

Commerce Bancshares (CBSH)

\$53.58 (Stock Price as of 12/15/2025)

Price Target (6-12 Months): **\$55.00**

Long Term: 6-12 Months | **Zacks Recommendation:** **Neutral**
(Since: 08/27/25)
Prior Recommendation: Outperform

Short Term: 1-3 Months | **Zacks Rank:** (1-5) **3-Hold**
Zacks Style Scores: VGM: D
Value: B | Growth: C | Momentum: F

Summary

Shares of Commerce Bancshares have underperformed the industry in the past year. Rising operating expenses, driven by technological expenses, are a major woe. We expect non-interest expenses to witness a CAGR of 7.7% by 2027. Weak asset quality and huge exposure to home equity and real estate loans are likely to hurt its financials. Our estimates suggest a rise of 51% in provisions for 2025. Nonetheless, decent loan demand, lower rates and a balance sheet repositioning strategy will likely support its net interest income (NII). Our estimates for NII indicate a CAGR of 10.1% by 2027. This, along with a rise in non-interest income, will support the top line. We predict total revenues to increase 5.6% in 2025. The FineMark buyout is likely to be earnings accretive. A solid balance sheet position is expected to enable sustainable capital distributions.

Data Overview

52 Week High-Low	\$65.59 - \$48.69
20 Day Average Volume (sh)	1,100,295
Market Cap	\$7.1 B
YTD Price Change	-13.8%
Beta	0.62
Dividend / Div Yld	\$1.10 / 2.0%
Industry	Banks - Midwest
Zacks Industry Rank	Top 23% (55 out of 243)

Last EPS Surprise	-2.8%
Last Sales Surprise	0.6%
EPS F1 Est- 4 week change	-1.4%
Expected Report Date	01/28/2026
Earnings ESP	-2.9%

P/E TTM	12.8
P/E F1	12.7
PEG F1	2.5
P/S TTM	3.4

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	463 E	476 E	492 E	520 E	1,951 E
2025	428 A	446 A	441 A	434 E	1,749 E
2024	398 A	414 A	421 A	422 A	1,656 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	0.84 E	1.06 E	1.11 E	1.26 E	4.27 E
2025	0.98 A	1.14 A	1.06 A	1.03 E	4.21 E
2024	0.86 A	1.07 A	1.07 A	1.01 A	3.87 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 12/15/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/09/2025.

Overview

Incorporated in 1966, Commerce Bancshares Inc. is one of the largest bank holding companies in Missouri, with its principal offices located in Kansas City and St. Louis. It has significant operations in the states of Missouri, Kansas, Illinois, Oklahoma, Texas and Colorado.

Operating through a network of 142 branches and 250 automated teller machines (ATM), the company engages in the general banking business, providing a wide range of retail, corporate, investment, trust and asset management products as well as services to individuals and businesses.

Commerce Bancshares, along with its subsidiaries, offers diversified financial services organized under the following segments:

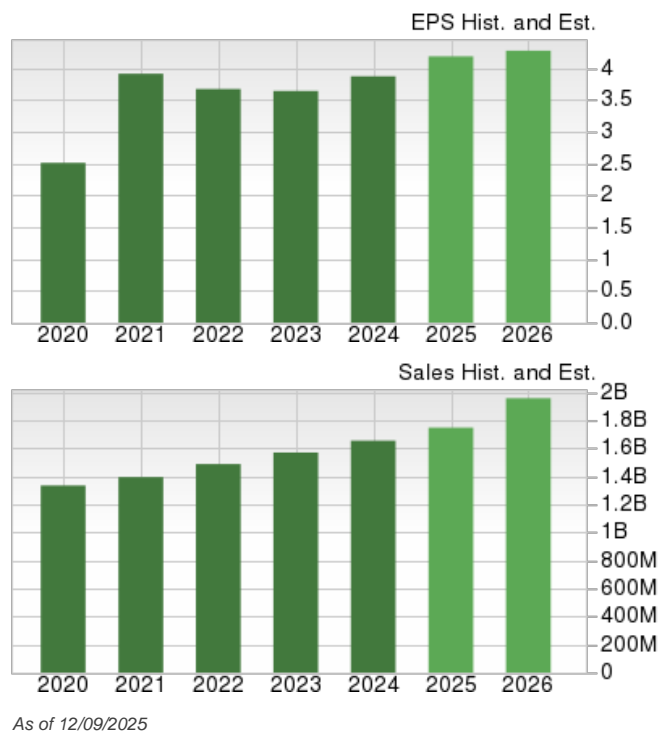
The Consumer segment includes the retail branch network, indirect and other consumer financing, consumer debit and credit bank cards, and student lending.

