

# Different by Design.

**UMB Financial**

Fourth Quarter 2018

January 29, 2019



This presentation of UMB Financial Corporation (the “company,” “our,” “us,” or “we”) contains, and our other communications may contain, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as “believe,” “expect,” “anticipate,” “intend,” “estimate,” “project,” “outlook,” “forecast,” “target,” “trend,” “plan,” “goal,” or other words of comparable meaning or future-tense or conditional verbs such as “may,” “will,” “should,” “would,” or “could.”

Forward-looking statements convey our expectations, intentions, or forecasts about future events, circumstances, results, or aspirations. All forward-looking statements are subject to assumptions, risks, and uncertainties, which may change over time and many of which are beyond our control. You should not rely on any forward-looking statement as a prediction or guarantee about the future. Our actual future objectives, strategies, plans, prospects, performance, condition, or results may differ materially from those set forth in any forward-looking statement. Some of the factors that may cause actual results or other future events, circumstances, or aspirations to differ from those in forward-looking statements are described in our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, or other applicable documents that are filed or furnished with the U.S. Securities and Exchange Commission (SEC).

Any forward-looking statement made by us or on our behalf speaks only as of the date that it was made. We do not undertake to update any forward-looking statement to reflect the impact of events, circumstances, or results that arise after the date that the statement was made, except to the extent required by applicable securities laws. You, however, should consult disclosures (including disclosures of a forward-looking nature) that we may make in any subsequent Annual Report on Form 10-K, Quarterly Report on Form 10-Q, Current Report on Form 8-K, or other applicable document that is filed or furnished with the SEC.



# 4Q 2018 Highlights



# Earnings Summary – 4Q 2018



\$ in thousands, except share and per share data; unaudited

	4Q'18	3Q'18	4Q'17	% variance	
				vs. 3Q'18	vs. 4Q'17
Net interest income	\$ 161,808	\$ 150,490	\$ 146,346	7.5	10.6
Noninterest income	94,999	100,885	106,033	(5.8)	(10.4)
<b>Total revenue</b>	<b>256,807</b>	<b>251,375</b>	<b>252,379</b>	<b>2.2</b>	<b>1.8</b>
Noninterest expense	184,321	180,385	182,559	2.2	1.0
Pre-Provision net revenue	72,486	70,990	69,820	2.1	3.8
Provision for loan losses	48,000	5,750	6,000	> 100.0	> 100.0
Income before taxes	24,486	65,240	63,820	(62.5)	(61.6)
Income tax (benefit) expense	(968)	7,391	16,463	(> 100.0)	(> 100.0)
<b>Income from continuing operations</b>	<b>\$ 25,454</b>	<b>\$ 57,849</b>	<b>\$ 47,357</b>	<b>(56.0)</b>	<b>(46.3)</b>
Income from discontinued operations before income taxes	-	-	101,948	-	(100.0)
Income tax expense	-	-	37,344	-	(100.0)
<b>Income from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>64,604</b>	<b>-</b>	<b>(100.0)</b>
<b>Net Income</b>	<b>\$ 25,454</b>	<b>\$ 57,849</b>	<b>\$ 111,961</b>	<b>(56.0)</b>	<b>(77.3)</b>
Earnings per share from continuing operations as reported - diluted	\$ 0.52	\$ 1.16	\$ 0.95	(55.2)	(45.3)
Adjustments <sup>(1)</sup>	0.05	-	-	-	-
Tax impact of adjustments <sup>(1)</sup>	(0.01)	-	-	-	-
Operating earnings per share - diluted <sup>(1)</sup>	\$ 0.56	\$ 1.16	\$ 0.95	(51.7)	(41.1)
Dividends per share	0.300	0.290	0.275	3.4	9.1
WASO (diluted)	49,230,321	49,912,084	49,840,529		

(1) Non-GAAP adjustments include acquisition and divestiture expense and income, severance expense and the cumulative tax impact of these adjustments. See the non-GAAP reconciliations and additional information on these items on slides 39 and 40.

