309	$ 11,818
Revolving home equity								
Current to 90 days past due	$ —	$ —	$ —	$ —	$ —	$ —	$ 353,854	$ 353,854
Over 90 days past due	—	—	—	—	—	—	819	819
Non-accrual	—	—	—	—	—	—	1,977	$ 1,977
Total Revolving home equity:	$ —	$ —	$ —	$ —	$ —	$ —	$ 356,650	$ 356,650
Gross write-offs for the year ended December 31, 2024	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer credit card								
Current to 90 days past due	$ —	$ —	$ —	$ —	$ —	$ —	$ 587,292	$ 587,292
Over 90 days past due	—	—	—	—	—	—	8,638	8,638
Total Consumer credit card:	$ —	$ —	$ —	$ —	$ —	$ —	$ 595,930	$ 595,930
Gross write-offs for the year ended December 31, 2024	$ —	$ —	$ —	$ —	$ —	$ —	$ 30,427	$ 30,427
Overdrafts								
Current to 90 days past due	$ 11,266	$ —	$ —	$ —	$ —	$ —	$ —	$ 11,266
Total Overdrafts:	$ 11,266	$ —	$ —	$ —	$ —	$ —	$ —	$ 11,266
Gross write-offs for the year ended December 31, 2024	$ 2,689	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,689
Personal banking loans								
Current to 90 days past due	$ 817,287	$ 757,341	$ 632,869	$ 647,763	$ 709,429	$ 786,107	$ 1,717,413	$ 6,068,209
Over 90 days past due	1,130	1,476	1,837	2,103	3,227	3,194	10,985	23,952
Non-accrual	—	8	—	108	—	910	1,977	3,003
Total Personal banking loans:	$ 818,417	$ 758,825	$ 634,706	$ 649,974	$ 712,656	$ 790,211	$ 1,730,375	$ 6,095,164
Gross write-offs for the year ended December 31, 2024	$ 4,127	$ 3,191	$ 2,974	$ 1,391	$ 540	$ 277	$ 32,736	$ 45,236

(In thousands)	Term Loans Amortized Cost Basis by Origination Year							
	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
December 31, 2023								
Real estate-personal								
Current to 90 days past due	$ 455,703	$ 452,153	$ 533,313	$ 711,442	$ 257,159	$ 596,439	$ 8,620	$ 3,014,829
Over 90 days past due	3,319	1,650	2,222	834	44	1,490	—	9,559
Non-accrual	—	261	167	—	157	1,068	—	1,653
Total Real estate-personal:	$ 459,022	$ 454,064	$ 535,702	$ 712,276	$ 257,360	$ 598,997	$ 8,620	$ 3,026,041
Gross write-offs for the year ended December 31, 2023	$ —	$ 18	$ —	$ —	$ —	$ 23	$ —	$ 41
Consumer								
Current to 90 days past due	$ 518,619	$ 340,104	$ 258,348	$ 127,208	$ 56,394	$ 51,302	$ 722,595	$ 2,074,570
Over 90 days past due	391	210	194	24	54	421	1,859	3,153
Total Consumer:	$ 519,010	$ 340,314	$ 258,542	$ 127,232	$ 56,448	$ 51,723	$ 724,454	$ 2,077,723
Gross write-offs for the year ended December 31, 2023	$ 926	$ 2,891	$ 1,939	$ 770	$ 376	$ 370	$ 1,051	$ 8,323
Revolving home equity								
Current to 90 days past due	$ —	$ —	$ —	$ —	$ —	$ —	$ 317,047	$ 317,047
Over 90 days past due	—	—	—	—	—	—	870	870
Non-accrual	—	—	—	—	—	—	1,977	$ 1,977
Total Revolving home equity:	$ —	$ —	$ —	$ —	$ —	$ —	$ 319,894	$ 319,894
Gross write-offs for the year ended December 31, 2023	$ —	$ —	$ —	$ —	$ —	$ —	$ 11	$ 11
Consumer credit card								
Current to 90 days past due	$ —	$ —	$ —	$ —	$ —	$ —	$ 582,330	$ 582,330
Over 90 days past due	—	—	—	—	—	—	7,583	7,583
Total Consumer credit card:	$ —	$ —	$ —	$ —	$ —	$ —	$ 589,913	$ 589,913
Gross write-offs for the year ended December 31, 2023	$ —	$ —	$ —	$ —	$ —	$ —	$ 24,105	$ 24,105
Overdrafts								
Current to 90 days past due	$ 6,802	$ —	$ —	$ —	$ —	$ —	$ —	$ 6,802
Total Overdrafts:	$ 6,802	$ —	$ —	$ —	$ —	$ —	$ —	$ 6,802
Gross write-offs for the year ended December 31, 2023	$ 3,803	$ —	$ —	$ —	$ —	$ —	$ —	$ 3,803
Personal banking loans								
Current to 90 days past due	$ 981,124	$ 792,257	$ 791,661	$ 838,650	$ 313,553	$ 647,741	$ 1,630,592	$ 5,995,578
Over 90 days past due	3,710	1,860	2,416	858	98	1,911	10,312	21,165
Non-accrual	—	261	167	—	157	1,068	1,977	3,630
Total Personal banking loans:	$ 984,834	$ 794,378	$ 794,244	$ 839,508	$ 313,808	$ 650,720	$ 1,642,881	$ 6,020,373
Gross write-offs for the year ended December 31, 2023	$ 4,729	$ 2,909	$ 1,939	$ 770	$ 376	$ 393	$ 25,167	$ 36,283

Collateral-dependent loans

The Company's collateral-dependent loans are comprised of large loans on non-accrual status. The Company requires that collateral-dependent loans are either over-collateralized or carry collateral equal to the amortized cost of the loan. The following table presents the amortized cost basis of collateral-dependent loans as of December 31, 2024 and 2023.

	December 31, 2024		December 31, 2023			
(In thousands)	Real Estate	Total	Business Assets	Real Estate	Oil & Gas Assets	Total
Commercial:						
Business	**$ —**	**$ —**	$ 1,183	$ —	$ 1,238	$ 2,421
Real estate - business	**14,667**	**14,667**	—	—	—	—
Personal Banking:						
Revolving home equity	**1,977**	**1,977**	—	1,977	—	1,977
Total	**$ 16,644**	**$ 16,644**	$ 1,183	$ 1,977	$ 1,238	$ 4,398

Modifications for borrowers experiencing financial difficulty

When borrowers are experiencing financial difficulty, the Company may agree to modify the contractual terms of a loan to a borrower in order to assist the borrower in repaying principal and interest owed to the Company.

The Company's modifications of loans to borrowers experiencing financial difficulty are generally in the form of term extensions, repayment plans, payment deferrals, forbearance agreements, interest rate reductions, forgiveness of interest and/or fees, or any combination thereof. Commercial loans modified to borrowers experiencing financial difficulty are primarily loans that are substandard or non-accrual, where the maturity date was extended. Modifications on personal real estate loans are primarily those placed on forbearance plans, repayment plans, or deferral plans where monthly payments are suspended for a period of time or past due amounts are paid off over a certain period of time in the future or set up as a balloon payment at maturity. Modifications to certain credit card and other small consumer loans are often modified under debt counseling programs that can reduce the contractual rate or, in certain instances, forgive certain fees and interest charges. Other consumer loans modified to borrowers experiencing financial difficulty consist of various other workout arrangements with consumer customers.

The following tables present the amortized cost at December 31, 2024 of loans that were modified during the year ended December 31, 2024 and the amortized cost at December 31, 2023 of loans that were modified during the year ended December 31, 2023.

	For the Year Ended December 31, 2024						
(Dollars in thousands)	Term Extension	Payment Delay	Interest Rate Reduction	Interest/Fees Forgiven	Other	Total	% of Total Loan Category
December 31, 2024							
Commercial:							
Business	**$ 48,002**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 48,002**	**0.8 %**
Real estate – business	**121,183**	**—**	**—**	**—**	**—**	**121,183**	**3.3**
Personal Banking:							
Real estate – personal	**—**	**9,023**	**—**	**—**	**—**	**9,023**	**0.3**
Consumer	**—**	**716**	**96**	**—**	**66**	**878**	**—**
Consumer credit card	**—**	**—**	**3,177**	**—**	**—**	**3,177**	**0.5**
Total	**$ 169,185**	**$ 9,739**	**$ 3,273**	**$ —**	**$ 66**	**$ 182,263**	**1.1 %**

	For the Year Ended December 31, 2023						
(Dollars in thousands)	Term Extension	Payment Delay	Interest Rate Reduction	Interest/Fees Forgiven	Other	Total	% of Total Loan Category
December 31, 2023							
Commercial:							
Business	$ 28,179	$ —	$ —	$ —	$ —	$ 28,179	0.5 %
Real estate – business	105,549	—	—	—	—	105,549	2.8
Personal Banking:							
Real estate – personal	383	4,203	—	—	—	4,586	0.2
Consumer	30	68	92	—	85	275	—
Consumer credit card	—	—	2,535	346	—	2,881	0.5
Total	$ 134,141	$ 4,271	$ 2,627	$ 346	$ 85	$ 141,470	0.8 %

The estimate of lifetime expected losses utilized in the allowance for credit losses model is developed using average historical experience on loans with similar risk characteristics, which includes losses from modifications of loans to borrowers experiencing financial difficulty. As a result, a change to the allowance for credit losses is generally not recorded upon modification. For modifications to loans made to borrowers experiencing financial difficulty that are placed on non-accrual status, the Company determines the allowance for credit losses on an individual evaluation, using the same process that it utilizes for other loans on non-accrual status. Modifications made to commercial loans which are not on non-accrual status for borrowers experiencing financial difficulty are collectively evaluated based on internal risk rating, loan type, delinquency, historical experience, and current economic factors. Modifications made to borrowers experiencing financial difficulty for personal banking loans which are not on non-accrual status are collectively evaluated based on loan type, delinquency, historical experience, and current economic factors.

If a loan to a borrower experiencing financial difficulty is modified and subsequently deemed uncollectible, the allowance for credit losses continues to be based on individual evaluation, if that loan is already on non-accrual status. For those loans, the allowance for credit losses is estimated using discounted expected cash flows or the fair value of collateral. If an accruing loan made to a borrower experiencing financial difficulty is modified and subsequently deemed uncollectible, the loan's risk rating is downgraded to non-accrual status and the loan's related allowance for credit losses is determined based on individual evaluation, or if necessary, the loan is charged off and collection efforts begin.

The following tables summarize the financial impact of loan modifications and payment deferrals during the years ended December 31, 2024 and December 31, 2023.

	Term Extension	
	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Commercial:		
Business	Extended maturity by a weighted average of 7 months.	Extended maturity by a weighted average of 7 months.
Real estate – business	Extended maturity by a weighted average of 10 months.	Extended maturity by a weighted average of 13 months.
Personal Banking:		
Real estate – personal	—	Extended maturity by a weighted average of 7 months.
Consumer	—	Extended maturity by 10 years.

	Payment Delay	
	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Personal Banking:		
Real estate – personal	Deferred certain payments by a weighted average of 16 years.	Deferred certain payments by a weighted average of 20 years.
Consumer	Deferred certain payments by 19 years.	Deferred certain payments by a weighted average of 71 months.

	Interest Rate Reduction	
	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Personal Banking:		
Consumer	Reduced contractual interest rate from average 21% to 6%.	Reduced contractual interest rate from average 22% to 6%.
Consumer credit card	Reduced contractual interest rate from average 21% to 6%.	Reduced contractual interest rate from average 22% to 6%.

	Forgiveness of Interest/Fees	
	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Personal Banking:		
Consumer credit card	—	Approximately $33 thousand of interest and fees forgiven.

The Company had commitments of $14.9 million and $28.4 million at December 31, 2024 and December 31, 2023, respectively, to lend additional funds to borrowers experiencing financial difficulty and for whom the Company has modified the terms of loans in the form of an interest rate reduction; an other-than-insignificant payment delay; forgiveness of principal, interest, or fees; or a term extension during the current reporting period.

The following tables provide the amortized cost basis at December 31, 2024 of loans to borrowers experiencing financial difficulty that had a payment default during the year ended December 31, 2024 and were modified within the 12 months preceding the payment default, as well as the amortized cost basis at December 31, 2023 of loans to borrowers experiencing financial difficulty that had a payment default during the year ended December 31, 2023 and had been modified within the 12 months preceding the payment default. For purposes of this disclosure, the Company considers "default" to mean 90 days or more past due as to interest or principal.

	For the Year Ended December 31, 2024			
(Dollars in thousands)	Term Extension	Payment Delay	Interest Rate Reduction	Total
December 31, 2024				
Commercial:				
Real estate – business	**$ 14,668**	**$ —**	**$ —**	**$ 14,668**
Personal Banking:				
Real estate – personal	**—**	**3,818**	**—**	**3,818**
Consumer	**—**	**—**	**23**	**23**
Consumer credit card	**—**	**—**	**595**	**595**
Total	**$ 14,668**	**$ 3,818**	**$ 618**	**$ 19,104**

	For the Year Ended December 31, 2023			
(Dollars in thousands)	Payment Delay	Interest Rate Reduction	Interest/Fees Forgiven	Total
December 31, 2023				
Personal Banking:				
Real estate – personal	$ 1,357	$ —	$ —	$ 1,357
Consumer	—	24	—	24
Consumer credit card	—	332	154	486
Total	$ 1,357	$ 356	$ 154	$ 1,867

The following tables present the amortized cost basis at December 31, 2024 of loans to borrowers experiencing financial difficulty that had been modified within the previous 12 months, as well as the amortized cost basis at December 31, 2023 of loans to borrowers experiencing financial difficulty that had been modified within the previous 12 months.

(In thousands)	Current	30-89 Days Past Due	90 Days Past Due	Total
December 31, 2024				
Commercial:				
Business	**$ 47,958**	**$ 44**	**$ —**	**$ 48,002**
Real estate – business	**106,516**	**—**	**14,667**	**121,183**
Personal Banking:				
Real estate – personal	**4,484**	**2,613**	**1,926**	**9,023**
Consumer	**856**	**17**	**5**	**878**
Consumer credit card	**2,519**	**430**	**228**	**3,177**
Total	**$ 162,333**	**$ 3,104**	**$ 16,826**	**$ 182,263**

(In thousands)	Current	30-89 Days Past Due	90 Days Past Due	Total
December 31, 2023				
Commercial:				
Business	$ 26,941	$ 1,238	$ —	$ 28,179
Real estate – business	102,388	3,161	—	105,549
Personal Banking:				
Real estate – personal	3,303	751	532	4,586
Consumer	233	28	14	275
Consumer credit card	2,071	456	354	2,881
Total	$ 134,936	$ 5,634	$ 900	$ 141,470

Loans held for sale

The Company designates certain long-term fixed rate personal real estate loans as held for sale, and the Company has elected the fair value option for these loans. The election of the fair value option aligns the accounting for these loans with the related economic hedges discussed in Note 19. The loans are primarily sold to FNMA and FHLMC. At December 31, 2024, the fair value of these loans was $3.0 million, and the unpaid principal balance was $2.9 million.

At December 31, 2024, none of the loans held for sale were on non-accrual status or 90 days past due and still accruing.

Foreclosed real estate/repossessed assets

The Company's holdings of foreclosed real estate totaled $343 thousand and $270 thousand at December 31, 2024 and 2023, respectively, and included in those amounts were $343 thousand and $270 thousand of foreclosed residential real estate properties held as a result of obtaining physical possession at December 31, 2024 and December 31, 2023, respectively. Personal property acquired in repossession, generally autos, marine and recreational vehicles (RV), totaled $2.2 million and $1.8 million at December 31, 2024 and 2023, respectively. Upon acquisition, these assets are recorded at fair value less estimated selling costs at the date of foreclosure, establishing a new cost basis. They are subsequently carried at the lower of this cost basis or fair value less estimated selling costs.

3. Investment Securities

Investment securities consisted of the following at December 31, 2024 and 2023:

(In thousands)		**2024**		2023
Available for sale debt securities	**$**	**9,136,853**	$	9,684,760
Trading debt securities		**38,034**		28,830
Equity securities:				
Readily determinable fair value		**48,359**		5,723
No readily determinable fair value		**9,083**		6,978
Other:				
Federal Reserve Bank stock		**35,545**		35,166
Federal Home Loan Bank stock		**10,120**		10,640
Private equity investments		**184,386**		176,667
Total investment securities [(1)]	**$**	**9,462,380**	$	9,948,764

(1) Accrued interest receivable totaled $35.0 million and $28.9 million at December 31, 2024 and December 31, 2023, respectively, and was included within other assets on the consolidated balance sheet.

Most of the Company's investment securities are classified as available for sale debt securities, and this portfolio is discussed in more detail below. The Company's equity securities are also discussed below. Other investment securities include Federal Reserve Bank (FRB) stock, Federal Home Loan Bank (FHLB) stock, and investments in portfolio concerns held by the Company's private equity subsidiary. FRB stock and FHLB stock are held for liquidity management and regulatory purposes. Investment in FRB stock is based on the capital structure of the investing bank, and investment in FHLB stock is tied to the asset size of the borrowing bank and the level of borrowings from the FHLB. These holdings are carried at cost. The Company's private equity investments are carried at estimated fair value.

Equity Securities

The Company's equity securities portfolio includes mutual funds, common stock, and preferred stock with readily determinable fair values as well as equity securities with no readily determinable fair value. The Company has elected to measure equity securities with no readily determinable fair value at cost minus impairment, if any, plus or minus changes resulting from observable price changes for the identical or similar investment of the same issuer. At March 31, 2024, this portfolio included the Company's 823,447 shares of Visa Inc. ("Visa") Class B-1 common stock (formerly Class B common stock), which were held by Commerce Bancshares, Inc. The Company's Visa Class B-1 shares had a carrying value of zero at March 31, 2024, as there had not been observable price changes in orderly transactions for identical or similar investments of the same issuer.

On April 8, 2024, Visa announced the commencement of a public offering to permit the exchange of its Class B-1 common stock for a combination of shares of its Class B-2 common stock and its Class C common stock ("Exchange Offer"). The Company tendered all of its Visa Class B-1 shares pursuant to the Exchange Offer. On May 3, 2024, the Exchange Offer closed, and in exchange for its 823,447 shares of Visa Class B-1 common stock, the Company received 411,723 shares of Visa Class B-2 common stock (which will be convertible under certain circumstances, as further described below, into Visa's publicly traded Class A common stock at an initial rate of 1.5875 shares of Class A common for each share of Class B-2 common stock, subject to adjustment) and 163,404 shares of Visa Class C common stock which automatically convert into four shares of Visa's Class A common stock (subject to future adjustments for any stock splits, recapitalizations or similar transactions) upon any transfer to a person other than a Visa member or an affiliate of a Visa member.

As a condition of participating in the exchange, the Company entered into a Makewhole Agreement with Visa that provides for cash payments to Visa to the extent (if any) that future adjustments to the conversion ratio for the Visa Class B-2 common stock to Class A common stock cause such ratio to fall below zero. Changes to the conversion ratio occur when Visa deposits funds to a litigation escrow established by Visa to pay settlements for certain covered litigation that pre-dated Visa's initial public offering, for which Visa has been effectively indemnified by Visa USA members through reductions to the conversion ratio for its Class B-1 common stock. The purpose of the Makewhole Agreement is to preserve the economic benefit of these adjustments to the Class B-1 conversion ratio for the benefit of Visa's Class A and Class C common stockholders following the exchange. As further described in Visa's related Issuer Tender Offer Statement on Schedule TO and Prospectus, each dated April 8, 2024, publicly filed with the U. S. Securities and Exchange Commission, both the Makewhole Agreement and the related escrow fund and transfer restrictions on Visa's Class B-1 common stock and the new Class B-2 common stock will terminate whenever the covered litigation is ultimately resolved, at which future date outstanding shares of Visa Class B-2 common stock will be convertible into shares of its Class A common stock at the then-applicable conversion ratio.