The Commercial segment provides an array of corporate lending, leasing and international services, as well as business and government deposits, cash management services and Merchant, and Commercial bank card products. The segment includes the Capital Markets Group, which offers fixed-income securities and also provides investment safekeeping and bond accounting services.

The Wealth segment provides traditional trust and estate tax planning services, as well as advisory and discretionary investment portfolio management services to both personal and institutional corporate customers. It also manages brokerage services, the Private Banking product portfolio and Commerce Bancshares' family of proprietary mutual funds.

The Other/Elimination segment includes activities not related to the above-mentioned segments, such as certain administrative functions, the investment securities portfolio and the effect of certain expense allocations to the segments.

As of Sept. 30, 2025, Commerce Bancshares had total assets worth \$32.3 billion, total loans of \$17.8 billion, total deposits of \$25.5 billion and total stockholders' equity of \$3.8 billion.



Reasons To Buy:

▲ Commerce Bancshares' growth strategy is driven by its solid expansion efforts. Though revenues declined in 2020, the metric witnessed a five-year (2019-2024) compound annual growth rate (CAGR) of 4.2%. The upside mainly stemmed from solid loan balances (which recorded a CAGR of 3.2% over the same time frame) and strength in fee income sources. The upward momentum continued for revenues, net loans and fee income in the first nine months of 2025. In June, the company agreed to acquire FineMark to boost its domestic presence and fee income sources. Decent loan demand and solid non-interest income performance will likely keep driving the company's top-line growth. We estimate total revenues to grow 5.6%, 11.6% and 8.1% in 2025, 2026 and 2027, respectively. This growth will largely be driven by higher NII (CAGR of 10.1% by 2027), capital markets fees (CAGR of 8.4%) and trust fees (CAGR of 6.2%). Our estimates for total loans reflect a CAGR of 8.4% over the next three years.

Relatively higher rates, FineMark buyout, solid loan balances and fee income growth will likely aid Commerce Bancshares' revenues. Its steady capital distributions will enhance shareholder value.

▲ As the Federal Reserve lowers rates, Commerce Bancshares' net yield on interest-earning assets is expected to improve in the near term as funding costs fall. In 2024, under a balance sheet repositioning strategy, the company sold its debt securities and reinvested the proceeds at higher yields. This keeps supporting the company's NII and net yield on interest-earning assets. Hence, in 2024, the net yield on interest-earning assets expanded to 3.47% from 3.16% in 2023 and 2.85% in 2022. The metric rose to 3.63% during the first nine months of 2025, reflecting a consistent upward trend. Thus, as funding costs gradually decline, the company's net yield on interest-earning assets is expected to expand in the near term, driven by decent loan demand. We expect the metric to be 3.64% in 2025, 3.73% in 2026 and 3.89% in 2027.

▲ As of Sept. 30, 2025, Commerce Bancshares had total debt (comprising other liabilities and other borrowings) of \$564.5 million, and cash and due from banks and interest-earning deposits with banks of \$2.95 billion. The company maintains investment-grade ratings of A- and a stable outlook from Standard & Poor's. This enables the company to access the debt market easily. Thus, the company's earnings strength implies that it will be able to meet debt obligations in the near term, even if the economic situation worsens.

▲ Commerce Bancshares is engaged in impressive capital distribution activities. The company has been consistently paying a 5% stock dividend for more than 25 years now (the last one was announced in October 2025). Apart from this, it pays regular quarterly cash dividends and has a share repurchase program in place. As of Sept. 30, 2025, approximately 2.1 million shares remained available under the authorization. In November, the company announced a new buyback program, which, in combination with the amount remaining from the prior plan, authorizes up to 5 million shares. Given its earnings strength and solid liquidity position, the company will likely be able to sustain the current capital distributions.

▲ Commerce Bancshares' trailing 12-month return on equity (ROE) reflects its superiority in utilizing shareholders' funds. The company's ROE of 15.73% compares favorably with 10.82% of the industry.

Reasons To Sell:

- ▼ Commerce Bancshares has been witnessing a persistent rise in non-interest expenses. Expenses witnessed a CAGR of 4.4% in the last five years ended 2024. The uptrend continued during the first nine months of 2025. The rise was mainly due to higher salaries and employee benefit costs. Overall expenses are likely to remain elevated as the company invests in technology upgrades amid ongoing inflationary pressure, though the acquisition of FineMark is expected to result in cost savings. We expect non-interest expenses to rise 2.8%, 12.6% and 8% in 2025, 2026 and 2027, respectively. The increase will be mainly due to higher salaries and employee benefits expenses (CAGR of 6.5% by 2027), data processing and software costs (CAGR of 8.8%) and marketing expenses (CAGR of 12.1%).
- ▼ Commerce Bancshares' asset quality has been deteriorating over the past few years. While the company recorded a provision benefit in 2021 and witnessed a decline in provision for credit losses in 2024, a substantial rise in provision for credit losses was recorded in 2022 and 2023. Further, total net loan charge-offs (NCOs) witnessed a CAGR of 2.8% during the four years ended 2024. The uptrend in provisions and NCOs continued in the first nine months of 2025. Overall provisions are expected to remain elevated in the near term as the company continues to build reserves to combat the tough operating environment, while total NCOs are likely to rise to some extent. We expect provisions to soar 51% in 2025 and NCOs to rise 5.2%.
- ▼ Commerce Bancshares has significant exposure to revolving home equity and real estate loans. As of Sept. 30, 2025, the company's exposure to these loan portfolios was 48.8% of total loans. Though there has been an improvement in the housing sector, any deterioration in real estate prices will pose a problem for the company. We expect revolving home equity and real estate loans to be 48.3% of total loans in 2025.

A persistent rise in expenses will likely hamper Commerce Bancshares' profitability. Further, worsening asset quality and a significant exposure to real estate loans remain near-term headwinds.

Last Earnings Report

Commerce Bancshares Q3 Earnings Lag Estimates, Expenses Rise Y/Y

Commerce Bancshares' third-quarter 2025 earnings of \$1.06 per share missed the Zacks Consensus Estimate of \$1.09. Nevertheless, the bottom line rose 3.9% from the prior-year quarter.

Results benefited from a rise in NII and non-interest income. An increase in loan balances was also a tailwind. However, increased provisions and higher expenses were headwinds.

Net income attributable to common shareholders was \$141.5 million, up 2.5% year over year. Our estimate for the metric was \$140.3 million.

Revenues Improve, Expenses Rise

Total revenues were \$440.9 million, up 4.6% year over year. The top line outpaced the Zacks Consensus Estimate of \$433.8 million.

NII was \$279.4 million, rising 6.5% from the year-ago quarter. Our estimate for NII was \$273.6 million.

Net yield on interest-earning assets expanded 14 basis points (bps) to 3.64%. Our estimate for the metric was 3.71%.