As a result of the exchange, the Company elected the measurement alternative approach for its Visa Class C common stock and marked the stock to fair value, recording a gain based on the conversion privilege of the Visa Class C common stock and the closing price of Visa Class A common stock. During the second quarter of 2024, the Company sold 436 thousand shares of Visa Class A common stock at an average price of $274.91, resulting in proceeds of $119.8 million. During the third quarter of 2024, the Company sold 218 thousand Visa Class A shares at an average price of $260.56, resulting of proceeds of $56.8 million. As of September 30, 2024, the Company had sold all of the Visa Class C shares it received from the Visa Exchange Offer. The Company's Visa Class B-2 common stock will continue to be carried at cost of $0 as the Company elected the measurement alternative approach for these shares as well, and there are not observable price changes in orderly transactions for identical or similar investments of the same issuer for the Visa Class B-2 shares held by the Company.

Changes in equity investments with no readily determinable fair value for the year ended December 31, 2024 were as follows:

	For the Year Ended December 31	
(In thousands)	2024	
Balance at beginning of period	**$**	**6,978**
Observable upward price adjustments		**178,227**
Observable downward price adjustments		**(416)**
Impairment charges		**—**
Sales of securities and other activity		**(175,706)**
Balance at end of period	**$**	**9,083**

Net gains and losses for the Company's equity securities portfolio during the year ended December 31, 2024 were as follows:

	For the Year Ended December 31	
(In thousands)	2024	
Net gains (losses) recognized during the period on equity securities	**$**	**178,092**
Less: Net (gains) losses recognized during the period on equity securities sold during the period		**(176,755)**
Net unrealized gains (losses) recognized during the reporting period on equity securities still held at the reporting date	**$**	**1,337**

Available for sale debt securities portfolio

The majority of the Company's investment portfolio is comprised of available for sale debt securities, which are carried at fair value with changes in fair value reported in accumulated other comprehensive income (AOCI). The investment portfolio includes agency mortgage-backed securities, which are guaranteed by agencies such as FHLMC, FNMA, and Government National Mortgage Association (GNMA), in addition to non-agency mortgage-backed securities, which have no guarantee but are collateralized by commercial and residential mortgages. Also included are certain other asset-backed securities, which are primarily collateralized by credit cards, automobiles, student loans, and commercial loans. These securities differ from traditional debt securities primarily in that they may have uncertain maturity dates and are priced based on estimated prepayment rates on the underlying collateral.

A summary of the available for sale debt securities by maturity groupings as of December 31, 2024 is shown below. In the table below, the weighted average yield for the year ended December 31, 2024 is calculated based on amortized cost and has not been tax equated.

(Dollars in thousands)	Amortized Cost	Fair Value	Weighted Average Yield
U.S. government and federal agency obligations:			
Within 1 year	$ 404,047	$ 404,675	4.19 *%
After 1 but within 5 years	1,411,826	1,396,419	3.48 *
After 5 but within 10 years	778,257	754,158	3.55 *
Total U.S. government and federal agency obligations	2,594,130	2,555,252	3.61 *
Government-sponsored enterprise obligations:			
After 5 but within 10 years	35,605	29,574	2.52
After 10 years	19,820	13,275	2.12
Total government-sponsored enterprise obligations	55,425	42,849	2.38
State and municipal obligations:			
Within 1 year	92,129	90,969	1.45
After 1 but within 5 years	386,856	360,008	1.79
After 5 but within 10 years	226,723	195,473	1.79
After 10 years	117,082	96,441	2.13
Total state and municipal obligations	822,790	742,891	1.80
Mortgage and asset-backed securities:			
Agency mortgage-backed securities	4,195,182	3,444,891	2.11
Non-agency mortgage-backed securities	625,539	568,689	2.34
Asset-backed securities	1,595,797	1,557,015	3.18
Total mortgage and asset-backed securities	6,416,518	5,570,595	2.40
Other debt securities:			
Within 1 year	74,969	74,439	2.44
After 1 but within 5 years	76,920	72,033	1.83
After 5 but within 10 years	48,704	42,179	2.00
After 10 years	37,970	36,615	3.99
Total other debt securities	238,563	225,266	2.40 %
Total available for sale debt securities	$ 10,127,426	$ 9,136,853	

** Rate does not reflect inflation adjustment on inflation-protected securities*

Investments in U.S. government and federal agency obligations include U.S. Treasury inflation-protected securities, which totaled $405.4 million, at fair value, at December 31, 2024. Interest paid on these securities increases with inflation and decreases with deflation, as measured by the non-seasonally adjusted Consumer Price Index (CPI-U). At maturity, the principal paid is the greater of an inflation-adjusted principal or the original principal.

Allowance for credit losses on available for sale debt securities

Securities for which fair value is less than amortized cost are reviewed for impairment. Special emphasis is placed on securities whose credit rating has fallen below Baa3 (Moody's) or BBB- (Standard & Poor's), whose fair values have fallen more than 20% below purchase price, or those which have been identified based on management’s judgment. These securities are placed on a watch list and cash flow analyses are prepared on an individual security basis. Certain securities are analyzed using a projected cash flow model, discounted to present value, and compared to the current amortized cost bases of the securities. The model uses input factors such as cash flow projections, contractual payments required, expected delinquency rates, credit support from other tranches, prepayment speeds, collateral loss severity rates (including loan to values), and various other information related to the underlying collateral. Securities not analyzed using the cash flow model are analyzed by reviewing credit ratings, credit support agreements, and industry knowledge to project future cash flows and any possible credit impairment.

At December 31, 2024, the fair value of securities on this watch list was $1.6 billion compared to $1.2 billion at December 31, 2023. Almost all of the securities included on the Company's watch list were experiencing unrealized loss positions due to the significant increase in interest rates and were analyzed outside of the cash flow model. At December 31,

2024, the securities on the Company's watch list that were not deemed to be solely related to increasing interest rates were securities backed by government-guaranteed student loans and are expected to perform as contractually required. As of December 31, 2024, the Company did not identify any securities for which a credit loss exists, and for the years ended December 31, 2024 and 2023, the Company did not recognize a credit loss expense on any available for sale debt securities.

The table below summarizes debt securities available for sale in an unrealized loss position, aggregated by length of loss period, for which an allowance for credit losses has not been recorded at December 31, 2024 and 2023. Unrealized losses on these available for sale securities have not been recognized into income because after review, the securities were deemed not to be impaired. The unrealized losses on these securities are primarily attributable to changes in interest rates and current market conditions. At December 31, 2024, the Company does not intend to sell the securities, nor is it anticipated that it would be required to sell any of these securities at a loss.

	Less than 12 months		12 months or longer		Total	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2024						
U.S. government and federal agency obligations	**$ 1,492,875**	**$ 24,662**	**$ 353,129**	**$ 17,197**	**$ 1,846,004**	**$ 41,859**
Government-sponsored enterprise obligations	**—**	**—**	**42,848**	**12,576**	**42,848**	**12,576**
State and municipal obligations	**14,860**	**230**	**724,587**	**79,685**	**739,447**	**79,915**
Mortgage and asset-backed securities:						
Agency mortgage-backed securities	**3,882**	**42**	**3,409,405**	**750,664**	**3,413,287**	**750,706**
Non-agency mortgage-backed securities	**10**	**—**	**564,637**	**56,986**	**564,647**	**56,986**
Asset-backed securities	**219,414**	**2,371**	**1,083,938**	**36,824**	**1,303,352**	**39,195**
Total mortgage and asset-backed securities	**223,306**	**2,413**	**5,057,980**	**844,474**	**5,281,286**	**846,887**
Other debt securities	**26,390**	**579**	**198,936**	**12,718**	**225,326**	**13,297**
Total	**$ 1,757,431**	**$ 27,884**	**$ 6,377,480**	**$ 966,650**	**$ 8,134,911**	**$ 994,534**
December 31, 2023						
U.S. government and federal agency obligations	$ 51,585	$ 809	$ 714,400	$ 24,025	$ 765,985	$ 24,834
Government-sponsored enterprise obligations	—	—	43,962	11,696	43,962	11,696
State and municipal obligations	24,022	760	1,167,607	148,478	1,191,629	149,238
Mortgage and asset-backed securities:						
Agency mortgage-backed securities	4,382	59	3,875,432	720,649	3,879,814	720,708
Non-agency mortgage-backed securities	—	—	1,152,045	173,526	1,152,045	173,526
Asset-backed securities	19,086	156	2,081,293	93,076	2,100,379	93,232
Total mortgage and asset-backed securities	23,468	215	7,108,770	987,251	7,132,238	987,466
Other debt securities	—	—	460,136	47,250	460,136	47,250
Total	$ 99,075	$ 1,784	$ 9,494,875	$ 1,218,700	$ 9,593,950	$ 1,220,484

The entire available for sale debt securities portfolio included $8.1 billion of securities that were in a loss position at December 31, 2024, compared to $9.6 billion at December 31, 2023. The total amount of unrealized loss on these securities was $994.5 million at December 31, 2024, a decrease of $226.0 million compared to the unrealized loss at December 31, 2023. Securities with significant unrealized losses are discussed in the "*Allowance for credit losses on available for sale debt securities*" section above.

For debt securities classified as available for sale, the following table shows the amortized cost, fair value, and allowance for credit losses of securities available for sale at December 31, 2024 and 2023 and the corresponding amounts of gross unrealized gains and losses (pre-tax) in AOCI, by security type.

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
December 31, 2024					
U.S. government and federal agency obligations	**$ 2,594,130**	**$ 2,981**	**$ (41,859)**	**$ —**	**$ 2,555,252**
Government-sponsored enterprise obligations	**55,425**	**—**	**(12,576)**	**—**	**42,849**
State and municipal obligations	**822,790**	**16**	**(79,915)**	**—**	**742,891**
Mortgage and asset-backed securities:					
Agency mortgage-backed securities	**4,195,182**	**415**	**(750,706)**	**—**	**3,444,891**
Non-agency mortgage-backed securities	**625,539**	**136**	**(56,986)**	**—**	**568,689**
Asset-backed securities	**1,595,797**	**413**	**(39,195)**	**—**	**1,557,015**
Total mortgage and asset-backed securities	**6,416,518**	**964**	**(846,887)**	**—**	**5,570,595**
Other debt securities	**238,563**	**—**	**(13,297)**	**—**	**225,266**
Total	**$ 10,127,426**	**$ 3,961**	**$ (994,534)**	**$ —**	**$ 9,136,853**
December 31, 2023					
U.S. government and federal agency obligations	$ 841,267	$ 81	$ (24,834)	$ —	$ 816,514
Government-sponsored enterprise obligations	55,658	—	(11,696)	—	43,962
State and municipal obligations	1,346,633	24	(149,238)	—	1,197,419
Mortgage and asset-backed securities:					
Agency mortgage-backed securities	4,621,821	233	(720,708)	—	3,901,346
Non-agency mortgage-backed securities	1,331,288	136	(173,526)	—	1,157,898
Asset-backed securities	2,200,712	5	(93,232)	—	2,107,485
Total mortgage and asset-backed securities	8,153,821	374	(987,466)	—	7,166,729
Other debt securities	507,386	—	(47,250)	—	460,136
Total	$ 10,904,765	$ 479	$ (1,220,484)	$ —	$ 9,684,760

The following table presents proceeds from sales of securities and the components of investment securities gains and losses which have been recognized in earnings.

	For the Year Ended December 31		
(In thousands)	**2024**	2023	2022
Proceeds from sales of securities:			
Available for sale debt securities	**$ 1,080,083**	$ 1,101,782	$ 86,240
Equity securities	**176,780**	—	17
Other	**38,724**	40,167	20,714
Total proceeds	**$ 1,295,587**	$ 1,141,949	$ 106,971
Investment securities gains (losses), net:			
Available for sale debt securities:			
Gains realized on sales	**$ —**	$ 143	$ —
Losses realized on sales	**(196,283)**	(8,587)	(20,273)
Equity securities:			
Gains (losses) on equity securities, net	**178,092**	(487)	(926)
Other:			
Gains realized on sales	**3,481**	976	1,670
Losses realized on sales	**(1,601)**	(1,076)	(3,798)
Fair value adjustments, net	**24,134**	24,016	43,833
Total investment securities gains (losses), net	**$ 7,823**	$ 14,985	$ 20,506

Subsequent to the successful close of the Exchange Offer in May 2024, the Company approved and executed a plan to reposition a portion of its available for sale debt securities portfolio during the second quarter of 2024 through the sale of securities with an amortized cost of $1.2 billion. The securities that the Company sold had a yield of approximately 2.1%, which resulted in a loss of $179.1 million, and the Company reinvested $928.8 million of the proceeds into U.S. Treasury securities yielding approximately 4.6%.

Pledged securities

At December 31, 2024, securities totaling $6.9 billion in fair value were pledged to secure public fund deposits, securities sold under agreements to repurchase, trust funds, and borrowings at the FRB and FHLB, compared to $7.5 billion at December 31, 2023. At December 31, 2024, the Company had no securities pledged under agreements pursuant to which the collateral may be sold or re-pledged by the secured parties.

Except for obligations of various government-sponsored enterprises such as FNMA, FHLB and FHLMC, no investment in a single issuer exceeds 10% of stockholders' equity.

4. Premises and Equipment

Premises and equipment consist of the following at December 31, 2024 and 2023:

(In thousands)	**2024**	2023
Land	**$ 86,378**	$ 88,564
Buildings and improvements	**750,464**	730,445
Equipment	**240,046**	244,636
Right of use leased assets	**31,332**	26,962
Total	**1,108,220**	1,090,607
Less accumulated depreciation	**632,945**	621,548
Net premises and equipment	**$ 475,275**	$ 469,059

Depreciation expense of $40.0 million in 2024, $36.1 million in 2023, and $32.3 million in 2022, was included in occupancy expense and equipment expense in the consolidated statements of income. Repairs and maintenance expense of $18.3 million, $18.5 million, and $17.7 million for 2024, 2023 and 2022, respectively, was included in occupancy expense and equipment expense. Interest expense capitalized on constructions projects totaled $2 thousand, $903 thousand, and $1.4 million in 2024, 2023 and 2022, respectively. The decrease from prior year was primarily driven by the completion of a large office building construction project in March 2023.

Right of use leased assets are comprised mainly of operating leases for branches, office space, ATM locations, and certain equipment, as described in Note 6.

5. Goodwill and Other Intangible Assets

The following table presents information about the Company's intangible assets which have estimable useful lives.

	December 31, 2024				December 31, 2023			
(In thousands)	**Gross Carrying Amount**	**Accumulated Amortization**	**Valuation Allowance**	**Net Amount**	Gross Carrying Amount	Accumulated Amortization	Valuation Allowance	Net Amount
Amortizable intangible assets:								
Core deposit premium	**$ 5,550**	**$ (5,286)**	**$ —**	**$ 264**	$ 5,550	$ (5,092)	$ —	$ 458
Mortgage servicing rights	**13,673**	**(3,905)**	**—**	**9,768**	13,723	(3,602)	—	10,121
Total	**$ 19,223**	**$ (9,191)**	**$ —**	**$10,032**	$ 19,273	$ (8,694)	$ —	$10,579

The carrying amount of goodwill and its allocation among segments at December 31, 2024 and 2023 is shown in the table below. As a result of ongoing assessments, no impairment of goodwill was recorded in 2024, 2023 or 2022. Further, the annual assessment of qualitative factors on January 1, 2025 revealed no likelihood of impairment as of that date.

(In thousands)	**December 31, 2024**	December 31, 2023
Consumer segment	**$ 70,721**	$ 70,721
Commercial segment	**75,072**	75,072
Wealth segment	**746**	746
Total goodwill	**$ 146,539**	$ 146,539

In addition to its intangible assets with estimable useful lives included in the table above, the Company also has a $3.6 million intangible asset for an easement in connection with a commercial office complex in Clayton, Missouri. The easement, which grants the Company access to all portions of the parking facility and terrace garden, is perpetual and will be assessed for impairment at least annually, or whenever events or circumstances indicate an impairment may have occurred. No impairment was identified at December 31, 2024.

Changes in the net carrying amount of goodwill and other net intangible assets for the years ended December 31, 2024 and 2023 are shown in the following table.

(In thousands)	Goodwill	Easement	Core Deposit Premium	Mortgage Servicing Rights
Balance at December 31, 2022	$ 138,921	$ 3,600	$ 705	$ 10,929
Acquisition	7,618	—	—	—
Originations, net of disposals	—	—	—	340
Amortization	—	—	(247)	(1,148)
Balance at December 31, 2023	146,539	3,600	458	10,121
Originations, net of disposals	—	—	—	**762**
Amortization	—	—	**(194)**	**(1,115)**
Balance at December 31, 2024	**$ 146,539**	**$ 3,600**	**$ 264**	**$ 9,768**

During 2023, the Company wrote off $25.7 million of core deposit intangible assets that were fully amortized. Also during 2023, the Company acquired L.J. Hart & Company, a municipal bond underwriter and advisor, and the acquisition resulted in goodwill of $7.6 million.

Mortgage servicing rights (MSRs) are initially recorded at fair value and subsequently amortized over the period of estimated servicing income. They are periodically reviewed for impairment at a tranche level, and if impairment is indicated, recorded at fair value. Temporary impairment, including impairment recovery, is effected through a change in a valuation allowance. During 2024, no impairment or impairment recovery was recognized. The fair value of the MSRs is based on the present value of expected future cash flows, as further discussed in Note 17 on Fair Value Measurements.

Aggregate amortization expense on intangible assets for the years ended December 31, 2024, 2023 and 2022 was $1.3 million, $1.4 million and $2.0 million, respectively. The following table shows the estimated future amortization expense based on existing asset balances and the interest rate environment as of December 31, 2024. The Company's actual amortization expense in any given period may be different from the estimated amounts depending upon the acquisition of intangible assets, changes in mortgage interest rates, prepayment rates and other market conditions.

(In thousands)	
2025	$ 1,220
2026	1,066
2027	922
2028	803
2029	724

6. Leases

The Company's leasing activities include leasing certain real estate and equipment, providing lease financing to commercial customers, and leasing office space to third parties. The Company uses the FHLB fixed-advance rate at lease commencement or at any subsequent remeasurement event date based on the remaining lease term to calculate the liability for each lease.

Lessee

The Company's operating leases are primarily for branches, office space, ATM locations, and certain equipment. As of December 31, 2024, the right-of-use asset for operating leases, reported within premises and equipment, net, and lease liability, reported within other liabilities, recognized on the Company's consolidated balance sheets totaled $30.7 million and $31.2 million, respectively, compared to right-of-use assets of $26.5 million and lease liability of $26.9 million at December 31, 2023. Total lease cost for the year ended December 31, 2024 was $8.5 million, compared to $8.3 million for the year ended December 31, 2023. For leases with a term of 12 months or less, an election was made not to recognize lease assets and lease liabilities for all asset classes, and to recognize lease expense for these leases on a straight-line basis over the lease term. The Company's leases have remaining terms of 1 month to 27 years, most of which contain renewal options. However, the renewal options are generally not included in the leased asset or liability because the option exercises are uncertain.

The maturities of operating leases at December 31, 2024 are included in the table below.