Non-interest income was \$161.5 million, up 1.5% year over year. The rise was driven by an increase in almost all components, except for bank card transaction fees, capital market fees and other non-interest income. Our estimate for non-interest income was \$160.3 million.

Non-interest expenses increased 2.7% year over year to \$244 million. The rise was due to an increase in almost all cost components except for marketing, supplies and communication, and other expenses. We had projected expenses of \$244.5 million.

Investment securities gains were \$7.9 million compared with \$3.9 million from the prior-year quarter.

The efficiency ratio declined to 55.26% from 56.31% in the year-ago quarter. A fall in the efficiency ratio indicates an improvement in profitability.

Loan Balances Rise, Deposits Decline

As of Sept. 30, 2025, net loans were \$17.61 billion, up slightly from the prior quarter. Total deposits were \$25.46 billion, which declined marginally on a sequential basis. Our estimates for net loans and total deposits were \$17.41 billion and \$25.83 billion, respectively.

Asset Quality Worsens

Provision for credit losses was \$20.1 million, which soared substantially from the prior-year quarter's \$9.1 million. Our estimate for the metric was \$6.9 million.

The allowance for credit losses on loans to total loans was 0.99%, increasing 5 bps year over year. The ratio of annualized net loan charge-offs to total average loans was 0.23%, up from 0.22% in the prior-year quarter.

Non-accrual loans to total loans were 0.09%, down from the prior-year quarter's 0.11%.

Capital Ratios Improve, Profitability Ratios Decline

As of Sept. 30, 2025, the Tier I leverage ratio was 12.95%, up from 12.31% in the year-ago quarter. Tangible common equity to tangible assets ratio increased to 11.27% from the prior-year quarter's 10.47%.

At the third-quarter end, the return on total average assets was 1.78%, down from the year-ago period's 1.80%. Return on average equity was 15.26% compared with 16.81% in the prior-year quarter.

Share Repurchase Update

In the reported quarter, the company repurchased 0.42 million shares at an average price of \$60.32.

FY Quarter Ending **12/31/2024**

Earnings Reporting Date	Oct 16, 2025
Sales Surprise	0.58%
EPS Surprise	-2.75%
Quarterly EPS	1.06
Annual EPS (TTM)	4.19

Recent News

Update on FineMark Acquisition by Commerce Bancshares - Dec. 3, 2025

Commerce Bancshares and FineMark have announced an adjustment to the exchange ratio for their pending acquisition. FineMark shareholders will now receive 0.7245 shares of Commerce Bancshares stock for each FineMark share, revised from the originally agreed 0.690 exchange ratio. The revision reflects the dividend announced in October 2025.

The transaction, still subject to other customary closing conditions, is on track to close on Jan. 1, 2026. Commerce Bancshares had announced the deal to acquire FineMark in June 2025. Founded in 2007, FineMark is a nationally chartered commercial bank serving clients through 13 banking offices in Florida, Arizona and South Carolina.

FineMark Holdings, Inc.'s shareholders have approved the definitive merger agreement pursuant to which Commerce Bancshares will acquire FineMark. In August, the agreement was approved by the Federal Reserve Bank of Kansas City and the Missouri Division of Finance.

As of June 30, 2025, FineMark had assets worth \$3.9 billion, deposits worth \$3.1 billion and loans of \$2.7 billion. Its Trust and Investment business delivers personalized services to 2,000 clients with \$8.3 billion in assets under administration (AUA). The deal combines \$36 billion in assets and \$86 billion in wealth AUA, creating a stronger growth platform and enhancing wealth management and private banking with more seamless, innovative and personalized client experiences.

The transaction is expected to be 6% accretive to Commerce Bancshares' 2026 GAAP earnings, with fully phased cost savings. Cost savings of 15% of FineMark's non-interest expenses are expected.

Inclusive of all one-time charges and purchase accounting marks, the transaction is expected to result in a tangible book value per share dilution of 2.2% with an earn-back period of 1.6 years. The acquisition will have a limited capital impact at closing, with CET1 of 17%.