(in thousands)		**Operating Leases[(1)]**
2025	**$**	**6,100**
2026		**5,809**
2027		**5,544**
2028		**5,012**
2029		**3,502**
After 2029		**12,968**
Total lease payments	**$**	**38,935**
Less: Interest		**7,760**
Present value of lease liabilities	**$**	**31,175**

(1) Excludes $3.3 million of legally binding minimum lease payments for operating leases signed but not yet commenced.

The following table presents the average lease term and discount rate of operating leases.

	December 31, 2024	December 31, 2023
Weighted-average remaining lease term	**9.2 years**	9.9 years
Weighted-average discount rate	**4.32 %**	4.11 %

Supplemental cash flow information related to operating leases is included in the table below.

		For the Year Ended December 31	
(in thousands)		**2024**	2023
Operating cash paid toward lease liabilities	**$**	**6,553**	6,486
Leased assets obtained in exchange for new lease liabilities	**$**	**9,128**	7,085

Lessor

The Company has net investments in direct financing and sales-type leases to commercial, industrial, and tax-exempt entities. These leases are included within business loans on the Company's consolidated balance sheets. The Company primarily leases various types of equipment, trucks and trailers, and office furniture and fixtures. Lease agreements may include options for the lessee to renew or purchase the leased equipment at the end of the lease term. The Company has elected to adopt the lease component expedient in which the lease and nonlease components are combined into the total lease receivable. The Company also leases office space to third parties, and these leases are classified as operating leases. The leases may include options to renew or to expand the leased space, and currently the leases have remaining terms of 3 months to 14 years.

The following table provides the components of lease income.

	For the Year Ended December 31	
(in thousands)	**2024**	2023
Direct financing and sales-type leases	**37,168**	31,127
Operating leases[(1)]	**16,816**	13,036
Total lease income	**$ 53,984**	$ 44,163

(1) Includes rent from Tower Properties, a related party, of $78 thousand and $76 thousand for the years ended December 31, 2024 and 2023.

The following table presents the components of the net investments in direct financing and sales-type leases.

(in thousands)	**December 31, 2024**	December 31, 2023
Lease payment receivable	**$ 792,863**	$ 729,891
Unguaranteed residual assets	**84,063**	134,105
Total net investments in direct financing and sales-type leases	**$ 876,926**	$ 863,996
Deferred origination cost	**2,715**	3,024
Total net investment included within business loans	**$ 879,641**	$ 867,020

The maturities of lease receivables at December 31, 2024 are included in the table below.

(in thousands)	Direct Financing and Sale-Type Leases	Operating Leases	Total
2025	$ 230,038	$ 14,861	$ 244,899
2026	209,194	15,917	225,111
2027	171,744	14,868	186,612
2028	132,499	14,275	146,774
2029	72,806	10,756	83,562
After 2029	65,550	71,256	136,806
Total lease receipts	**881,831**	**$ 141,933**	**$ 1,023,764**
Less: Net present value adjustment	88,968		
Present value of lease receipts	**$ 792,863**		

7. Deposits

At December 31, 2024, the scheduled maturities of certificates of deposit were as follows:

(In thousands)	
Due in 2025	$ 2,206,964
Due in 2026	163,598
Due in 2027	9,764
Due in 2028	5,082
Due in 2029	2,989
Thereafter	7
Total	**$ 2,388,404**

The aggregate amount of certificates of deposit that exceeded the $250,000 FDIC insurance limit totaled $733.0 million at December 31, 2024.

8. Borrowings

At December 31, 2024, the Company's borrowings primarily consisted of federal funds purchased and securities sold under agreements to repurchase (repurchase agreements). The following table sets forth selected information for federal funds purchased and repurchase agreements.

(Dollars in thousands)	Year End Weighted Rate	Average Weighted Rate	Average Balance Outstanding	Maximum Outstanding at any Month End	Balance at December 31
Federal funds purchased and repurchase agreements:					
2024	**2.14 %**	**3.55 %**	**$ 2,621,260**	**$ 2,926,758**	**$ 2,926,758**
2023	2.78	3.47	2,839,633	3,133,020	2,908,815
2022	2.01	1.06	2,439,279	2,841,734	2,841,734

Federal funds purchased and repurchase agreements comprised the majority of the Company's short-term borrowings (borrowings with an original maturity of less than one year at December 31, 2024), and $2.8 billion of these borrowings were repurchase agreements, which generally have one day maturities and are mainly comprised of non-insured customer funds secured by a portion of the Company's investment portfolio. Additional information about the securities pledged for repurchase agreements and repurchase agreement maturity is provided in Note 20 on Resale and Repurchase Agreements. Accrued interest for repurchase agreements was $928 thousand, $695 thousand and $275 thousand at December 31, 2024, 2023 and 2022, respectively.

The Bank is a member of the Des Moines FHLB and has access to term financing from the FHLB. These borrowings are secured under a blanket collateral agreement including primarily residential mortgages as well as all unencumbered assets and stock of the borrowing bank. At December 31, 2024, the Bank had no outstanding advances from the FHLB. The FHLB also issues letters of credit to secure the Bank's obligations to certain depositors of public funds, which totaled $120.3 million at December 31, 2024.

9. Income Taxes

The components of income tax expense from operations for the years ended December 31, 2024, 2023 and 2022 were as follows:

(In thousands)	Current	Deferred	Total
Year ended December 31, 2024:			
U.S. federal	**$ 132,197**	**$ (845)**	**$ 131,352**
State and local	**13,483**	**254**	**13,737**
Total	**$ 145,680**	**$ (591)**	**$ 145,089**
Year ended December 31, 2023:			
U.S. federal	$ 124,787	$ (6,228)	$ 118,559
State and local	17,161	(1,171)	15,990
Total	$ 141,948	$ (7,399)	$ 134,549
Year ended December 31, 2022:			
U.S. federal	$ 96,849	$ 19,990	$ 116,839
State and local	13,793	1,726	15,519
Total	$ 110,642	$ 21,716	$ 132,358

The components of income tax (benefit) expense recorded directly to stockholders' equity for the years ended 2024, 2023 and 2022 were as follows:

(In thousands)	**2024**	2023	2022
Unrealized gain (loss) on available for sale debt securities	**$ 57,359**	$ 69,972	$ (382,697)
Change in fair value on cash flow hedges	**(13,704)**	(6,017)	(6,446)
Accumulated pension (benefit) loss	**512**	1,197	1,161
Income tax (benefit) expense allocated to stockholders' equity	**$ 44,167**	$ 65,152	$ (387,982)

Significant components of the Company's deferred tax assets and liabilities at December 31, 2024 and 2023 were as follows:

(In thousands)	**2024**	2023
Deferred tax assets:		
Unrealized loss on available for sale debt securities	**$ 247,643**	$ 305,001
Loans, principally due to allowance for credit losses	**43,450**	44,702
Unearned fee income	**10,858**	10,810
Accrued expenses	**10,124**	10,531
Deferred compensation	**8,477**	7,894
Equity-based compensation	**8,364**	8,082
Cash flow hedges	**5,630**	—
Other	**497**	812
Total deferred tax assets	**335,043**	387,832
Deferred tax liabilities:		
Equipment lease financing	**97,042**	99,453
Land, buildings, and equipment	**23,359**	21,016
Intangible assets	**7,596**	7,545
Private equity investments	**5,446**	6,888
Cash flow hedges	**—**	9,468
Other	**8,949**	7,235
Total deferred tax liabilities	**142,392**	151,605
Net deferred tax assets (liabilities)	**$ 192,651**	$ 236,227

Management believes it is more likely than not that the results of future operations will generate sufficient taxable income to realize the total deferred tax assets, therefore, no valuation allowance is needed for the deferred tax assets at year end.

A reconciliation between the expected federal income tax expense using the federal statutory tax rate of 21%, and the Company's actual income tax expense for 2024, 2023, and 2022 is provided below. The effective tax rate is calculated by dividing income taxes by income before income taxes less the non-controlling interest expense.

(In thousands)	**2024**	2023	2022
Computed "expected" tax expense	**$ 140,998**	$ 128,438	$ 130,359
Increase (decrease) in income taxes resulting from:			
State and local income taxes, net of federal tax benefit	**10,852**	12,633	12,260
Tax-exempt interest, net of cost to carry	**(6,892)**	(7,002)	(8,473)
Non-deductible FDIC insurance premiums	**1,656**	2,101	1,376
Share-based award payments	**(1,479)**	(1,176)	(1,669)
Other	**(46)**	(445)	(1,495)
Total income tax expense	**$ 145,089**	$ 134,549	$ 132,358

The gross amount of unrecognized tax benefits was $1.2 million and $1.3 million at December 31, 2024 and 2023, respectively, and the total amount of unrecognized tax benefits that would impact the effective tax rate, if recognized, was $1.0 million at both December 31, 2024 and 2023. The activity in the accrued liability for unrecognized tax benefits for the years ended December 31, 2024 and 2023 was as follows:

(In thousands)	**2024**	2023
Unrecognized tax benefits at beginning of year	**$ 1,270**	$ 1,205
Gross increases – tax positions in prior period	**8**	25
Gross decreases – tax positions in prior period	**(2)**	—
Gross increases – current-period tax positions	**295**	336
Lapse of statute of limitations	**(347)**	(296)
Unrecognized tax benefits at end of year	**$ 1,224**	$ 1,270

The Company and its subsidiaries are subject to income tax by federal, state and local government taxing authorities. Tax years 2021 through 2024 remain open to examination for U.S. federal income tax and for major state taxing jurisdictions.

10. Employee Benefit Plans

Employee benefits charged to operating expenses are summarized in the table below. Substantially all of the Company's employees are covered by a defined contribution (401(k)) plan, under which the Company makes matching contributions.

(In thousands)	**2024**	2023	2022
Payroll taxes	**$ 32,723**	$ 31,507	$ 29,580
Medical plans	**36,860**	36,277	31,004
401(k) plan	**20,227**	19,216	18,590
Pension plans	**399**	499	516
Other	**3,391**	3,587	3,097
Total employee benefits	**$ 93,600**	$ 91,086	$ 82,787

A portion of the Company's employees are covered by a noncontributory defined benefit pension plan, however, participation in the pension plan is not available to employees hired after June 30, 2003. All participants are fully vested in their benefit payable upon normal retirement date, which is based on years of participation and compensation. Since January 2011, all benefits accrued under the pension plan have been frozen. However, the accounts continue to accrue interest at a stated annual rate. Certain key executives also participate in a supplemental executive retirement plan (the CERP) that the Company funds only as retirement benefits are disbursed. The CERP carries no segregated assets. The CERP continues to provide credits based on hypothetical contributions in excess of those permitted under the 401(k) plan. In the tables presented below, the pension plan and the CERP are presented on a combined basis.

Under the Company's funding policy for the defined benefit pension plan, contributions are made to a trust as necessary to satisfy the statutory minimum required contribution as defined by the Pension Protection Act, which is intended to provide for current service accruals and for any unfunded accrued actuarial liabilities over a reasonable period. To the extent that these requirements are fully covered by assets in the trust, a contribution might not be made in a particular year. No contributions to the defined benefit plan were made in 2024, 2023 or 2022. The minimum required contribution for 2025 is expected to be zero. The Company does not expect to make any further contributions in 2025 other than the necessary funding contributions to the CERP. Distributions under the CERP were $185 thousand, $806 thousand and $14 thousand during 2024, 2023 and 2022, respectively.

The following items are components of the net pension cost for the years ended December 31, 2024, 2023 and 2022.

(In thousands)	**2024**	2023	2022
Service cost	**$ 399**	$ 499	$ 516
Interest cost on projected benefit obligation	**4,377**	4,615	2,725
Expected return on plan assets	**(4,139)**	(4,051)	(4,515)
Amortization of prior service cost	**(181)**	(271)	(271)
Amortization of unrecognized net (gain) loss	**892**	1,464	1,717
Net periodic pension cost	**$ 1,348**	$ 2,256	$ 172

The following table sets forth the pension plans' funded status, using valuation dates of December 31, 2024 and 2023.

(In thousands)	**2024**	2023
Change in projected benefit obligation		
Projected benefit obligation at prior valuation date	**$ 93,949**	$ 95,842
Service cost	**399**	499
Interest cost	**4,377**	4,615
Benefits paid	**(6,939)**	(7,667)
Actuarial (gain) loss	**(1,973)**	660
Projected benefit obligation at valuation date	**89,813**	93,949
Change in plan assets		
Fair value of plan assets at prior valuation date	**89,842**	88,396
Actual return on plan assets	**3,505**	8,307
Employer contributions	**185**	806
Benefits paid	**(6,939)**	(7,667)
Fair value of plan assets at valuation date	**86,593**	89,842
Funded status and net amount recognized at valuation date	**$ (3,220)**	$ (4,107)

The unfunded pension benefit obligation decreased $887 thousand from the prior year primarily due to an increase in the discount rate from 4.98% to 5.27%.

The accumulated benefit obligation, which represents the liability of a plan using only benefits as of the measurement date, was $89.8 million and $93.9 million for the combined plans on December 31, 2024 and 2023, respectively.

Amounts not yet reflected in net periodic benefit cost and included in accumulated other comprehensive income (loss) at December 31, 2024 and 2023 are shown below, including amounts recognized in other comprehensive income during the periods. All amounts are shown on a pre-tax basis.

(In thousands)		**2024**		2023
Prior service credit (cost)	**$**	**—**	$	181
Accumulated gain (loss)		**(16,073)**		(18,304)
Accumulated other comprehensive income (loss)		**(16,073)**		(18,123)
Cumulative employer contributions in excess of net periodic benefit cost		**12,853**		14,016
Net amount recognized as an accrued benefit liability on the December 31 balance sheet	**$**	**(3,220)**	$	(4,107)
Net gain (loss) arising during period		**1,338**		3,594
Amortization of net (gain) loss		**892**		1,464
Amortization of prior service cost		**(181)**		(271)
Total recognized in other comprehensive income (loss)	**$**	**2,049**	$	4,787
Total income (expense) recognized in net periodic pension cost and other comprehensive income	**$**	**702**	$	2,531

The following assumptions, on a weighted average basis, were used in accounting for the plans.

	2024	2023	2022
Determination of benefit obligation at year end:			
Effective discount rate on benefit obligations	**5.27%**	4.98%	5.19%
Assumed cash balance interest crediting rate	**5.00%**	5.00%	5.00%
Determination of net periodic benefit cost for year ended:			
Effective discount rate on benefit obligations	**4.93%**	5.19%	2.64%
Effective rate for interest cost on benefit obligations	**4.84%**	5.09%	2.15%
Long-term rate of return on assets	**4.75%**	4.75%	4.25%
Assumed cash balance interest crediting rate	**5.00%**	5.00%	5.00%

The following table shows the fair values of the Company's pension plan assets by asset category at December 31, 2024 and 2023. Information about the valuation techniques and inputs used to measure fair value are provided in Note 17 on Fair Value Measurements.

		Fair Value Measurements		
(In thousands)	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2024				
Assets:				
U.S. government obligations	**$ 12,072**	**$ 12,072**	**$ —**	**$ —**
Government-sponsored enterprise obligations [(a)]	**991**	**—**	**991**	**—**
State and municipal obligations	**3,513**	**—**	**3,513**	**—**
Agency mortgage-backed securities [(b)]	**2,026**	**—**	**2,026**	**—**
Non-agency mortgage-backed securities	**2,202**	**—**	**2,202**	**—**
Asset-backed securities	**5,171**	**—**	**5,171**	**—**
Corporate bonds [(c)]	**45,526**	**—**	**45,526**	**—**
Equity securities and mutual funds: [(d)]				
Mutual funds	**6,462**	**6,462**	**—**	**—**
Common stocks	**7,075**	**7,075**	**—**	**—**
International developed markets funds	**1,353**	**1,353**	**—**	**—**
Emerging markets funds	**202**	**202**	**—**	**—**
Total	**$ 86,593**	**$ 27,164**	**$ 59,429**	**$ —**
December 31, 2023				
Assets:				
U.S. government obligations	$ 14,041	$ 14,041	$ —	$ —
Government-sponsored enterprise obligations [(a)]	1,039	—	1,039	—
State and municipal obligations	3,740	—	3,740	—
Agency mortgage-backed securities [(b)]	2,230	—	2,230	—
Non-agency mortgage-backed securities	2,271	—	2,271	—
Asset-backed securities	5,687	—	5,687	—
Corporate bonds [(c)]	48,534	—	48,534	—
Equity securities and mutual funds: [(d)]				
Mutual funds	4,443	4,443	—	—
Common stocks	5,809	5,809	—	—
International developed markets funds	1,809	1,809	—	—
Emerging markets funds	239	239	—	—
Total	$ 89,842	$ 26,341	$ 63,501	$ —

(a) This category represents bonds (excluding mortgage-backed securities) issued by agencies such as the Government National Mortgage Association, the Federal Home Loan Mortgage Corp and the Federal National Mortgage Association.

(b) This category represents mortgage-backed securities issued by the agencies mentioned in (a).

(c) This category represents investment grade bonds issued in the U.S., primarily by domestic issuers, representing diverse industries.

(d) This category represents investments in individual common stocks and equity funds. These holdings are diversified, largely across the electronic technology, technology services, financial services, healthcare technology, and retail trade industries.

The investment policy of the pension plan is designed for conservation of principal, within limits designed to safeguard against significant losses within the portfolio. The policy sets guidelines, which may change from time to time, regarding the types and percentages of investments held. Currently, the policy includes guidelines such as holding bonds rated investment grade or better and prohibiting investment in Company stock. The plan does not utilize derivatives. Management believes there are no significant concentrations of risk within the plan asset portfolio at December 31, 2024. Under the current policy, the long-term investment target mix for the plan is 10% equity securities and 90% fixed income securities. The Company regularly reviews its policies on investment mix and may make changes depending on economic conditions and perceived investment risk.

The assumed overall expected long-term rate of return on pension plan assets used in calculating 2024 pension plan expense was 4.75%. Determination of the plan's expected rate of return is based upon historical and anticipated returns of the asset classes invested in by the pension plan and the allocation strategy currently in place among those classes. The rate used in plan calculations may be adjusted by management for current trends in the economic environment. The 10-year annualized return for the Company's pension plan was 4.3%. During 2024, the plan's assets gained 2.9% of their value, compared to a gain of 10.3% in 2023. Returns for any plan year may be affected by changes in the stock market and interest rates. The Company expects to incur pension expense of $1.8 million in 2025, compared to $1.3 million in 2024.

The following future benefit payments are expected to be paid:

(In thousands)		
2025	$	7,937
2026		7,820
2027		7,679
2028		7,538
2029		7,354
2030 - 2034		32,727

11. Stock-Based Compensation and Directors Stock Purchase Plan*

The Company's stock-based compensation is provided under a stockholder-approved plan that allows for issuance of various types of awards, including stock options, stock appreciation rights, restricted stock and restricted stock units, performance awards and stock-based awards. During the past three years, stock-based compensation has been issued in the form of nonvested restricted stock awards and stock appreciation rights. At December 31, 2024, 6,087,048 shares remained available for issuance under the plan. The stock-based compensation expense that was charged against income was $17.0 million, $17.1 million and $17.0 million for the years ended December 31, 2024, 2023 and 2022, respectively. The total income tax benefit recognized in the income statement for share-based compensation arrangements was $3.2 million, $3.2 million and $3.0 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Nonvested Restricted Stock Awards

Nonvested stock is awarded to key employees by action of the Company's Compensation and Human Resources Committee and Board of Directors. These awards generally vest after 4 to 7 years of continued employment, but vesting terms may vary according to the specifics of the individual grant agreement. There are restrictions as to transferability, sale, pledging, or assigning, among others, prior to the end of the vesting period. Dividend and voting rights are conferred upon grant of restricted stock awards. A summary of the status of the Company's nonvested share awards as of December 31, 2024 and changes during the year then ended is presented below.