The merger will result in one-time, pre-tax expenses of \$57 million, which is fully realized in the pro forma tangible book value estimate at closing.

Dividend Update

On Oct. 31, Commerce Bancshares announced a quarterly dividend of 27.5 cents per share. The dividend will be paid out on Dec. 15 to stockholders on record as of Dec. 2.

Valuation

Commerce Bancshares' shares are down 18% in the past six months and 23.6% over the trailing 12 months. While stocks in the Zacks sub-industry are up 3.1%, the Zacks Finance sector is up 9.2% over the past six months. Over the past year, the Zacks sub-industry is down 3.2%, while the sector is up 12.2%.

The S&P 500 index is up 16.6% in the past six months and up 16.4% in the past year.

The stock is currently trading at 12.15X forward 12 months earnings, which compares to 10.09X for the Zacks sub-industry, 17.26X for the Zacks sector and 23.59X for the S&P 500 index.

Over the past five years, the stock has traded as high as 22.65X and as low as 11.69X, with a 5-year median of 16.49X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$55 price target reflects 12.80X forward earnings.

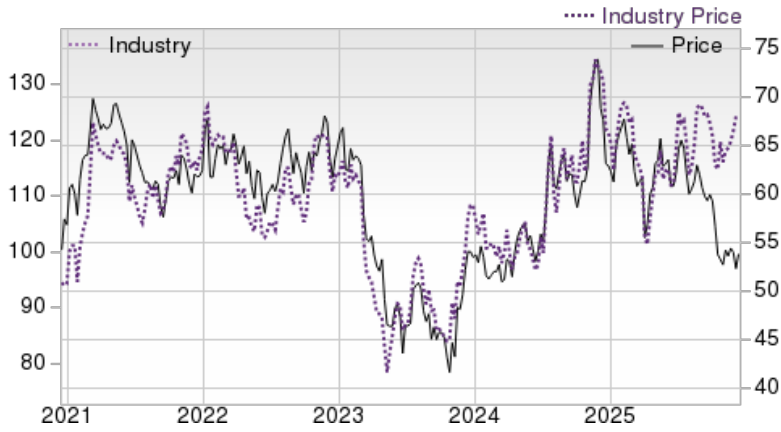
The table below shows summary valuation data for CBSH

Valuation Multiples - CBSH					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	12.15	10.09	17.26	23.59
	5-Year High	22.65	14.34	18.28	23.78
	5-Year Low	11.69	7.61	12.37	15.73
	5-Year Median	16.49	10.53	16.12	21.21
P/TB TTM	Current	1.90	2.90	5.96	12.93
	5-Year High	4.03	4.10	6.03	16.57
	5-Year Low	1.84	2.01	3.44	10.52
	5-Year Median	2.57	3.01	4.74	13.66
P/S F12M	Current	3.55	4.37	9.07	5.33
	5-Year High	7.46	5.42	10.06	5.50
	5-Year Low	3.45	3.18	6.68	3.83
	5-Year Median	5.13	4.45	8.39	5.05

As of 12/08/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 23% (55 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Associated Banc-Corp (ASB)	Neutral	3
First Busey Corporat...(BUSE)	Neutral	3
Enterprise Financial...(EFSC)	Neutral	3
First Financial Banc...(FFBC)	Neutral	2
First Interstate Ban...(FIBK)	Neutral	3
First Merchants Corp...(FRME)	Neutral	3
Old National Bancorp (ONB)	Neutral	3
UMB Financial Corpor...(UMBF)	Neutral	3

Industry Comparison⁽¹⁾ Industry: Banks - Midwest

	CBSH	X Industry	S&P 500	ASB	FFBC	FIBK
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	2	3
VGM Score	D	-	-	C	C	D
Market Cap	7.12 B	848.63 M	39.38 B	4.50 B	2.64 B	3.64 B
# of Analysts	7	3	22	5	2	3
Dividend Yield	2.05%	2.43%	1.41%	3.54%	3.73%	5.31%
Value Score	B	-	-	B	B	B
Cash/Price	0.54	0.28	0.04	0.29	0.28	0.40
EV/EBITDA	3.95	7.61	14.60	16.36	7.42	4.93
PEG Ratio	2.53	0.99	2.23	0.80	NA	NA
Price/Book (P/B)	1.89	1.17	3.35	0.96	0.98	1.07
Price/Cash Flow (P/CF)	11.89	10.46	15.20	8.20	9.05	13.03
P/E (F1)	12.76	10.82	19.78	10.14	9.22	13.29
Price/Sales (P/S)	3.35	2.14	3.06	1.85	2.11	2.62
Earnings Yield	7.78%	9.25%	4.99%	9.85%	10.85%	7.51%
Debt/Equity	0.00	0.19	0.57	0.82	0.29	0.09
Cash Flow (\$/share)	4.52	3.26	8.99	3.30	2.97	2.72
Growth Score	C	-	-	F	D	F
Hist. EPS Growth (3-5 yrs)	4.63%	2.35%	8.16%	8.42%	8.86%	-6.28%
Proj. EPS Growth (F1/F0)	8.79%	18.24%	8.57%	12.18%	11.07%	21.46%
Curr. Cash Flow Growth	6.49%	-5.71%	6.75%	7.98%	-5.81%	-12.05%
Hist. Cash Flow Growth (3-5 yrs)	3.41%	3.88%	7.43%	2.34%	2.41%	3.10%
Current Ratio	0.77	0.91	1.19	0.90	0.89	0.74
Debt/Capital	0.24%	15.86%	38.01%	43.93%	22.68%	8.23%
Net Margin	26.48%	18.38%	12.78%	7.23%	20.64%	17.62%
Return on Equity	15.73%	10.82%	17.00%	9.45%	10.72%	7.25%
Sales/Assets	0.07	0.06	0.53	0.06	0.07	0.05
Proj. Sales Growth (F1/F0)	5.60%	5.55%	5.77%	11.90%	-25.50%	0.10%
Momentum Score	F	-	-	A	A	B
Daily Price Chg	0.50%	-0.11%	-1.07%	-0.15%	-0.56%	-0.20%
1 Week Price Chg	2.87%	3.78%	-0.63%	3.75%	4.15%	3.78%
4 Week Price Chg	0.40%	8.58%	1.39%	7.11%	11.05%	12.99%
12 Week Price Chg	-9.27%	3.41%	2.45%	3.16%	1.78%	5.83%
52 Week Price Chg	-20.42%	3.79%	12.83%	6.07%	-7.29%	3.87%
20 Day Average Volume	1,100,295	103,252	2,728,366	1,725,299	586,806	2,103,186
(F1) EPS Est 1 week change	-0.07%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-1.41%	0.00%	0.00%	1.35%	2.46%	0.00%
(F1) EPS Est 12 week change	-2.42%	2.12%	0.69%	3.18%	3.68%	11.67%
(Q1) EPS Est Mthly Chg	-1.36%	0.00%	0.00%	0.58%	0.00%	0.00%

Analyst Earnings Model⁽²⁾

Commerce Bancshares, Inc. (CBSH)

In \$MM, except per share data

	2019A	2020A	2021A	2022A	2023A	2024A	2025E				2026E				2027E	
	FY	FY	FY	FY	FY	FY	1QA	2QA	3QA	4QE	FY	1QE	2QE	3QE	4QE	FY
FY Ends December 31st	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	31-Mar-25	30-Jun-25	30-Sep-25	31-Dec-25	Dec-25	31-Mar-26	30-Jun-26	30-Sep-26	31-Dec-26	Dec-26
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Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	C
Momentum Score	F
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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