	Shares		Weighted Average Grant Date Fair Value
Nonvested at January 1, 2024	1,224,283	$	55.70
Granted	356,585		50.05
Vested	(277,772)		49.65
Forfeited	(50,443)		56.12
Nonvested at December 31, 2024	1,252,653	$	55.41

The total fair value (at vest date) of shares vested during 2024, 2023 and 2022 was $13.9 million, $20.9 million and $18.8 million, respectively.

Stock Appreciation Rights

Stock appreciation rights (SARs) are granted with exercise prices equal to the market price of the Company's stock at the date of grant. SARs generally vest ratably over 4 years of continuous service and have 10-year contractual terms. All SARs must be settled in stock under provisions of the plan. A summary of SAR activity during 2024 is presented below.

(Dollars in thousands, except per share data)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2024	1,073,912	$ 44.86		
Granted	123,781	49.53		
Forfeited	(6,994)	56.66		
Expired	(7,313)	47.96		
Exercised	(341,424)	36.27		
Outstanding at December 31, 2024	841,962	$ 48.90	5.3 years	$ 11,291
Exercisable at December 31, 2024	575,638	$ 45.94	4.0 years	$ 9,421

In determining compensation cost, the Black-Scholes option-pricing model is used to estimate the fair value of SARs on date of grant. The Black-Scholes model is a closed-end model that uses various assumptions as shown in the following table. Expected volatility is based on historical volatility of the Company's stock. The Company uses historical exercise behavior and other factors to estimate the expected term of the SARs, which represents the period of time that the SARs granted are expected to be outstanding. The risk-free rate for the expected term is based on the U.S. Treasury zero coupon spot rates in effect at the time of grant. The per share average fair value and the model assumptions for SARs granted during the past three years are shown in the table below.

	2024	2023	2022
Weighted per share average fair value at grant date	**$14.17**	$16.91	$15.05
Assumptions:			
Dividend yield	**2.1 %**	1.6 %	1.5 %
Volatility	**29.3 %**	27.9 %	28.4 %
Risk-free interest rate	**4.2 %**	3.9 %	1.6 %
Expected term	**6.0 years**	5.8 years	5.7 years

Additional information about SARs exercised is presented below.

(In thousands)	**2024**	2023	2022
Intrinsic value of SARs exercised	**$ 8,409**	$ 1,723	$ 2,448
Tax benefit realized SARs exercised	**1,276**	362	462

As of December 31, 2024, there was $33.7 million of unrecognized compensation cost related to nonvested SARs and stock awards. This cost is expected to be recognized over a weighted average period of approximately 3.0 years.

Directors Stock Purchase Plan

The Company has a directors stock purchase plan whereby outside directors of the Company and its subsidiaries may elect to use their directors' fees to purchase Company stock at market value each month end. Remaining shares available for issuance under this plan were 79,181 at December 31, 2024. Shares authorized for issuance under the plan were increased to 150,000 shares in February 2022. In 2024, 29,291 shares were purchased at an average price of $58.37, and in 2023, 34,483 shares were purchased at an average price of $49.59.

** All share and per share amounts in this note have been restated for the 5% common stock dividend distributed in 2024.*

12. Accumulated Other Comprehensive Income

The table below shows the activity and accumulated balances for components of other comprehensive income. The largest component is the unrealized holding gains and losses on available for sale debt securities. Another component is the amortization from other comprehensive income of losses associated with pension benefits, which occurs as the losses are included in current net periodic pension cost. The remaining component is gains and losses in fair value on certain interest rate floors that have been designated as cash flow hedges, including interest rate floors terminated in prior years. For those terminated floors, the realized gains are amortized into interest income through the original maturity dates of the floors. Information about unrealized gains and losses on securities can be found in Note 3, information about unrealized gains and losses on pension plans can be found in Note 10, and information about unrealized gains and losses on cash flow hedge derivatives is located in Note 19.

(In thousands)	Unrealized Gains (Losses) on Securities (1)	Pension Loss	Unrealized Gains (Losses) on Cash Flow Hedge Derivatives (2)	Total Accumulated Other Comprehensive Income (Loss)
Balance January 1, 2024	**$ (915,001)**	**$ (13,596)**	**$ 37,185**	**$ (891,412)**
Other comprehensive income (loss) before reclassifications to current earnings	**33,151**	**1,338**	**(43,416)**	**(8,927)**
Amounts reclassified to current earnings from accumulated other comprehensive income	**196,283**	**711**	**(11,399)**	**185,595**
Current period other comprehensive income (loss), before tax	**229,434**	**2,049**	**(54,815)**	**176,668**
Income tax (expense) benefit	**(57,359)**	**(512)**	**13,704**	**(44,167)**
Current period other comprehensive income (loss), net of tax	**172,075**	**1,537**	**(41,111)**	**132,501**
Balance December 31, 2024	**$ (742,926)**	**$ (12,059)**	**$ (3,926)**	**$ (758,911)**
Balance January 1, 2023	$ (1,124,915)	$ (17,186)	$ 55,237	$ (1,086,864)
Other comprehensive income (loss) before reclassifications to current earnings	271,442	3,594	(8,860)	266,176
Amounts reclassified to current earnings from accumulated other comprehensive income	8,444	1,193	(15,209)	(5,572)
Current period other comprehensive income (loss), before tax	279,886	4,787	(24,069)	260,604
Income tax (expense) benefit	(69,972)	(1,197)	6,017	(65,152)
Current period other comprehensive income (loss), net of tax	209,914	3,590	(18,052)	195,452
Balance December 31, 2023	$ (915,001)	$ (13,596)	$ 37,185	$ (891,412)

(1) The pre-tax amounts reclassified from accumulated other comprehensive income to current earnings are included in "investment securities gains (losses), net" in the consolidated statements of income.
(2) The pre-tax amounts reclassified from accumulated other comprehensive income to current earnings are included in "interest and fees on loans" in the consolidated statements of income.

13. Segments

The Company segregates financial information for use in assessing its performance and allocating resources among three operating segments: Consumer, Commercial, and Wealth. The Consumer segment consists of various consumer loan and deposit products offered through its retail branch network of approximately 140 locations. This segment also includes residential mortgage, indirect and other consumer loan financing businesses, along with debit and credit card loan and fee businesses.

The Commercial segment provides corporate lending (including the Small Business Banking product line within the branch network), leasing, and international services, along with business and governmental deposit products and commercial cash management services. This segment also includes both merchant and commercial bank card products as well as the Commercial Tradable Products division, which sells fixed-income securities, underwrites municipal bonds and provides securities safekeeping and accounting services to its business and correspondent bank customers. The Wealth segment provides traditional trust and estate planning, advisory and discretionary investment management, and brokerage services. This segment also provides various loan and deposit related services to its private banking customers.

The Company’s business line reporting system derives segment information from the internal profitability reporting system used by management to monitor and manage the financial performance of the Company. This information is based on internal management accounting procedures and methods, which have been developed to reflect the underlying economics of the businesses. These methodologies are applied in connection with funds transfer pricing and assignment of overhead costs

among segments. Funds transfer pricing was used in the determination of net interest income. A standard cost for funds used is applied to assets, and a credit for funds provided is applied to liabilities based on their maturity, prepayment and/or repricing characteristics. Income and expense that directly relate to segment operations are recorded in the segment when incurred. Expenses that indirectly support the segments are allocated based on the most appropriate method available.

The Company uses a funds transfer pricing method to value funds used (e.g., loans, fixed assets, and cash) and funds provided (e.g., deposits, borrowings, and equity) by the business segments and their components. This process assigns a specific value to each new source or use of funds with a maturity, based on current swap rates, thus determining an interest spread at the time of the transaction. Non-maturity assets and liabilities are valued using weighted average pools. The funds transfer pricing process attempts to remove interest rate risk from valuation, allowing management to compare profitability under various rate environments.

The Company's chief executive officer is its chief operating decision maker ("CODM"). The CODM is the primary individual in control of resource allocation, and the allocation determinations are made in consultation with the Company's executive management committee, of which the CODM is a member. The Company's CODM primarily utilizes net income before taxes to evaluate each segment's performance and allocate resources (including employees, financial, or capital resources), primarily through the Company's annual budgeting process and periodic segment performance reviews. To manage operations and make decisions regarding resource allocations, the CODM is regularly provided and reviews total non-interest expense at a consolidated level and total non-interest expense for each segment.

The following tables present selected financial information by segment and reconciliations of combined segment totals to consolidated totals. There were no material intersegment revenues between the three segments. Management periodically makes changes to methods of assigning costs and income to its business segments to better reflect operating results. If appropriate, these changes are reflected in prior year information presented below. Net interest income allocated among the segments prior to 2024 has been restated to reflect a funds transfer pricing methodology change implemented on January 1, 2024 for all deposit types, except certificates of deposit. The new methodology moves from a rolling pool to a profitability range methodology. The new methodology more accurately reflects the profitability of affected deposits relative to current rates and removes most interest rate risk from business segments. Additionally, the Company changed its management of its portfolio of residential mortgage loans that it retains, and as a result, the Company began including those loans in the Consumer segment on January 1, 2023. These loans had previously been included in the Other/Elimination column. As a result of this change, loans of approximately $1.9 billion were reclassified from the Other/Elimination column into the Consumer segment in 2023 and prior periods presented below were restated to also reflect this change.

Segment Income Statement Data

(In thousands)	Consumer	Commercial	Wealth	Other/ Elimination	Consolidated Totals
Year ended December 31, 2024:					
Net interest income	**$ 512,224**	**$ 515,681**	**$ 87,818**	**$ (75,477)**	**$ 1,040,246**
Provision for credit losses	**(37,610)**	**(1,446)**	**148**	**6,005**	**(32,903)**
Non-interest income	**102,904**	**259,229**	**243,476**	**9,944**	**615,553**
Investment securities gains, net	**—**	**—**	**—**	**7,823**	**7,823**
Non-interest expense	**(331,757)**	**(401,498)**	**(158,932)**	**(59,042)**	**(951,229)**
Income before income taxes	**$ 245,761**	**$ 371,966**	**$ 172,510**	**$ (110,747)**	**$ 679,490**
Year ended December 31, 2023:					
Net interest income	$ 552,694	$ 521,530	$ 99,797	$ (175,892)	$ 998,129
Provision for loan losses	(27,459)	(3,513)	(28)	(4,451)	(35,451)
Non-interest income	99,910	246,183	218,241	8,711	573,045
Investment securities gains, net	—	—	—	14,985	14,985
Non-interest expense	(326,838)	(391,980)	(157,679)	(54,485)	(930,982)
Income before income taxes	$ 298,307	$ 372,220	$ 160,331	$ (211,132)	$ 619,726
Year ended December 31, 2022:					
Net interest income	$ 582,329	$ 542,940	$ 118,724	$ (301,808)	$ 942,185
Provision for loan losses	(17,816)	(1,195)	(8)	(9,052)	(28,071)
Non-interest income	105,806	224,810	221,099	(5,180)	546,535
Investment securities gains, net	—	—	—	20,506	20,506
Non-interest expense	(306,671)	(365,037)	(152,623)	(24,446)	(848,777)
Income before income taxes	$ 363,648	$ 401,518	$ 187,192	$ (319,980)	$ 632,378

Non-interest expense for the Consumer, Commercial, and Wealth segments above is primarily comprised of salaries, incentives, benefits, and allocated overhead costs for service and support. Non-interest expense for the segments also includes expenses for data processing and software, occupancy, and professional and other services.

The segment activity, as shown above, includes both direct and allocated items. Amounts in the "Other/Elimination" column include activity not related to the segments, such as that relating to administrative functions, the investment securities portfolio, and the effect of certain expense allocations to the segments. The provision for credit losses in this category contains the difference between net loan charge-offs assigned directly to the segments and the recorded provision for credit loss expense. Included in this category's net interest income are earnings of the investment portfolio, which are not allocated to a segment. Additionally, interest expense on the Company's brokered deposits, is included in this column, as the Company's brokered deposits are not allocated to a segment.

Segment Balance Sheet Data

(In thousands)	Consumer	Commercial	Wealth	Other/ Elimination	Consolidated Totals
Average balances for 2024:					
Assets	**$ 3,979,290**	**$ 11,616,599**	**$ 1,965,281**	**$ 13,124,110**	**$ 30,685,280**
Loans, including held for sale	**3,830,810**	**11,302,254**	**1,949,127**	**7,406**	**17,089,597**
Goodwill and other intangible assets	**80,889**	**75,187**	**746**	**3,600**	**160,422**
Deposits	**12,287,463**	**9,876,226**	**2,378,958**	**(35,640)**	**24,507,007**
Average balances for 2023:					
Assets	$ 3,984,071	$ 11,351,223	$ 1,892,958	$ 14,712,363	$ 31,940,615
Loans, including held for sale	3,832,483	11,061,461	1,878,440	10,458	16,782,842
Goodwill and other intangible assets	81,655	72,066	746	3,600	158,067
Deposits	12,243,033	10,375,075	2,377,397	312,876	25,308,381

The above segment balances include only those items directly associated with the segment. The "Other/Elimination" column includes unallocated bank balances not associated with a segment (such as investment securities, federal funds sold and brokered deposits), balances relating to certain other administrative and corporate functions, and eliminations between segment and non-segment balances. This column also includes the resulting effect of allocating such items as float, deposit reserve and capital for the purpose of computing the cost or credit for funds used/provided.

The Company's reportable segments are strategic lines of business that offer different products and services. They are managed separately because each line services a specific customer need, requiring different performance measurement analyses and marketing strategies. The performance measurement of the segments is based on the management structure of the Company and is not necessarily comparable with similar information for any other financial institution. The information is also not necessarily indicative of the segments' financial condition and results of operations if they were independent entities.

14. Common Stock*

On December 18, 2024, the Company distributed a 5% stock dividend on its $5 par common stock for the 31st consecutive year. All per common share data in this report has been restated to reflect the stock dividend.

The Company applies the two-class method of computing income per share, as nonvested share-based awards that pay non-forfeitable common stock dividends are considered securities which participate in undistributed earnings with common stock. The two-class method requires the calculation of separate income per share amounts for the nonvested share-based awards and for common stock. Income per share attributable to common stock is shown in the following table. Nonvested share-based awards are further discussed in Note 11, Stock-Based Compensation.

Basic income per share is based on the weighted average number of common shares outstanding during the year. Diluted income per share gives effect to all dilutive potential common shares that were outstanding during the year. Presented below is a summary of the components used to calculate basic and diluted income per common share, which have been restated for all stock dividends.

(In thousands, except per share data)	**2024**	2023	2022
Basic income per common share:			
Net income attributable to Commerce Bancshares, Inc.	**$ 526,331**	$ 477,060	$ 488,399
Less income allocated to nonvested restricted stock	**4,914**	4,241	4,450
Net income allocated to common stock	**$ 521,417**	$ 472,819	$ 483,949
Weighted average common shares outstanding	**134,522**	136,418	138,116
Basic income per common share	**$ 3.88**	$ 3.47	$ 3.50
Diluted income per common share:			
Net income attributable to Commerce Bancshares, Inc.	**$ 526,331**	$ 477,060	$ 488,399
Less income allocated to nonvested restricted stock	**4,910**	4,237	4,442
Net income allocated to common stock	**$ 521,421**	$ 472,823	$ 483,957
Weighted average common shares outstanding	**134,522**	136,418	138,116
Net effect of the assumed exercise of stock-based awards - based on the treasury stock method using the average market price for the respective periods	**166**	157	314
Weighted average diluted common shares outstanding	**134,688**	136,575	138,430
Diluted income per common share	**$ 3.87**	$ 3.46	$ 3.50

Unexercised stock appreciation rights of 386 thousand, 381 thousand and 179 thousand were excluded from the computation of diluted income per share for the years ended December 31, 2024, 2023 and 2022, respectively, because their inclusion would have been anti-dilutive.

The Company maintains a treasury stock buyback program authorized by its Board of Directors. The most recent authorization in April 2024 approved future purchases of 5,000,000 shares of the Company's common stock. At December 31, 2024, 2,931,648 shares of common stock remained available for purchase under the current authorization.

The table below shows activity in the outstanding shares of the Company's common stock during the past three years. Shares in the table below are presented on an historical basis and have not been restated for the annual 5% stock dividends.

	Years Ended December 31		
(In thousands)	**2024**	2023	2022
Shares outstanding at January 1	**130,176**	124,999	121,436
Issuance of stock:			
Awards and sales under employee and director plans	**453**	348	306
5% stock dividend	**6,396**	6,201	5,953
Other purchases of treasury stock	**(2,875)**	(1,355)	(2,684)
Other	**2**	(17)	(12)
Shares outstanding at December 31	**134,152**	130,176	124,999

** Except as noted in the above table, all share and per share amounts in this footnote have been restated for the 5% common stock dividend distributed in 2024.*

15. Regulatory Capital Requirements

The Company is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and additional discretionary actions by regulators that could have a direct material effect on the Company's financial statements. The regulations require the Company to meet specific capital adequacy guidelines that involve quantitative measures of the Company's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Company's capital classification is also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

The following tables show the capital amounts and ratios for the Company (on a consolidated basis) and the Bank, together with the minimum capital adequacy and well-capitalized capital requirements, at the last two year ends.

	Actual		Minimum Capital Adequacy Requirement		Well-Capitalized Capital Requirement	
(Dollars in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2024						
Total Capital (to risk-weighted assets):						
Commerce Bancshares, Inc. (consolidated)	$4,108,270	17.48%	$1,880,032	8.00%	N.A.	N.A.
Commerce Bank	3,484,249	14.98	1,861,121	8.00	$2,326,401	10.00%
Tier I Capital (to risk-weighted assets):						
Commerce Bancshares, Inc. (consolidated)	$3,926,446	16.71%	$1,410,024	6.00%	N.A.	N.A.
Commerce Bank	3,302,425	14.20	1,395,841	6.00	$1,861,121	8.00%
Tier I Common Capital (to risk-weighted assets):						
Commerce Bancshares, Inc. (consolidated)	$3,926,446	16.71%	$1,057,518	4.50%	N.A.	N.A.
Commerce Bank	3,302,425	14.20	1,046,880	4.50	$1,512,161	6.50%
Tier I Capital (to adjusted quarterly average assets):						
(Leverage Ratio)						
Commerce Bancshares, Inc. (consolidated)	$3,926,446	12.26%	$1,281,116	4.00%	N.A.	N.A.
Commerce Bank	3,302,425	10.36	1,274,648	4.00	$1,593,310	5.00%
December 31, 2023						
Total Capital (to risk-weighted assets):						
Commerce Bancshares, Inc. (consolidated)	$3,881,024	16.03%	$1,937,322	8.00%	N.A.	N.A.
Commerce Bank	3,313,640	13.81	1,919,257	8.00	$2,399,071	10.00%
Tier I Capital (to risk-weighted assets):						
Commerce Bancshares, Inc. (consolidated)	$3,693,089	15.25%	$1,452,992	6.00%	N.A.	N.A.
Commerce Bank	3,125,706	13.03	1,439,443	6.00	$1,919,257	8.00%
Tier I Common Capital (to risk-weighted assets):						
Commerce Bancshares, Inc. (consolidated)	$3,693,089	15.25%	$1,089,744	4.50%	N.A.	N.A.
Commerce Bank	3,125,706	13.03	1,079,582	4.50	$1,559,396	6.50%
Tier I Capital (to adjusted quarterly average assets):						
(Leverage Ratio)						
Commerce Bancshares, Inc. (consolidated)	$3,693,089	11.25%	$1,313,377	4.00%	N.A.	N.A.
Commerce Bank	3,125,706	9.56	1,307,174	4.00	$1,633,968	5.00%

The minimum required ratios for well-capitalized banks (under prompt corrective action provisions) are 6.5% for Tier I common capital, 8.0% for Tier I capital, 10.0% for Total capital and 5.0% for the leverage ratio.

At December 31, 2024 and 2023, the Company met all capital requirements to which it is subject, and the Bank's capital position exceeded the regulatory definition of well-capitalized.

16. Revenue from Contracts with Customers

Revenue from contracts with customers, Accounting Standard Codification 606 ("ASC 606"), requires revenue recognition for the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. For the year ended December 31, 2024, approximately 63% of the Company's total revenue was comprised of net interest income, which is not within the scope of this guidance. Of the remaining revenue, those items that were subject to this guidance mainly included fees for bank card, trust, deposit account services and consumer brokerage services.

The following table disaggregates revenue from contracts with customers by major product line.

	For the Years Ended December 31		
(In thousands)	**2024**	2023	2022
Bank card transaction fees	**$ 189,784**	$ 191,156	$ 176,144
Trust fees	**214,430**	190,954	184,719
Deposit account charges and other fees	**100,336**	90,992	94,381
Consumer brokerage services	**18,141**	17,223	19,117
Other non-interest income	**47,576**	38,784	34,742
Total non-interest income from contracts with customers	**570,267**	529,109	509,103
Other non-interest income [(1)]	**45,286**	43,936	37,432
Total non-interest income	**$ 615,553**	$ 573,045	$ 546,535

(1) This revenue is not within the scope of ASC 606, and includes fees relating to bond trading activities, loan fees and sales, derivative instruments, standby letters of credit and various other transactions.

The following table presents the opening and closing receivable balances for the years ended December 31, 2024 and 2023 for the Company's significant revenue categories from contracts with customers.

(In thousands)	**December 31, 2024**	December 31, 2023	December 31, 2022
Bank card transaction fees	**$ 17,754**	$ 18,069	$ 17,254
Trust fees	**2,165**	1,764	2,038
Deposit account charges and other fees	**7,897**	6,588	6,631
Consumer brokerage services	**—**	8	949

For these revenue categories, none of the transaction price has been allocated to performance obligations that are unsatisfied as of the end of a reporting period. A description of these revenue categories follows.

Bank Card Transaction Fees

The following table presents the components of bank card fee income.

	For the Years Ended December 31		
(In thousands)	**2024**	2023	2022
Debit card:			
Fee income	**$ 45,279**	$ 44,795	$ 44,240
Expense for network charges	**(762)**	(914)	(3,272)
Net debit card fees	**44,517**	43,881	40,968
Credit card:			
Fee income	**31,845**	31,639	31,609
Expense for network charges and rewards	**(15,833)**	(17,191)	(17,049)
Net credit card fees	**16,012**	14,448	14,560
Corporate card:			
Fee income	**216,393**	220,229	217,539
Expense for network charges and rewards	**(109,731)**	(109,588)	(117,527)
Net corporate card fees	**106,662**	110,641	100,012
Merchant:			
Fee income	**38,358**	36,775	34,583
Fees to cardholder banks	**(11,515)**	(11,001)	(10,425)
Expense for network charges	**(4,250)**	(3,588)	(3,554)
Net merchant fees	**22,593**	22,186	20,604
Total bank card transaction fees	**$ 189,784**	$ 191,156	$ 176,144

The majority of debit and credit card fees are reported in the Consumer segment, while corporate card and merchant fees are reported in the Commercial segment.

Debit and Credit Card Fees

The Company issues debit and credit cards to its retail and commercial banking customers who use the cards to purchase goods and services from merchants through an electronic payment system. As a card issuer, the Company earns fees, including interchange income, for processing the cardholder's purchase transaction with a merchant through a settlement network. Purchases are charged directly to a customer's checking account (in the case of a debit card), or are posted to a customer's credit card account. The fees earned are established by the settlement network and are dependent on the type of transaction processed but are typically based on a per unit charge. Interchange income, the largest component of debit and credit card fees, is settled daily through the networks. The services provided to the cardholders include issuing and maintaining cards, settling purchases with merchants, and maintaining memberships in various card networks to facilitate processing. These services are considered one performance obligation, as one of the services would not be performed without the others. The performance obligation is satisfied as services are rendered for each purchase transaction, and income is immediately recognized.

In order to participate in the settlement network process, the Company must pay various transaction-related costs, established by the networks, including membership fees and a per unit charge for each transaction. These expenses are recorded net of the card fees earned.

Consumer credit card products offer cardholders rewards that can be later redeemed for cash, goods or services to encourage card usage. Reward programs must meet network requirements based on the type of card issued. The expense associated with the rewards granted are recorded net of the credit card fees earned.

Commercial card products offer cash rewards to corporate cardholders to encourage card usage in facilitating corporate payments. The Company pays cash rewards based on contractually agreed upon amounts, normally as a percent of each sales transaction. The expense associated with the cash rewards program is recorded net of the corporate card fees earned.

Merchant Fees

The Company offers merchant processing services to its business customers to enable them to accept credit and debit card payments. Merchant processing activities include gathering merchant sales information, authorizing sales transactions and collecting the funds from card issuers using the networks. The merchant is charged a merchant discount fee for the services based on agreed upon pricing between the merchant and the Company. Merchant fees are recorded net of outgoing interchange costs paid to the card issuing banks and net of other network costs as shown in the table above.

Merchant services provided are considered one performance obligation, as one of the services would not be performed without the others. The performance obligation is satisfied as services are rendered for each settlement transaction and income is immediately recognized. Income earned from merchant fees settles with the customer according to terms negotiated in individual customer contracts. The majority of customers settle with the Company at least monthly.

Trust Fees

The following table shows the components of revenue within trust fees, which are reported within the Wealth segment.

	For the Years Ended December 31		
(In thousands)	**2024**	2023	2022
Private client	**$ 173,659**	$ 153,524	$ 147,239
Institutional	**34,596**	31,756	31,525
Other	**6,175**	5,674	5,955
Total trust fees	**$ 214,430**	$ 190,954	$ 184,719

The Company provides trust and asset management services to both private client and institutional trust customers including asset custody, investment advice, and reporting and administrative services. Other specialized services such as tax preparation, financial planning, representation and other related services are provided as needed. Trust fees are generally earned monthly and billed based on a rate multiplied by the fair value of the customer's trust assets. The majority of customer trust accounts are billed monthly. However, some accounts are billed quarterly, and a small number of accounts are billed semi-annually or annually, in accordance with agreements in place with the customer. The Company accrues trust fees monthly based on an estimate of fees due and either directly charges the customer’s account the following month or invoices the customer for fees due according to the billing schedule.

The Company maintains written product pricing information which is used to bill each trust customer based on the services provided. Providing trust services is considered to be a single performance obligation that is satisfied on a monthly basis, involving the monthly custody of customer assets, statement rendering, periodic investment advice where applicable, and other specialized services as needed. As such, performance obligations are considered to be satisfied at the conclusion of each month while trust fee income is also recognized monthly.

Deposit Account Charges and Other Fees

The following table shows the components of revenue within deposit account charges and other fees.

	For the Years Ended December 31		
(In thousands)	**2024**	2023	2022
Corporate cash management fees	**$ 64,838**	$ 56,291	$ 52,501
Overdraft and return item fees	**11,511**	11,607	19,938
Other service charges on deposit accounts	**23,987**	23,094	21,942
Total deposit account charges and other fees	**$ 100,336**	$ 90,992	$ 94,381

Approximately 69% of this revenue is reported in the Commercial segment, while the remainder is reported in the Consumer segment.

The Company provides corporate cash management services to its business and non-profit customers to meet their various transaction processing needs. Such services include deposit and check processing, lockbox, remote deposit, reconciliation, online banking and other similar transaction processing services. The Company maintains unit prices for each type of service, and the customer is billed based on transaction volumes processed monthly. The customer is usually billed either monthly or

quarterly, however, some customers may be billed semi-annually or annually. The customer may pay for the cash management services either by paying in cash or using the value of deposit balances (formula provided to the customer) held at the Company. The Company's performance obligation for corporate cash management services is the processing of items over a monthly term, and the obligations are satisfied at the conclusion of each month.

Overdraft fees are charged to customers when daily checks and other withdrawals to customers' accounts exceed balances on hand. Fees are based on a unit price multiplied by the number of items processed whose total amounts exceed the available account balance. The daily overdraft charge is calculated, and the fee is posted to the customer's account each day. The Company's performance obligation for overdraft transactions is based on the daily transaction processed and the obligation is satisfied as each day's transaction processing is concluded.

Other deposit fees include numerous smaller fees such as monthly statement fees, foreign ATM processing fees, identification restoration fees, and stop payment fees. Such fees are mostly billed to customers directly on their monthly deposit account statements, or in the case of foreign ATM processing fees, the fee is charged to the customer on the day that transactions are processed. Performance obligations for all of these various services are satisfied at the time that the service is rendered.

Consumer Brokerage Services

Consumer brokerage services revenue is comprised of commissions received upon the execution of purchases and sales of mutual fund shares and equity securities, in addition to sales of annuities and certain limited insurance products, in an agency capacity. Also, commissions are earned on professionally managed advisory programs. Revenue from these services is generally recognized as a commission at the time of the transaction's execution. Mutual fund and other distribution fees are recognized upon initial transaction execution as well as in future periods as customers continue to hold amounts in those mutual funds. Commission revenue for advisory services is recognized ratably over the contract term. Nearly all of the Company's consumer brokerage services revenue is recorded in the Wealth segment.

Other Non-Interest Income from Contracts with Customers

Other non-interest income from contracts with customers consists mainly of various transaction-driven revenue streams such as ATM fees, check sales and wire fees, cash sweep commissions, underwriting fees, and gains on sales of tax credits. Performance obligations for these services consist mainly of the execution of a single transaction at a single point in time. Fees from these revenue sources are recognized when the performance obligation is completed, at which time cash is received by the Company.

17. Fair Value Measurements

The Company uses fair value measurements to record fair value adjustments to certain financial and nonfinancial assets and liabilities and to determine fair value disclosures. Various financial instruments such as available for sale debt securities, equity securities, trading debt securities, certain investments relating to private equity activities, and derivatives are recorded at fair value on a recurring basis. Additionally, from time to time, the Company may be required to record other assets and liabilities at fair value on a nonrecurring basis, such as mortgage servicing rights and certain other investment securities. These nonrecurring fair value adjustments typically involve lower of cost or fair value accounting, or write-downs of individual assets.

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

- Level 1 – inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and inputs that are observable for the assets or liabilities, either directly or indirectly (such as interest rates, yield curves, and prepayment speeds).
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value. These may be internally developed, using the Company's best information and assumptions that a market participant would consider.

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

Instruments Measured at Fair Value on a Recurring Basis

The table below presents the carrying values of assets and liabilities measured at fair value on a recurring basis at December 31, 2024 and 2023. There were no transfers among levels during these years.

		Fair Value Measurements Using		
(In thousands)	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2024				
Assets:				
Residential mortgage loans held for sale	**$ 2,981**	**$ —**	**$ 2,981**	**$ —**
Available for sale debt securities:				
U.S. government and federal agency obligations	**2,555,252**	**2,555,252**	**—**	**—**
Government-sponsored enterprise obligations	**42,849**	**—**	**42,849**	**—**
State and municipal obligations	**742,891**	**—**	**741,927**	**964**
Agency mortgage-backed securities	**3,444,891**	**—**	**3,444,891**	**—**
Non-agency mortgage-backed securities	**568,689**	**—**	**568,689**	**—**
Asset-backed securities	**1,557,015**	**—**	**1,557,015**	**—**
Other debt securities	**225,266**	**—**	**225,266**	**—**
Trading debt securities	**38,034**	**10,219**	**27,815**	**—**
Equity securities	**48,359**	**48,359**	**—**	**—**
Private equity investments	**184,386**	**—**	**—**	**184,386**
Derivatives *	**62,648**	**—**	**62,555**	**93**
Assets held in trust for deferred compensation plan	**21,849**	**21,849**	**—**	**—**
Total assets	**9,495,110**	**2,635,679**	**6,673,988**	**185,443**
Liabilities:				
Derivatives *	**26,963**	**—**	**26,905**	**58**
Liabilities held in trust for deferred compensation plan	**21,849**	**21,849**	**—**	**—**
Total liabilities	**$ 48,812**	**$ 21,849**	**$ 26,905**	**$ 58**
December 31, 2023				
Assets:				
Residential mortgage loans held for sale	$ 1,585	$ —	$ 1,585	$ —
Available for sale debt securities:				
U.S. government and federal agency obligations	816,514	816,514	—	—
Government-sponsored enterprise obligations	43,962	—	43,962	—
State and municipal obligations	1,197,419	—	1,196,472	947
Agency mortgage-backed securities	3,901,346	—	3,901,346	—
Non-agency mortgage-backed securities	1,157,898	—	1,157,898	—
Asset-backed securities	2,107,485	—	2,107,485	—
Other debt securities	460,136	—	460,136	—
Trading debt securities	28,830	—	28,830	—
Equity securities	5,723	5,723	—	—
Private equity investments	176,667	—	—	176,667
Derivatives *	116,876	—	116,710	166
Assets held in trust for deferred compensation plan	20,538	20,538	—	—
Total assets	10,034,979	842,775	9,014,424	177,780
Liabilities:				
Derivatives *	37,899	—	37,704	195
Liabilities held in trust for deferred compensation plan	20,538	20,538	—	—
Total liabilities	$ 58,437	$ 20,538	$ 37,704	$ 195

**The fair value of each class of derivative is shown in Note 19.*

Valuation methods for instruments measured at fair value on a recurring basis

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

Residential mortgage loans held for sale

The Company originates fixed rate, first lien residential mortgage loans that are intended for sale in the secondary market. Fair value is based on quoted secondary market prices for loans with similar characteristics, which are adjusted to include the embedded servicing value in the loans. This adjustment represents an unobservable input to the valuation but is not considered significant given the relative insensitivity of the valuation to changes in this input. Accordingly, these loan measurements are classified as Level 2.

Available for sale debt securities

For available for sale securities, changes in fair value are recorded in other comprehensive income. This portfolio comprises the majority of the assets which the Company records at fair value. Most of the portfolio, which includes government-sponsored enterprise, mortgage-backed and asset-backed securities, are priced utilizing industry-standard models that consider various assumptions, including time value, yield curves, volatility factors, prepayment speeds, default rates, loss severity, current market and contractual prices for the underlying financial instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace. These measurements are classified as Level 2 in the fair value hierarchy. Where quoted prices are available in an active market, the measurements are classified as Level 1. Most of the Level 1 measurements apply to U.S. Treasury obligations.

The fair values of Level 1 and 2 securities in the available for sale portfolio are prices provided by a third-party pricing service. The prices provided by the third-party pricing service are based on observable market inputs, as described in the sections below. On a quarterly basis, the Company compares these prices to other independent sources for the same and similar securities. Variances are analyzed, and, if appropriate, additional research is conducted with the third-party pricing service. Based on this research, the pricing service may affirm or revise its quoted price. No significant adjustments have been made to the prices provided by the pricing service. The pricing service also provides documentation on an ongoing basis that includes reference data, inputs and methodology by asset class, which is reviewed by the Company to ensure that security placement within the fair value hierarchy is appropriate.

Valuation methods and inputs, by class of security:

- *U.S. government and federal agency obligations*

  U.S. treasury bills, bonds and notes, including inflation-protected securities, are valued using quoted prices from active markets.

- *Government-sponsored enterprise obligations*

  Government-sponsored enterprise obligations are evaluated using cash flow valuation models. Inputs used are live market data, cash settlements, Treasury market yields, and floating rate indices such as SOFR, CMT, and Prime.

- *State and municipal obligations, excluding auction rate securities*

  A yield curve is generated and applied to bond sectors, and individual bond valuations are extrapolated. Inputs used to generate the yield curve are bellwether issue levels, established trading spreads between similar issuers or credits, historical trading spreads over widely accepted market benchmarks, new issue scales, and verified bid information. Bid information is verified by corroborating the data against external sources such as broker-dealers, trustees/paying agents, issuers, or non-affiliated bondholders.

- *Mortgage and asset-backed securities*

  Collateralized mortgage obligations and other asset-backed securities are valued at the tranche level. For each tranche valuation, the process generates predicted cash flows for the tranche, applies a market based (or benchmark) yield/ spread for each tranche, and incorporates deal collateral performance and tranche level attributes to determine tranche-specific spreads to adjust the benchmark yield. Tranche cash flows are generated from new deal files and prepayment/ default assumptions. Tranche spreads are based on tranche characteristics such as average life, type, volatility, ratings, underlying collateral and performance, and prevailing market conditions. The appropriate tranche spread is applied to the corresponding benchmark, and the resulting value is used to discount the cash flows to generate an evaluated price.

Valuation of agency pass-through securities, typically issued under GNMA, FNMA, FHLMC, and SBA programs, are primarily derived from information from the to-be-announced (TBA) market. This market consists of generic mortgage pools which have not been received for settlement. Snapshots of the TBA market, using live data feeds distributed by multiple electronic platforms, are used in conjunction with other indices to compute a price based on discounted cash flow models.

- *Other debt securities*

  Other debt securities are valued using active markets and inter-dealer brokers as well as option adjusted spreads. The spreads and models use yield curves, terms and conditions of the bonds, and any special features (e.g., call or put options and redemption features).

- *Auction rate securities*

  The available for sale portfolio includes certain auction rate securities. Due to the illiquidity in the auction rate securities market in recent years, the fair value of these securities cannot be based on observable market prices. The fair values of these securities are estimated using a discounted cash flows analysis which is discussed more fully in the Level 3 Inputs section of this note. Because many of the inputs significant to the measurement are not observable, these measurements are classified as Level 3 measurements.

Trading debt securities

The securities in the Company's trading portfolio are priced by averaging several broker quotes for similar instruments and are classified as Level 2 measurements.

Equity securities with readily determinable fair values

Equity securities are priced using the market prices for each security from the major stock exchanges or other electronic quotation systems. These are generally classified as Level 1 measurements. Stocks which trade infrequently are classified as Level 2.

Private equity investments

These securities are held by the Company's private equity subsidiary and are included in other investment securities in the consolidated balance sheets. Due to the absence of quoted market prices, valuation of these nonpublic investments requires significant management judgment. These fair value measurements, which are discussed in the Level 3 Inputs section of this note, are classified as Level 3.

Derivatives

The Company's derivative instruments include interest rate swaps and floors, foreign exchange forward contracts, and certain credit risk guarantee agreements. When appropriate, the impact of credit standing as well as any potential credit enhancements, such as collateral, has been considered in the fair value measurement.

- Valuations for interest rate swaps are derived from a proprietary model whose significant inputs are readily observable market parameters, primarily yield curves used to calculate current exposure. Counterparty credit risk is incorporated into the model and calculated by applying a net credit spread over SOFR to the swap's total expected exposure over time. The net credit spread is comprised of spreads for both the Company and its counterparty, derived from probability of default and other loss estimate information obtained from a third party credit data provider or from the Company's Credit department when not otherwise available. The credit risk component is not significant compared to the overall fair value of the swaps. The results of the model are constantly validated through comparison to active trading in the marketplace.

  Parties to swaps requiring central clearing are required to post collateral (generally in the form of cash or marketable securities) to an authorized clearing agency that holds and monitors the collateral. The Company's clearing counterparty characterizes a component of this collateral, known as variation margin, as a legal settlement of the derivative contract exposure, and as a result, the variation margin is considered in determining the fair value of the derivative.

  Valuations for interest rate floors are also derived from a proprietary model whose significant inputs are readily observable market parameters, primarily yield curves and volatility surfaces. The model uses market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates fall below the strike rates of the floors. The model also incorporates credit valuation adjustments of both the Company's and the

counterparties' non-performance risk. The credit valuation adjustment component is not significant compared to the overall fair value of the floors.

The fair value measurements of interest rate swaps and floors are classified as Level 2 due to the observable nature of the significant inputs utilized.

- Fair value measurements for foreign exchange contracts are derived from a model whose primary inputs are quotations from global market makers and are classified as Level 2.
- The Company's contracts related to credit risk guarantees are valued under a proprietary model which uses unobservable inputs and assumptions about the creditworthiness of the counterparty (generally a Bank customer). Customer credit spreads, which are based on probability of default and other loss estimates, are calculated internally by the Company's Credit department, as mentioned above, and are based on the Company's internal risk rating for each customer. Because these inputs are significant to the measurements, they are classified as Level 3.
- Derivatives relating to residential mortgage loan sale activity include commitments to originate mortgage loans held for sale, forward loan sale contracts, and forward commitments to sell TBA securities. The fair values of loan commitments and sale contracts are estimated using quoted market prices for loans similar to the underlying loans in these instruments. The valuations of loan commitments are further adjusted to include embedded servicing value and the probability of funding. These assumptions are considered Level 3 inputs and are significant to the loan commitment valuation; accordingly, the measurement of loan commitments is classified as Level 3. The fair value measurement of TBA contracts is based on security prices published on trading platforms and is classified as Level 2.

Assets held in trust for deferred compensation plan

Assets held in a third party trust for the Company's deferred compensation plan consist of investments in mutual funds. The fair value measurements are based on quoted prices in active markets and classified as Level 1. The Company has recorded an asset representing the total investment amount. The Company has also recorded a corresponding liability, representing the Company's liability to the plan participants.

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis are summarized as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
(In thousands)	State and Municipal Obligations	Private Equity Investments	Total
Year ended December 31, 2024:			
Balance at January 1, 2024	**$ 947**	**$ 176,667**	**$ 177,614**
Total gains or losses (realized/unrealized):			
Included in earnings	**—**	**24,134**	**24,134**
Included in other comprehensive income *	**15**	**—**	**15**
Discount accretion	**2**	**—**	**2**
Purchases of private equity securities	**—**	**20,800**	**20,800**
Sale / pay down of private equity securities	**—**	**(37,103)**	**(37,103)**
Capitalized interest/dividends	**—**	**(112)**	**(112)**
Balance at December 31, 2024	**$ 964**	**$ 184,386**	**$ 185,350**
Total gains or losses for the year included in earnings attributable to the change in unrealized gains or losses relating to assets still held at December 31, 2024	**$ —**	**$ 14,409**	**$ 14,409**
Total gains or losses for the year included in other comprehensive income attributable to the change in unrealized gains or losses relating to assets still held at December 31, 2024	**$ 15**	**$ —**	**$ 15**
Year ended December 31, 2023:			
Balance at January 1, 2023	$ 1,841	$ 178,127	$ 179,968
Total gains or losses (realized/unrealized):			
Included in earnings	—	24,299	24,299
Included in other comprehensive income *	57	—	57
Investment securities called	(1,000)	—	(1,000)
Discount accretion	49	—	49
Purchases of private equity securities	—	15,220	15,220
Sale / pay down of private equity securities	—	(41,341)	(41,341)
Capitalized interest/dividends	—	362	362
Balance at December 31, 2023	$ 947	$ 176,667	$ 177,614
Total gains or losses for the year included in earnings attributable to the change in unrealized gains or losses relating to assets still held at December 31, 2023	$ —	$ 24,799	$ 24,799
Total gains or losses for the year included in other comprehensive income attributable to the change in unrealized gains or losses relating to assets still held at December 31, 2023	$ 35	$ —	$ 35

** Included in "net unrealized gains (losses) on securities" in the consolidated statements of comprehensive income.*

Gains and losses on the Level 3 assets and liabilities in the table above are reported in the following income categories:

(In thousands)	Investment Securities Gains (Losses), Net
Year ended December 31, 2024:	
Total gains or losses included in earnings	**$ 24,134**
Change in unrealized gains or losses relating to assets still held at December 31, 2024	**$ 14,409**
Year ended December 31, 2023:	
Total gains or losses included in earnings	$ 24,299
Change in unrealized gains or losses relating to assets still held at December 31, 2023	$ 24,799

Level 3 Inputs

The Company's significant Level 3 measurements, which employ unobservable inputs that are readily quantifiable, pertain to investments in portfolio concerns held by the Company's private equity subsidiaries. Information about these inputs as of December 31, 2024 is presented in the table below.

	Quantitative Information about Level 3 Fair Value Measurements					Weighted
	Valuation Technique	Unobservable Input		Range		Average*
Private equity investments	Market comparable companies	EBITDA multiple	3.8	-	6.0	5.1

** Unobservable inputs were weighted by the relative fair value of the instruments.*

The fair values of the Company's private equity investments are based on a determination of fair value of the investee company less preference payments assuming the sale of the investee company. Investee companies are normally non-public entities. The fair value of the investee company is determined by reference to the investee's total earnings before interest, depreciation/amortization, and income taxes (EBITDA) multiplied by an EBITDA factor. EBITDA is normally determined based on a trailing prior period adjusted for specific factors including current economic outlook, investee management, and specific unique circumstances such as sales order information, major customer status, regulatory changes, etc. The EBITDA multiple is based on management's review of published trading multiples for recent private equity transactions and other judgments and is derived for each individual investee. The fair value of the Company's investment is then calculated based on its ownership percentage in the investee company. On a quarterly basis, these fair value analyses are reviewed by a valuation committee consisting of investment managers and senior Company management.

Instruments Measured at Fair Value on a Nonrecurring Basis

For assets measured at fair value on a nonrecurring basis during 2024 and 2023, and still held as of December 31, 2024 and 2023, the following table provides the adjustments to fair value recognized during the respective periods, the level of valuation assumptions used to determine each adjustment, and the carrying value of the related individual assets or portfolios at December 31, 2024 and 2023.

		Fair Value Measurements Using			
(In thousands)	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
Balance at December 31, 2024					
Collateral dependent loans	**$ 14,683**	**$ —**	**$ —**	**$ 14,683**	**$ (2,382)**
Foreclosed assets	**20**	**—**	**—**	**20**	**(50)**
Long-lived assets	**393**	**—**	**—**	**393**	**(626)**
Balance at December 31, 2023					
Collateral dependent loans	$ 1,517	$ —	$ —	$ 1,517	$ (1,662)
Long-lived assets	2,662	—	—	2,662	(193)

Valuation methods for instruments measured at fair value on a nonrecurring basis

Following is a description of the Company's valuation methodologies used for other financial and nonfinancial instruments measured at fair value on a nonrecurring basis.

Collateral dependent loans

While the overall loan portfolio is not carried at fair value, the Company periodically records nonrecurring adjustments to the carrying value of loans based on fair value measurements for partial charge-offs of the uncollectible portions of those loans. Nonrecurring adjustments also include certain impairment amounts for collateral dependent loans when establishing the allowance for credit losses on loans. Such amounts are generally based on the fair value of the underlying collateral supporting the loan. In determining the value of real estate collateral, the Company relies on external and internal appraisals of property values depending on the size and complexity of the real estate collateral. The Company maintains a staff of qualified appraisers who also review third party appraisal reports for reasonableness. In the case of non-real estate collateral, reliance is placed on a variety of sources, including external estimates of value and judgments based on the experience and expertise of internal specialists. Values of all loan collateral are regularly reviewed by credit administration. Unobservable inputs to these measurements, which include estimates and judgments often used in conjunction with appraisals, are not readily quantifiable.

These measurements are classified as Level 3. Nonrecurring adjustments to the carrying value of loans based on fair value measurements at December 31, 2024 and 2023 are shown in the table above.

Foreclosed assets

Foreclosed assets consist of loan collateral which has been repossessed through foreclosure. This collateral is comprised of commercial and residential real estate and other non-real estate property, including auto, marine and recreational vehicles. Foreclosed assets are recorded as held for sale initially at the lower of the loan balance or fair value of the collateral less estimated selling costs. Subsequent to foreclosure, valuations are updated periodically, and the assets may be marked down further, reflecting a new cost basis. Fair value measurements may be based upon appraisals, third-party price opinions, or internally developed pricing methods. These measurements are classified as Level 3.

Long-lived assets

When investments in branch facilities and various office buildings are determined to be impaired, their carrying values are written down to estimated fair value, or estimated fair value less cost to sell if the property is held for sale. Fair value is estimated in a process which considers current local commercial real estate market conditions and the judgment of the sales agent and often involves obtaining third party appraisals from certified real estate appraisers. The carrying amounts of these real estate holdings are regularly monitored by real estate professionals employed by the Company. These fair value measurements are classified as Level 3. Unobservable inputs to these measurements, which include estimates and judgments often used in conjunction with appraisals, are not readily quantifiable.

18. Fair Value of Financial Instruments

The carrying amounts and estimated fair values of financial instruments held by the Company are set forth below. Fair value estimates are made at a specific point in time based on relevant market information. They do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because no market exists for many of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, risk characteristics and economic conditions. These estimates are subjective, involve uncertainties, and cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The estimated fair values of the Company's financial instruments and the classification of their fair value measurement within the valuation hierarchy are as follows at December 31, 2024 and 2023:

		Estimated Fair Value at December 31, 2024			
(In thousands)	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial Assets					
Loans:					
Business	**$ 6,053,820**	**$ —**	**$ —**	**$ 5,943,565**	**$ 5,943,565**
Real estate - construction and land	**1,409,901**	**—**	**—**	**1,384,029**	**1,384,029**
Real estate - business	**3,661,218**	**—**	**—**	**3,558,862**	**3,558,862**
Real estate - personal	**3,058,195**	**—**	**—**	**2,738,880**	**2,738,880**
Consumer	**2,073,123**	**—**	**—**	**2,053,191**	**2,053,191**
Revolving home equity	**356,650**	**—**	**—**	**353,731**	**353,731**
Consumer credit card	**595,930**	**—**	**—**	**549,874**	**549,874**
Overdrafts	**11,266**	**—**	**—**	**11,120**	**11,120**
Total loans	**17,220,103**	**—**	**—**	**16,593,252**	**16,593,252**
Loans held for sale	**3,242**	**—**	**3,242**	**—**	**3,242**
Investment securities	**9,453,297**	**2,613,830**	**6,608,452**	**231,015**	**9,453,297**
Federal funds sold	**3,000**	**3,000**	**—**	**—**	**3,000**
Securities purchased under agreements to resell	**625,000**	**—**	**—**	**622,021**	**622,021**
Interest earning deposits with banks	**2,624,553**	**2,624,553**	**—**	**—**	**2,624,553**
Cash and due from banks	**748,357**	**748,357**	**—**	**—**	**748,357**
Derivative instruments	**62,648**	**—**	**62,555**	**93**	**62,648**
Assets held in trust for deferred compensation plan	**21,849**	**21,849**	**—**	**—**	**21,849**
Total	**$ 30,762,049**	**$ 6,011,589**	**$ 6,674,249**	**$ 17,446,381**	**$ 30,132,219**
Financial Liabilities					
Non-interest bearing deposits	**$ 8,150,669**	**$ 8,150,669**	**$ —**	**$ —**	**$ 8,150,669**
Savings, interest checking and money market deposits	**14,754,571**	**14,754,571**	**—**	**—**	**14,754,571**
Certificates of deposit	**2,388,404**	**—**	**—**	**2,409,537**	**2,409,537**
Federal funds purchased	**123,715**	**123,715**	**—**	**—**	**123,715**
Securities sold under agreements to repurchase	**2,803,043**	**—**	**—**	**2,806,428**	**2,806,428**
Derivative instruments	**26,963**	**—**	**26,905**	**58**	**26,963**
Liabilities held in trust for deferred compensation plan	**21,849**	**21,849**	**—**	**—**	**21,849**
Total	**$ 28,269,214**	**$ 23,050,804**	**$ 26,905**	**$ 5,216,023**	**$ 28,293,732**

(In thousands)	Carrying Amount	Estimated Fair Value at December 31, 2023			
		Level 1	Level 2	Level 3	Total
Financial Assets					
Loans:					
Business	$ 6,019,036	$ —	$ —	$ 5,873,549	$ 5,873,549
Real estate - construction and land	1,446,764	—	—	1,420,522	1,420,522
Real estate - business	3,719,306	—	—	3,594,834	3,594,834
Real estate - personal	3,026,041	—	—	2,568,026	2,568,026
Consumer	2,077,723	—	—	2,016,334	2,016,334
Revolving home equity	319,894	—	—	317,013	317,013
Consumer credit card	589,913	—	—	550,464	550,464
Overdrafts	6,802	—	—	6,649	6,649
Total loans	17,205,479	—	—	16,347,391	16,347,391
Loans held for sale	4,177	—	4,177	—	4,177
Investment securities	9,941,786	822,237	8,896,129	223,420	9,941,786
Federal funds sold	5,025	5,025	—	—	5,025
Securities purchased under agreements to resell	450,000	—	—	444,448	444,448
Interest earning deposits with banks	2,239,010	2,239,010	—	—	2,239,010
Cash and due from banks	443,147	443,147	—	—	443,147
Derivative instruments	116,876	—	116,710	166	116,876
Assets held in trust for deferred compensation plan	20,538	20,538	—	—	20,538
Total	$ 30,426,038	$ 3,529,957	$ 9,017,016	$ 17,015,425	$ 29,562,398
Financial Liabilities					
Non-interest bearing deposits	$ 7,975,935	$ 7,975,935	$ —	$ —	$ 7,975,935
Savings, interest checking and money market deposits	14,512,273	14,512,273	—	—	14,512,273
Certificates of deposit	2,875,690	—	—	2,916,627	2,916,627
Federal funds purchased	261,305	261,305	—	—	261,305
Securities sold under agreements to repurchase	2,647,510	—	—	2,650,951	2,650,951
Other borrowings	1,366	—	1,366	—	1,366
Derivative instruments	37,899	—	37,704	195	37,899
Liabilities held in trust for deferred compensation plan	20,538	20,538	—	—	20,538
Total	$ 28,332,516	$ 22,770,051	$ 39,070	$ 5,567,773	$ 28,376,894

19. Derivative Instruments

The notional amounts of the Company's derivative instruments are shown in the table below. These contractual amounts, along with other terms of the derivative, are used to determine amounts to be exchanged between counterparties and are not a measure of loss exposure. The Company's derivatives are not accounted for as accounting hedges except for the interest rate floors, as discussed below.

	December 31	
(In thousands)	**2024**	2023
Interest rate swaps	**$ 2,065,400**	$ 2,166,393
Interest rate floors	**2,000,000**	2,000,000
Interest rate caps	**37,488**	336,682
Credit risk participation agreements	**503,196**	653,887
Foreign exchange contracts	**16,978**	30,401
Mortgage loan commitments	**3,060**	3,004
Mortgage loan forward sale contracts	**1,759**	1,349
Forward TBA contracts	**3,500**	3,000
Total notional amount	**$ 4,631,381**	$ 5,194,716

The largest group of notional amounts relate to interest rate swap contracts sold to commercial customers who wish to modify their interest rate sensitivity. Those customers are engaged in a variety of businesses, including real estate, manufacturing, retail product distribution, education, and retirement communities. These interest rate swap contracts with customers are offset by matching interest rate swap contracts purchased by the Company from other financial institutions (dealers). Contracts with dealers that require central clearing are novated to a clearing agency who becomes the Company's counterparty. Because of the matching terms of the offsetting contracts, in addition to collateral provisions which mitigate the impact of non-performance risk, changes in fair value subsequent to initial recognition have a minimal effect on earnings.

Many of the Company's interest rate swap contracts with large financial institutions contain contingent features relating to debt ratings or capitalization levels. Under these provisions, if the Company's debt rating falls below investment grade or if the Company ceases to be "well-capitalized" under risk-based capital guidelines, certain counterparties can require immediate and ongoing collateralization on interest rate swaps in net liability positions or instant settlement of the contracts. The Company maintains debt ratings and capital well above those minimum requirements.

As of December 31, 2024, the Company held four interest rate floors indexed to 1-month SOFR to hedge the risk of declining interest rates on certain floating rate commercial loans. The floors have a combined notional value of $2.0 billion and are forward-starting. Each of the four interest rate floors has a six-year term and a notional amount of $500 million. In the event that the index rate falls below zero, the maximum rate that the Company can earn on the notional amount of each floor is limited to the strike rate. Information about the floors is provided in the table below.

Strike Rate	Effective Date	Maturity Date
3.50 %	July 1, 2024	July 1, 2030
3.25 %	November 1, 2024	November 1, 2030
3.00 %	March 1, 2025	March 1, 2031
2.75 %	July 1, 2025	July 1, 2031

The premium paid for the floors totaled $90.2 million, and at December 31, 2024, the maximum length of time over which the Company is hedging its exposure to lower rates is approximately 6.5 years. These interest rate floors qualified and were designated as cash flow hedges and were assessed for effectiveness using regression analysis. The change in the fair value of these interest rate floors is recorded in AOCI, net of the amortization of the premiums paid, which is recorded against interest and fees on loans in the consolidated statements of income. As of December 31, 2024, net deferred losses on the interest rate floors totaled $34.4 million (pre-tax) and were recorded in AOCI in the consolidated balance sheet. As of December 31, 2024, it is expected that $11.2 million (pre-tax) interest rate floor premium amortization will be reclassified from AOCI into earnings over the next 12 months for the outstanding interest rate floors.

During the year ended December 31, 2020, the Company monetized three interest rate floors that were previously classified as cash flow hedges with a combined notional balance of $1.5 billion and an asset fair value of $163.2 million. As of December 31, 2024, the total realized gains on the monetized cash flow hedges remaining in AOCI was $29.2 million (pre-tax), which will be reclassified into interest income over the next 2.0 years. The estimated amount of net gains remaining in AOCI related to the monetized cash flow hedges at December 31, 2024 that is expected to be reclassified into income within the next 12 months is $20.3 million.

The Company also contracts with other financial institutions, as a guarantor or beneficiary, to share credit risk associated with certain interest rate swaps through risk participation agreements. The Company's risks and responsibilities as guarantor are further discussed in Note 21 on Commitments, Contingencies and Guarantees. In addition, the Company enters into foreign exchange contracts, which are mainly comprised of contracts with customers to purchase or deliver specific foreign currencies at specific future dates.

Under its program to sell residential mortgage loans in the secondary market, the Company designates certain newly-originated residential mortgage loans as held for sale. Derivative instruments arising from this activity include mortgage loan commitments and forward loan sale contracts. Changes in the fair values of the loan commitments and funded loans prior to sale that are due to changes in interest rates are economically hedged with forward contracts to sell residential mortgage-backed securities in the to-be-announced (TBA) market. These forward TBA contracts are also considered to be derivatives and are settled in cash at the security settlement date.

The fair values of the Company's derivative instruments, whose notional amounts are listed above, are shown in the table below. Information about the valuation methods used to determine fair value is provided in Note 17 on Fair Value Measurements. As stated in the summary of significant accounting policies, derivative instruments and their related gains and losses are presented as operating cash flows in the consolidated statement of cash flows.

The Company's policy is to present its derivative assets and derivative liabilities on a gross basis in its consolidated balance sheets, and these are reported in other assets and other liabilities. In prior years, certain collateral posted to and from the Company's clearing counterparty has been applied to the fair values of the cleared swap. There was no reduction to positive or negative fair values of cleared swaps at December 31, 2024 and December 31, 2023.

	Asset Derivatives		Liability Derivatives	
	December 31		**December 31**	
	2024	2023	**2024**	2023
(In thousands)	Fair Value		Fair Value	
Derivatives designated as hedging instruments:				
Interest rate floors	**$ 35,544**	$ 78,960	**$ —**	$ —
Total derivatives designated as hedging instruments	**$ 35,544**	$ 78,960	**$ —**	$ —
Derivatives not designated as hedging instruments:				
Interest rate swaps	**$ 26,759**	$ 35,816	**$ (26,759)**	$ (35,816)
Interest rate caps	**44**	1,391	**(44)**	(1,391)
Credit risk participation agreements	**35**	77	**(58)**	(194)
Foreign exchange contracts	**179**	534	**(101)**	(479)
Mortgage loan commitments	**58**	89	**—**	(1)
Mortgage loan forward sale contracts	**14**	8	**—**	—
Forward TBA contracts	**15**	1	**(1)**	(18)
Total derivatives not designated as hedging instruments	**$ 27,104**	$ 37,916	**$ (26,963)**	$ (37,899)
Total	**$ 62,648**	$ 116,876	**$ (26,963)**	$ (37,899)

The Company made an election to exclude the initial premiums paid on the interest rate floors from the hedge effectiveness measurement. Those initial premiums are amortized over the periods between the premium payment month and the contract maturity month. The pre-tax effects of the gains and losses (both the included and excluded amounts for hedge effectiveness assessment) recognized in the other comprehensive income from the cash flow hedging instruments and the amounts reclassified from accumulated other comprehensive income into income (both included and excluded amounts for hedge effectiveness measurement) are shown in the table below.

	Amount of Gain or (Loss) Recognized in OCI			Location of Gain (Loss) Reclassified from AOCI into Income	Amount of Gain (Loss) Reclassified from AOCI into Income		
(In thousands)	Total	Included Component	Excluded Component	*(In thousands)*	Total	Included Component	Excluded Component
For the Year Ended December 31, 2024							
Derivatives in cash flow hedging relationships:							
Interest rate floors	**$ (43,416)**	**$ (10,109)**	**$ (33,307)**	Interest and fees on loans	**$ 11,399**	**$ 28,331**	**$ (16,932)**
Total	**$ (43,416)**	**$ (10,109)**	**$ (33,307)**	**Total**	**$ 11,399**	**$ 28,331**	**$ (16,932)**
For the Year Ended December 31, 2023							
Derivatives in cash flow hedging relationships:							
Interest rate floors	$ (8,860)	$ 3,122	$ (11,982)	Interest and fees on loans	$ 15,209	$ 29,731	$ (14,522)
Total	$ (8,860)	$ 3,122	$ (11,982)	Total	$ 15,209	$ 29,731	$ (14,522)
For the Year Ended December 31, 2022							
Derivatives in cash flow hedging relationships:							
Interest rate floors	$ (2,428)	$ —	$ (2,428)	Interest and fees on loans	$ 23,355	$ 30,679	$ (7,324)
Total	$ (2,428)	$ —	$ (2,428)	Total	$ 23,355	$ 30,679	$ (7,324)

The gain and loss recognized through various derivative instruments on the consolidated statements of income are shown in the table below.

	Location of Gain/(Loss) Recognized in the Consolidated Statements of Income	Amount of Gain/(Loss) Recognized in Income on Derivative		
		For the Years Ended December 31		
(In thousands)		**2024**	2023	2022
Derivative instruments:				
Interest rate swaps	Other non-interest income	**$ 2,672**	$ 3,642	$ 2,472
Interest rate caps	Other non-interest income	**—**	86	16
Credit risk participation agreements	Other non-interest income	**(109)**	60	172
Foreign exchange contracts	Other non-interest income	**23**	(14)	38
Mortgage loan commitments	Loan fees and sales	**(29)**	87	(763)
Mortgage loan forward sale contracts	Loan fees and sales	**5**	8	(4)
Forward TBA contracts	Loan fees and sales	**80**	53	1,773
Total		**$ 2,642**	$ 3,922	$ 3,704

The following table shows the extent to which assets and liabilities relating to derivative instruments have been offset in the consolidated balance sheets. It also provides information about these instruments which are subject to an enforceable master netting arrangement, irrespective of whether they are offset, and the extent to which the instruments could potentially be offset. Also shown is collateral received or pledged in the form of other financial instruments, which is generally cash or marketable securities. The collateral amounts in this table are limited to the outstanding balances of the related asset or liability (after netting is applied); thus amounts of excess collateral are not shown. Most of the derivatives in the following table were transacted under master netting arrangements that contain a conditional right of offset, such as close-out netting, upon default.

While the Company is party to master netting arrangements with most of its swap counterparties, the Company does not offset derivative assets and liabilities under these arrangements on its consolidated balance sheets. Collateral exchanged between the Company and dealer bank counterparties is generally subject to thresholds and transfer minimums, and usually consist of marketable securities. By contract, this collateral may be sold or re-pledged by the secured party until recalled at a subsequent valuation date by the pledging party. For those swap transactions requiring central clearing, the Company posts cash or securities to its clearing agent. Collateral positions are valued daily, and adjustments to amounts received and pledged by the Company are made as appropriate to maintain proper collateralization for these transactions. Swap derivative transactions with customers are generally secured by rights to non-financial collateral, such as real and personal property, which is not shown in the table below.

				Gross Amounts Not Offset in the Balance Sheet		
(In thousands)	Gross Amount Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Financial Instruments Available for Offset	Collateral Received/ Pledged	Net Amount
December 31, 2024						
Assets:						
Derivatives subject to master netting agreements	**$ 62,437**	**$ —**	**$ 62,437**	**$ (3,780)**	**$ (54,620)**	**$ 4,037**
Derivatives not subject to master netting agreements	**211**	**—**	**211**			
Total derivatives	**$ 62,648**	**$ —**	**$ 62,648**			
Liabilities:						
Derivatives subject to master netting agreements	**$ 26,848**	**$ —**	**$ 26,848**	**$ (3,780)**	**$ —**	**$ 23,068**
Derivatives not subject to master netting agreements	**115**	**—**	**115**			
Total derivatives	**$ 26,963**	**$ —**	**$ 26,963**			
December 31, 2023						
Assets:						
Derivatives subject to master netting agreements	$ 116,702	$ —	$ 116,702	$ (3,930)	$ (107,492)	$ 5,280
Derivatives not subject to master netting agreements	174	—	174			
Total derivatives	$ 116,876	$ —	$ 116,876			
Liabilities:						
Derivatives subject to master netting agreements	$ 37,300	$ —	$ 37,300	$ (3,930)	$ —	$ 33,370
Derivatives not subject to master netting agreements	599	—	599			
Total derivatives	$ 37,899	$ —	$ 37,899			

20. Resale and Repurchase Agreements

The Company regularly enters into resale and repurchase agreement transactions with other financial institutions and with its own customers. Resale and repurchase agreements are agreements to purchase/sell securities subject to an obligation to resell/ repurchase the same or similar securities. They are accounted for as secured lending and collateralized borrowing (e.g. financing transactions), not as true sales and purchases of the underlying collateral securities. Some of the resale and repurchase agreements were transacted under master netting arrangements that contain a conditional right of offset, such as close-out netting, upon default. The security collateral accepted or pledged in resale and repurchase agreements with other financial institutions may be sold or re-pledged by the secured party, but is usually delivered to and held by third party trustees. The Company generally retains custody of securities pledged for repurchase agreements with its customers. Additional information about the Company's repurchase agreements is included in Note 8.

The following table shows the extent to which resale agreement assets and repurchase agreement liabilities with the same counterparty have been offset on the consolidated balance sheets, in addition to the extent to which they could potentially be offset. Also shown is collateral received or pledged, which consists of marketable securities. The collateral amounts in the

table are limited to the outstanding balances of the related asset or liability (after offsetting is applied); thus amounts of excess collateral are not shown.

(In thousands)	Gross Amount Recognized	Gross Amounts Offset on the Balance Sheet	Net Amounts Presented on the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		Unsecured amount
				Financial Instruments Available for Offset	Securities Collateral Received/ Pledged	
December 31, 2024						
Total resale agreements, subject to master netting arrangements	**$ 625,000**	**$ —**	**$ 625,000**	**$ —**	**$ (625,000)**	**$ —**
Total repurchase agreements, subject to master netting arrangements	**2,803,043**	**—**	**2,803,043**	**—**	**(2,803,043)**	**—**
December 31, 2023						
Total resale agreements, subject to master netting arrangements	$ 450,000	$ —	$ 450,000	$ —	$ (450,000)	$ —
Total repurchase agreements, subject to master netting arrangements	2,647,510	—	2,647,510	—	(2,647,510)	—

The table below shows the remaining contractual maturities of repurchase agreements outstanding at December 31, 2024 and 2023, in addition to the various types of marketable securities that have been pledged by the Company as collateral for these borrowings.

(In thousands)	Remaining Contractual Maturity of the Agreements			Total
	Overnight and continuous	Up to 90 days	Greater than 90 days	
December 31, 2024				
Repurchase agreements, secured by:				
U.S. government and federal agency obligations	**$ 518,937**	**$ —**	**$ —**	**$ 518,937**
Government-sponsored enterprise obligations	**9,969**	**—**	**—**	**9,969**
Agency mortgage-backed securities	**1,641,156**	**9,600**	**22,250**	**1,673,006**
Non-agency mortgage-backed securities	**24,273**	**—**	**—**	**24,273**
Asset-backed securities	**462,841**	**30,623**	**18,227**	**511,691**
Other debt securities	**65,167**	**—**	**—**	**65,167**
Total repurchase agreements, gross amount recognized	**$ 2,722,343**	**$ 40,223**	**$ 40,477**	**$ 2,803,043**
December 31, 2023				
Repurchase agreements, secured by:				
U.S. government and federal agency obligations	$ 170,293	$ —	$ —	$ 170,293
Government-sponsored enterprise obligations	8,749	—	—	8,749
Agency mortgage-backed securities	1,833,840	27,264	17,200	1,878,304
Non-agency mortgage-backed securities	10,566	—	—	10,566
Asset-backed securities	516,726	9,606	20,000	546,332
Other debt securities	33,265	—	—	33,265
Total repurchase agreements, gross amount recognized	$ 2,573,439	$ 36,870	$ 37,200	$ 2,647,509

21. Commitments, Contingencies and Guarantees

The Company engages in various transactions and commitments with off-balance sheet risk in the normal course of business to meet customer financing needs. The Company uses the same credit policies in making the commitments and conditional obligations described below as it does for on-balance sheet instruments. The following table summarizes these commitments at December 31:

(In thousands)	**2024**	2023
Commitments to extend credit:		
Credit card	**$ 5,796,427**	$ 5,367,102
Other unfunded loan commitments	**9,616,132**	9,144,971
Standby letters of credit, net of conveyance to other financial institutions	**561,505**	590,551
Commercial letters of credit	**2,728**	2,571

Commitments to extend credit are legally binding agreements to lend to a borrower providing there are no violations of any conditions established in the contract. As many of the commitments are expected to expire without being drawn upon, the total commitment does not necessarily represent future cash requirements. Refer to Note 2 on Loans and Allowance for Credit Losses for further discussion.

The Company, as a provider of financial services, routinely issues financial guarantees in the form of financial and performance standby letters of credit. Standby letters of credit are contingent commitments issued by the Company generally to guarantee the payment or performance obligation of a customer to a third party. While these represent a potential cash outflow by the Company, a significant amount of the commitments may expire without being drawn upon. To mitigate the potential loss exposure, the Company involves other financial institutions to participate in certain standby letters of credit. Even with such participation, the Company remains liable for the full amount of the standby letters of credit to the third party. The Company has recourse against the customer for any amount it is required to pay to a third party under a standby letter of credit. The standby letters of credit are subject to the same credit policies, underwriting standards and approval process as loans made by the Company. Most of the standby letters of credit are secured, and in the event of nonperformance by the customer, the Company has rights to the underlying collateral, which could include commercial real estate, physical plant and property, inventory, receivables, cash and marketable securities.

At December 31, 2024, the Company had recorded a liability of $3.5 million, representing the carrying value of the guarantee obligations associated with the standby letters of credit. This amount will be accreted into income over the remaining life of the respective commitments. The contractual amount of these letters of credit, which represents the maximum potential future payments guaranteed by the Company, was $585.1 million at December 31, 2024.

Commercial letters of credit act as a means of ensuring payment to a seller upon shipment of goods to a buyer. The majority of commercial letters of credit issued are used to settle payments in international trade. Typically, letters of credit require presentation of documents which describe the commercial transaction, evidence shipment, and transfer title.

The Company regularly purchases various state tax credits arising from third-party property redevelopment. These tax credits are either resold to third parties for a profit or retained for use by the Company. During 2024, the Company purchased and sold state tax credits amounting to $123.9 million and $127.6 million, respectively. At December 31, 2024, the Company had outstanding purchase commitments totaling $215.3 million that it expects to fund in 2025. The remaining purchase commitments amount to $432.1 million and are expected to be funded from 2026 through 2035.

The Company periodically enters into credit risk participation agreements (RPAs) as a guarantor to other financial institutions, in order to mitigate those institutions' credit risk associated with interest rate swaps with third parties. The RPA stipulates that, in the event of default by the third party on the interest rate swap, the Company will reimburse a portion of the loss borne by the financial institution. These interest rate swaps are normally collateralized (generally with real property, inventories and equipment) by the third party, which limits the credit risk associated with the Company's RPAs. The third parties usually have other borrowing relationships with the Company. The Company monitors overall borrower collateral, and at December 31, 2024, believes sufficient collateral is available to cover potential swap losses. The RPAs are carried at fair value throughout their term, with all changes in fair value, including those due to a change in the third party's creditworthiness, recorded in current earnings. The terms of the RPAs, which correspond to the terms of the underlying swaps, range from 1 to 12 years. At December 31, 2024, the fair value of the Company's guarantee liability RPAs was $58 thousand, and the notional

amount of the underlying swaps was $320.4 million. The maximum potential future payment guaranteed by the Company cannot be readily estimated and is dependent upon the fair value of the interest rate swaps at the time of default.

The Company has various legal proceedings pending at December 31, 2024, arising in the normal course of business. While some matters pending against the Company specify damages claimed by plaintiffs, others do not seek a specified amount of damages or are at very early stages of the legal process. The Company records a loss accrual for all legal and regulatory matters for which it deems a loss is probable and can be reasonably estimated. Some matters, which are in the early stages, have not yet progressed to the point where a loss amount can be determined to be probable and estimable.

22. Related Parties

The Company's Chief Executive Officer, its Executive Chairman, and its former Vice Chairman are directors of Tower Properties Company (Tower) and, together with members of their immediate families, beneficially own approximately 66% of the outstanding stock of Tower. At December 31, 2024, Tower owned 270,564 shares of Company stock. Tower is primarily engaged in the business of owning, developing, leasing and managing real property.

Payments from the Company and its affiliates to Tower are summarized below. These payments, with the exception of dividend payments, relate to property management services, including construction oversight, on three Company-owned office buildings and related parking garages in downtown Kansas City. The Company ended its property management services contract with Tower as of December 31, 2024.

(In thousands)	**2024**	2023	2022
Leasing agent fees	**$ 16**	$ 434	$ 125
Operation of parking garages	**125**	111	100
Building management fees	**2,342**	2,202	2,118
Property construction management fees	**165**	360	184
Project consulting fees	**—**	419	—
Dividends paid on Company stock held by Tower	**278**	265	248
Total	**$ 2,926**	$ 3,791	$ 2,775

Tower has a $13.5 million line of credit with the Bank which is subject to normal credit terms and has a variable interest rate. The line of credit is collateralized by Company stock and based on collateral value had a maximum borrowing amount of approximately $13.5 million at December 31, 2024. There were no borrowings under this line during 2024, and no balance was outstanding at December 31, 2024. There were no borrowings during 2023 and 2022, and there was no balance outstanding at December 31, 2023 or 2022. Letters of credit may be collateralized under this line of credit; however, there were no letters of credit outstanding during 2024, 2023 or 2022, and thus, no fees were received during these periods. From time to time, the Bank extends additional credit to Tower for construction and development projects. No construction loans were outstanding during 2024, 2023 and 2022.

Tower leased office space in the Kansas City bank headquarters building owned by the Company during 2022, 2023, and 2024. Rent paid to the Company totaled $81 thousand in 2024, $82 thousand in 2023, and $82 thousand in 2022, at $17.69, $17.50 and $17.44 per square foot, for years 2024, 2023, and 2022, respectively. Tower was no longer a lessee of the Company as of January 1, 2025.

Directors of the Company and their beneficial interests have deposit accounts with the Bank and may be provided with cash management and other banking services, including loans, in the ordinary course of business. Such loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other unrelated persons and did not involve more than the normal risk of collectability. See Note 2 Loans and Allowance for Credit Losses for additional information for loans to directors and executive officers of the Company and the Bank, and to their affiliates.

23. Parent Company Condensed Financial Statements

Following are the condensed financial statements of Commerce Bancshares, Inc. (Parent only) for the periods indicated:

Condensed Balance Sheets

	December 31	
(In thousands)	**2024**	2023
Assets		
Investment in consolidated subsidiaries:		
Bank	**$ 2,697,961**	$ 2,390,595
Non-banks	**187,404**	160,244
Cash	**357,046**	322,573
Investment securities:		
Available for sale debt	**5,381**	5,081
Equity	**12,750**	11,396
Note receivable due from bank subsidiary	**50,000**	50,000
Advances to subsidiaries, net of borrowings	**1,500**	1,800
Income tax receivable and deferred tax assets	**9,131**	10,263
Other assets	**31,164**	30,486
Total assets	**$ 3,352,337**	$ 2,982,438
Liabilities and stockholders' equity		
Pension obligation	**$ 3,220**	$ 4,107
Other liabilities	**39,236**	34,215
Total liabilities	**42,456**	38,322
Stockholders' equity	**3,309,881**	2,944,116
Total liabilities and stockholders' equity	**$ 3,352,337**	$ 2,982,438

Condensed Statements of Income

	For the Years Ended December 31		
(In thousands)	**2024**	2023	2022
Income			
Dividends received from consolidated bank subsidiary	**$ 215,001**	$ 280,000	$ 300,001
Earnings of consolidated subsidiaries, net of dividends	**191,421**	203,570	203,965
Interest and dividends on investment securities	**2,282**	2,905	2,480
Management fees charged to subsidiaries	**42,296**	47,773	38,632
Investment securities gains (losses)	**176,863**	(621)	(872)
Net interest income on advances and note to subsidiaries	**2,415**	2,636	1,403
Other	**3,294**	2,842	3,709
Total income	**633,572**	539,105	549,318
Expense			
Salaries and employee benefits	**44,520**	41,549	44,352
Professional and other services	**3,495**	3,580	2,740
Data processing fees paid to affiliates	**3,316**	3,347	3,173
Donation to related charitable foundation	**5,000**	—	—
Other	**15,390**	16,264	15,595
Total expense	**71,721**	64,740	65,860
Income tax (benefit) expense	**35,520**	(2,695)	(4,941)
Net income	**$ 526,331**	$ 477,060	$ 488,399

Condensed Statements of Cash Flows

	For the Years Ended December 31		
(In thousands)	**2024**	2023	2022
Operating Activities			
Net income	**$ 526,331**	$ 477,060	$ 488,399
Adjustments to reconcile net income to net cash provided by operating activities:			
Earnings of consolidated subsidiaries, net of dividends	**(191,421)**	(203,570)	(203,965)
Other adjustments, net	**(165,330)**	5,749	2,557
Net cash provided by (used in) operating activities	**169,580**	279,239	286,991
Investing Activities			
(Increase) decrease in investment in subsidiaries, net	**—**	4,348	(9)
Proceeds from sales of investment securities	**176,561**	—	—
Proceeds from maturities/pay downs of investment securities	**9**	15	38
Purchases of investment securities	**(1,062)**	(902)	(4,534)
(Increase) decrease in advances to subsidiaries, net	**300**	18,729	19,996
Net purchases of building improvements and equipment	**(5)**	(490)	(741)
Net cash provided by (used in) investing activities	**175,803**	21,700	14,750
Financing Activities			
Purchases of treasury stock	**(171,407)**	(76,890)	(186,622)
Issuance of stock under equity compensation plans	**—**	(3)	(8)
Cash dividends paid on common stock	**(139,503)**	(134,734)	(127,466)
Net cash provided by (used in) financing activities	**(310,910)**	(211,627)	(314,096)
Increase (decrease) in cash	**34,473**	89,312	(12,355)
Cash at beginning of year	**322,573**	233,261	245,616
Cash at end of year	**$ 357,046**	$ 322,573	$ 233,261
Income tax payments (receipts), net	**$ 34,975**	$ (3,254)	$ (587)

Dividends paid by the Parent to its shareholders were substantially provided from Bank dividends. The Bank may distribute common dividends without prior regulatory approval, provided that the dividends do not exceed the sum of net income for the current year and retained net income for the preceding two years, subject to maintenance of minimum capital requirements. The Parent charges fees to its subsidiaries for management services provided, which are allocated to the subsidiaries based primarily on total average assets. The Parent makes cash advances to its private equity subsidiary for general short-term cash flow purposes. Advances may be made to the Parent by its subsidiary bank for temporary investment of idle funds. Interest on such advances is based on market rates.

The Bank has $50.0 million of borrowings from the Parent as part of its strategy to manage FDIC insurance premiums. The note has a rolling 13 month maturity, and the interest rate is a variable rate equal to the one year treasury rate.

For the past several years, the Parent has maintained a $20.0 million line of credit for general corporate purposes with the Bank. The Parent has not borrowed under this line during the past three years.

The Parent has commitments to fund an additional $50.8 million relating to private equity investments over the next several years. The investments are made directly by the Parent and through non-bank subsidiaries.

At December 31, 2024, the fair value of the investment securities held by the Parent consisted of investments of $5.4 million in corporate bonds, $5.7 million in preferred and common stock with readily determinable fair values, and $7.0 million in equity securities that do not have readily determinable fair values. The Parent also holds 411,723 shares of Visa Class B-2 common stock, which are discussed in Note 3. During 2024, the Parent sold Visa Class A common stock resulting in proceeds of $176.6 million, also discussed in Note 3.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in or disagreements with accountants on accounting and financial disclosure.

Item 9a. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control — Integrated Framework (2013),* our management concluded that our internal control over financial reporting was effective as of December 31, 2024.

The Company's internal control over financial reporting as of December 31, 2024 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which follows.

Changes in Internal Control Over Financial Reporting

No change in the Company's internal control over financial reporting occurred that has materially affected, or is reasonably likely to materially affect, such controls during the last quarter of the period covered by this report.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Commerce Bancshares, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Commerce Bancshares, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income (loss), changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements), and our report dated February 25, 2025 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP

Kansas City, Missouri
February 25, 2025

Item 9b. OTHER INFORMATION

During the three months ended December 31, 2024, none of the officers or directors of the Company adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 9c. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Items 401, 405, 406 and 407(c)(3), (d)(4), (d)(5), and 408(b) of Regulation S-K regarding executive officers, directors, and corporate governance is included at the end of Part I of this Form 10-K under the caption “Information about the Company's Executive Officers” and under the captions “Proposal One - Nominee for Election to the 2027 Class of Directors", "Proposal Two - Nominees for Election to the 2028 Class of Directors”, "Corporate Governance Guidelines and Code of Ethics", “Delinquent Section 16(a) Reports”, “Audit and Risk Committee Report”, “Committees of the Board" and "Shareholder Proposals and Nominations" in the Company's definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 25, 2025, which is incorporated herein by reference.

The Company’s senior financial officer code of ethics for the chief executive officer and senior financial officers of the Company, including the chief financial officer, principal accounting officer or controller, or persons performing similar functions, is available on the Company's website at investor.commercebank.com/overview/corporate-governance. Amendments to, and waivers of, the code of ethics are posted on this website.

The Company adopted a policy regarding insider trading that governs the purchase, sale, and other dispositions of the Company's securities by directors, officers, and employees of the Company, and by the Company itself, that is designed to promote awareness and compliance with insider trading laws, rules, regulations, and applicable Nasdaq listing standards. The Company's Insider Trading Policy is filed as Exhibit 19 to this Annual Report on Form 10-K.

Item 11. EXECUTIVE COMPENSATION

The information required by Items 402 and 407(e)(4) and (e)(5) of Regulation S-K regarding executive compensation is included under the captions “Compensation Discussion and Analysis”, “Executive Compensation”, “Director Compensation”, “Compensation and Human Resources Committee Report”, and “Compensation and Human Resources Committee Interlocks and Insider Participation” in the Company's definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 25, 2025, which is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Items 201(d) and 403 of Regulation S-K is included under the captions “Equity Compensation Plan Information” and “Security Ownership of Certain Beneficial Owners and Management” in the Company's definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 25, 2025, which is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Items 404 and 407(a) of Regulation S-K is covered under the captions “Proposal One - Nominee for Election to the 2027 Class of Directors", "Proposal Two - Nominees for Election to the 2028 Class of Directors”, “Corporate Governance - Director Independence”, and "Corporate Governance - Transactions with Related Persons" in the Company's definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 25, 2025, which is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Our independent registered public accounting firm is KPMG, LLP, Kansas City, Missouri, PCAOB Firm ID: 185

The information required by Item 9(e) of Schedule 14A is included under the captions “Pre-approval of Services by the External Independent Registered Public Accounting Firm” and “Fees Paid to KPMG LLP” in the Company's definitive Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 25, 2025, which is incorporated herein by reference.

PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this report:

		Page
(1)	Financial Statements:	
	Consolidated Balance Sheets	68
	Consolidated Statements of Income	69
	Consolidated Statements of Comprehensive Income	70
	Consolidated Statements of Changes in Equity	71
	Consolidated Statements of Cash Flows	72
	Notes to Consolidated Financial Statements	73
	Summary of Quarterly Statements of Income	61
(2)	Financial Statement Schedules:	
	All schedules are omitted as such information is inapplicable or is included in the financial statements.	

(b) The exhibits filed as part of this report and exhibits incorporated herein by reference to other documents are listed below.

3 —Articles of Incorporation and By-Laws:

(1) Restated Articles of Incorporation, as amended through April 28, 2023, were filed in quarterly report on Form 10-Q (Commission file number 1-36502) dated May 4, 2023, and the same are hereby incorporated by reference.

(2) By-Laws, as amended, were filed in current report on Form 8-K (Commission file number 1-36502) dated October 30, 2024, and the same are hereby incorporated by reference.

(3) Termination of Certificate of Designation of 6.00% Series B Non-Cumulative Perpetual Preferred Stock of Commerce Bancshares, Inc. was filed in current report on Form 8-K (Commission file number 0-2989) dated September 1, 2020, and the same is hereby incorporated by reference.

4 — Instruments defining the rights of security holders, including indentures:

(1) Pursuant to paragraph (b)(4)(iii) of Item 601 Regulation S-K, Registrant will furnish to the Commission upon request copies of long-term debt instruments.

(2) Description of Commerce Bancshares, Inc. registered securities was filed in annual report on Form 10-K (Commission file number 1-36502) dated February 22, 2024, and the same is hereby incorporated by reference.

10 — Material Contracts (Except for the Development Services Agreement and associated Amendments to the Development Service Agreement listed below, each of the following is a management contract or compensatory plan arrangement):

(1) Commerce Bancshares, Inc. Executive Incentive Compensation Plan amended and restated as of December 1, 2023, was filed in quarterly report on Form 10-Q (Commission file number 1-36502) dated November 6, 2023, and the same is hereby incorporated by reference.

(2) Commerce Bancshares, Inc. Stock Purchase Plan for Non-Employee Directors amended and restated as of April 17, 2013 was filed in current report on Form 8-K (Commission file number 0-2989) dated April 23, 2013, and the same is hereby incorporated by reference.

(3) Commerce Bancshares, Inc. Stock Purchase Plan for Non-Employee Directors amended and restated as of December 21, 2021 was filed in registration statement on Form S-8 (Commission file number 333-262580) dated February 8, 2022, and the same is hereby incorporated by reference.

(4) Commerce Executive Retirement Plan amended and restated as of January 28, 2011 was filed in annual report on Form 10-K (Commission file number 0-2989) dated February 25, 2011, and the same is hereby incorporated by reference.

(5) 2009 Form of Severance Agreement between Commerce Bancshares, Inc. and the persons listed at the end of such agreement was filed in annual report on Form 10-K (Commission file number 1-36502) dated February 24, 2015, and the same is hereby incorporated by reference.

(6) 2015 Form of Severance Agreement between Commerce Bancshares, Inc. and the persons listed at the end of such agreement was filed in annual report on Form 10-K (Commission file number 1-36502) dated February 24, 2015, and the same is hereby incorporated by reference.

(7) 2009 Form of Severance Agreement between Commerce Bancshares, Inc. and the persons listed at the end of such agreement was filed in annual report on Form 10-K (Commission file number 1-36502) dated February 21, 2019, and the same is hereby incorporated by reference.

(8) Commerce Bancshares, Inc. 2025 Compensatory Arrangements with CEO and Named Executive Officers were filed in current report on Form 8-K (Commission file number 1-36502) dated January 31, 2025, and the same is hereby incorporated by reference.

(9) Commerce Bancshares, Inc. Amended and Restated Equity Incentive Plan, amended and restated as of April 19, 2023, was filed in current report on Form 8-K (Commission file number 1-36502) dated April 25, 2023, and the same is hereby incorporated by reference.

(10) Form of Notice of Grant of Award and Award Agreement for Restricted Stock for Executive Officers, pursuant to the Commerce Bancshares, Inc. 2005 Equity Incentive Plan, was filed in quarterly report on Form 10-Q (Commission file number 0-2989) dated May 7, 2014, and the same is hereby incorporated by reference.

(11) Form of Notice of Grant of Award and Award Agreement for Restricted Stock for Employees other than Executive Officers, pursuant to the Commerce Bancshares, Inc. 2005 Equity Incentive Plan, was filed in quarterly report on Form 10-Q (Commission file number 0-2989) dated May 7, 2014, and the same is hereby incorporated by reference.

(12) Form of Notice of Grant of Award and Award Agreement for Stock Appreciation Rights, pursuant to the Commerce Bancshares, Inc. 2005 Equity Incentive Plan, was filed in quarterly report on Form 10-Q (Commission file number 0-2989) dated May 7, 2014, and the same is hereby incorporated by reference.

(13) Form of Notice of Grant of Award and Award Agreement for Restricted Stock, pursuant to the Commerce Bancshares, Inc. 2005 Equity Incentive Plan, was filed in annual report on Form 10-K (Commission file number 1-36502) dated February 21, 2019, and the same is hereby incorporated by reference.

(14) Form of Notice of Grant of Award and Award Agreement for Restricted Stock for Executive Officers, pursuant to the Commerce Bancshares, Inc. Equity Incentive Plan.

(15) Form of Notice of Grant of Award and Award Agreement for Restricted Stock for Employees other than Executive Officers, pursuant to the Commerce Bancshares, Inc. Equity Incentive Plan.

(16) Form of Notice of Grant of Award and Award Agreement for Restricted Stock for stock in lieu, pursuant to the Commerce Bancshares, Inc. Equity Incentive Plan.

(17) Form of Notice of Grant of Award and Award Agreement for Stock Appreciation Rights, pursuant to the Commerce Bancshares, Inc. Equity Incentive Plan.

19 — Insider Trading Policy

21 — Subsidiaries of the Registrant

23 — Consent of Independent Registered Public Accounting Firm

24 — Power of Attorney

31.1 — Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 — Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32 — Certifications of CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

97 — Commerce Bancshares, Inc. Incentive Compensation Clawback Policy was filed in annual report on Form 10-K (Commission file number 1-36502) dated February 22, 2024, and the same is hereby incorporated by reference.

101 — Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Equity, (v) the Consolidated Statements of Cash Flows and (vi) the Notes to Consolidated Financial Statements, tagged as blocks of text and in detail. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.

104 — Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Item 16. FORM 10-K SUMMARY

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized this 25th day of February 2025.

COMMERCE BANCSHARES, INC.

By: /s/ MARGARET M. ROWE
Margaret M. Rowe
Vice President & Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on the 25th day of February 2025.

By: /s/ JOHN W. KEMPER
John W. Kemper
Chief Executive Officer

By: /s/ CHARLES G. KIM
Charles G. Kim
Chief Financial Officer

By: /s/ PAUL A. STEINER
Paul A. Steiner
Controller
(Chief Accounting Officer)

Terry D. Bassham
Blackford F. Brauer
W. Kyle Chapman
Karen L. Daniel
Earl H. Devanny, III
June McAllister Fowler
David W. Kemper
John W. Kemper
Jonathan M. Kemper
Benjamin F. Rassieur, III
Todd R. Schnuck
Christine B. Taylor

All the Directors on the Board of Directors*

* The Directors of Registrant listed executed a power of attorney authorizing Margaret M. Rowe, their attorney-in-fact, to sign this report on their behalf.

By: /s/ MARGARET M. ROWE
Margaret M. Rowe
Attorney-in-Fact

Exhibit 21

The consolidated subsidiaries of the Registrant at February 1, 2025 were as follows:

Name	State or Other Jurisdiction of Incorporation
CBI-Kansas, Inc.	Kansas
Commerce Bank	Missouri
Commerce Brokerage Services, Inc.	Missouri
Clayton Holdings, LLC	Missouri
Clayton Financial Corp.	Missouri
Clayton Realty Corp.	Missouri
Illinois Financial, LLC	Delaware
Illinois Realty, LLC	Delaware
Commerce Investment Advisors, Inc.	Missouri
CBI Equipment Finance, Inc.	Missouri
CB Acquisition, LLC	Delaware
LJ Hart & Company	Missouri
Tower Redevelopment Corporation	Missouri
CFB Partners, LLC	Delaware
CFB Venture Fund I, Inc.	Missouri
CFB Venture Fund, L.P.	Delaware
Capital for Business, Inc.	Missouri

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements No. 33-28294, No. 33-82692, No. 33-8075, No. 33-78344, No. 333-14651, No. 333-186867, No. 333-188374, No. 333-214495, No. 333-262580, and No. 333-271679 on Form S-8 and No. 333-140221 on Form S-3ASR of our reports dated February 25, 2025, with respect to the consolidated financial statements of Commerce Bancshares, Inc. and the effectiveness of internal control over financial reporting.

KPMG LLP

Kansas City, Missouri
February 25, 2025

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned do hereby appoint Margaret M. Rowe and Paul A. Steiner, or either of them, attorney for the undersigned to sign the Annual Report on Form 10-K of Commerce Bancshares, Inc., for the fiscal year ended December 31, 2024, together with any and all amendments which might be required from time to time with respect thereto, to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, with respect to Commerce Bancshares, Inc., with full power and authority in either of said attorneys to do and perform in the name of and on behalf of the undersigned every act whatsoever necessary or desirable to be done in the premises as fully and to all intents and purposes as the undersigned might or could do in person.

IN WITNESS WHEREOF, the undersigned have executed these presents as of this 31st day of January, 2025.

/s/ TERRY D. BASSHAM

/s/ BLACKFORD F. BRAUER

/s/ W. KYLE CHAPMAN

/s/ KAREN L. DANIEL

/s/ EARL H. DEVANNY, III

/s/ JUNE MCALLISTER FOWLER

/s/ DAVID W. KEMPER

/s/ JOHN W. KEMPER

/s/ JONATHAN M. KEMPER

/s/ BENJAMIN F. RASSIEUR, III

/s/ TODD R. SCHNUCK

/s/ CHRISTINE B. TAYLOR

Exhibit 31.1

CERTIFICATION

I, John W. Kemper, certify that:

1. I have reviewed this annual report on Form 10-K of Commerce Bancshares, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOHN W. KEMPER

John W. Kemper
President and
Chief Executive Officer

February 25, 2025

Exhibit 31.2

CERTIFICATION

I, Charles G. Kim, certify that:

1. I have reviewed this annual report on Form 10-K of Commerce Bancshares, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHARLES G. KIM

Charles G. Kim
Executive Vice President and
Chief Financial Officer

February 25, 2025

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Commerce Bancshares, Inc. (the "Company") on Form 10-K for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, John W. Kemper and Charles G. Kim, Chief Executive Officer and Chief Financial Officer, respectively, of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOHN W. KEMPER

John W. Kemper
Chief Executive Officer

/s/ CHARLES G. KIM

Charles G. Kim
Chief Financial Officer

February 25, 2025

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CORPORATE HEADQUARTERS
1000 Walnut Street
P.O. Box 419248
Kansas City, MO 64141-6248
816.234.2000
www.commercebank.com

TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSING AGENT
Shareholder correspondence should be sent to:
Computershare
P.O. Box 43006
Providence, RI 02940-3006

Overnight correspondence should be sent to:
Computershare
150 Royall Street, Suite 101
Canton, MA 02021

Within USA telephone: 800.317.4445
Outside USA telephone: 781.575.2879
Hearing impaired/TDD: 800.952.9245
Website: www.computershare.com/investor

Shareholder online inquiries:
www-us.computershare.com/investor/contact

STOCK EXCHANGE LISTING
Nasdaq
Common Stock Symbol: CBSH

ANNUAL MEETING
This year's annual meeting will be a virtual meeting of shareholders. The meeting will be held Friday, April 25, 2025, at 9:30 a.m. Central, and you may attend via webcast. Please note there is no in-person meeting to attend.

INVESTOR INQUIRIES
Shareholders, analysts and others seeking information about the company should direct their inquiries to:
Matt Burkemper
Senior Vice President, Commerce Bank
Corporate Development and Investor Relations
8001 Forsyth Boulevard
St. Louis, MO 63105
314.746.7485
CBSHInvestorRelations@commercebank.com

SHAREHOLDERS MAY RECEIVE FUTURE ANNUAL REPORTS AND PROXY MATERIALS ONLINE

To receive materials electronically rather than by mail, **individuals who hold stock in their name** may enroll for electronic delivery at Computershare's investor website: **www.computershare.com/investor**

- If you have already created a login ID and password at the above site, log in and follow the prompts to "Enroll in Electronic Delivery."
- If you have not created a login ID and password at the above site, choose "Create Login." You will need the Social Security number or tax ID number associated with your Commerce stock account to create the login. After you have created your login, follow the prompts to "Enroll in Electronic Delivery."

Please note:

- Your consent is entirely revocable.
- You can always vote your proxy online whether or not you elect to receive your materials electronically.

Shareholders who hold their Commerce stock through a bank, broker or other holder of record should refer to the information provided by that entity for instructions on how to elect to view future Annual Reports and Proxy Statements online.

Employee PIP [401(k)] shareholders who have a company email address and online access will automatically be enrolled to receive the Annual Report, Proxy Statement and proxy card electronically unless they choose to opt out by emailing the corporate secretary at Peggy.Rowe@commercebank.com.

COMMERCE BANCSHARES, INC.

1000 WALNUT
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