# Earnings Summary – Full Year 2018



\$ in thousands, except share and per share data; unaudited

	2018	2017	2016	% variance	
				'18 to '17	'17 to '16
Net interest income	\$ 610,446	\$ 558,913	\$ 495,323	9.2	12.8
Noninterest income	401,698	423,562	402,511	(5.2)	5.2
<b>Total revenue</b>	<b>1,012,144</b>	<b>982,475</b>	<b>897,834</b>	<b>3.0</b>	<b>9.4</b>
Noninterest expense	717,800	705,129	666,745	1.8	5.8
Pre-Provision net revenue	294,344	277,346	231,089	6.1	20.0
Provision for loan losses	70,750	41,000	32,500	72.6	26.2
Income before taxes	223,594	236,346	198,589	(5.4)	19.0
Income tax provision	27,334	53,370	44,955	(48.8)	18.7
<b>Income from continuing operations</b>	<b>\$ 196,260</b>	<b>\$ 182,976</b>	<b>\$ 153,634</b>	<b>7.3</b>	<b>19.1</b>
(Loss) income from discontinued operations before income taxes	(917)	101,226	8,415	(> 100.0)	> 100.0
Income tax provision	(170)	37,097	3,248	(> 100.0)	> 100.0
<b>(Loss) income on discontinued operations</b>	<b>(747)</b>	<b>64,129</b>	<b>5,167</b>	<b>(&gt; 100.0)</b>	<b>&gt; 100.0</b>
<b>Net Income</b>	<b>\$ 195,513</b>	<b>\$ 247,105</b>	<b>\$ 158,801</b>	<b>(20.9)</b>	<b>55.6</b>
Earnings per share from continuing operations as reported - diluted	\$ 3.94	\$ 3.67	\$ 3.12	7.4	17.6
Adjustments <sup>(1)</sup>	0.12	0.02	0.14	> 100.0	(85.7)
Tax impact of adjustments <sup>(1)</sup>	(0.03)	-	(0.05)	-	100.0
Operating earnings per share - diluted <sup>(1)</sup>	\$ 4.03	\$ 3.69	\$ 3.21	9.2	15.0
Dividends per share WASO (diluted)	1.170	1.040	0.990	12.5	5.1
	49,770,737	49,839,290	49,277,055		

(1) Non-GAAP adjustments include fair value adjustments on contingent consideration, acquisition and divestiture expense and income, severance expense and the cumulative tax impact of these adjustments. See the non-GAAP reconciliations and additional information on these items on slides 39 and 40.

# Select Balance Sheet Items



\$ in thousands, average balances; unaudited

## Three Months Ended

	December 31, 2018		September 30, 2018		December 31, 2017		% variance	
	Avg. Balance	Avg Yield / Rate %	Avg. Balance	Avg Yield / Rate %	Avg. Balance	Avg Yield / Rate %	vs. 3Q'18	vs. 4Q'17
<b>Assets</b>								
Loans, net of unearned interest	\$ 11,967,936	5.11	\$ 11,718,552	4.87	\$ 11,084,716	4.40	2.1	8.0
Total securities	7,471,185	2.53	7,237,014	2.40	7,485,164	2.51	3.2	(0.2)
Total earning assets	20,456,539	4.03	19,379,671	3.89	19,338,994	3.56	5.6	5.8
Allowance for loan losses	(101,221)		(99,289)		(100,344)		1.9	0.9
<b>Total assets</b>	<b>\$ 21,878,752</b>		<b>\$ 20,749,665</b>		<b>\$ 20,723,725</b>		<b>5.4</b>	<b>5.6</b>
<b>Liabilities and Shareholders' Equity</b>								
Interest-bearing deposits	\$ 12,118,111	1.12	\$ 10,984,419	0.93	\$ 10,669,505	0.46	10.3	13.6
Total interest-bearing liabilities	13,404,705	1.21	12,797,067	1.07	12,170,511	0.55	4.7	10.1
Noninterest-bearing demand deposits	6,052,011		5,547,880		6,180,293		9.1	(2.1)
Shareholders' equity	2,208,929		2,224,943		2,155,200		(0.7)	2.5
<b>Total liabilities and shareholders' equity</b>	<b>\$ 21,878,752</b>		<b>\$ 20,749,665</b>		<b>\$ 20,723,725</b>		<b>5.4</b>	<b>5.6</b>
Net interest spread		2.82		2.82		3.01		
Net interest margin		3.24		3.18		3.21		

For 2018, securities yields, earning asset yields, net interest spread and net interest margin were computed using net interest income adjusted to a fully taxable equivalent ("FTE") basis assuming a federal income tax rate of 21 percent; in prior periods, these metrics were computed using a federal income tax rate of 35 percent.

# Key Performance Metrics



	4Q'18	3Q'18	2Q'18	1Q'18	4Q'17
<b>ROE</b>	4.57%	10.32%	10.18%	10.80%	8.72%
<b>Operating ROE <sup>(1)</sup></b>	4.95%	10.35%	10.30%	11.09%	8.75%
<b>ROA</b>	0.46%	1.11%	1.08%	1.12%	0.91%
<b>Operating ROA <sup>(1)</sup></b>	0.50%	1.11%	1.09%	1.15%	0.91%
<b>Efficiency Ratio <sup>(2)</sup></b>	71.26%	71.27%	70.21%	68.82%	71.70%
<b>Operating Efficiency Ratio <sup>(1) (2)</sup></b>	70.19%	71.18%	69.88%	68.04%	71.59%
<b>Net Interest Margin <sup>(3)</sup></b>	3.24%	3.18%	3.24%	3.19%	3.21%
<b>Noninterest Income % of Revenue</b>	37.0%	40.1%	40.0%	41.6%	42.0%
<b>Avg. Loan/Deposit Ratio</b>	65.9%	70.9%	69.5%	67.3%	65.8%
<b>Assets Under Mgmt. (billions)</b>	\$ 13.3	\$ 13.5	\$ 13.4	\$ 14.2	\$ 14.8
<b>Common Equity Tier 1 Capital Ratio</b>	12.89%	13.47%	13.56%	13.36%	12.95%
<b>Diluted EPS</b>	\$ 0.52	\$ 1.16	\$ 1.11	\$ 1.15	\$ 0.95
<b>Operating EPS-Diluted <sup>(1)</sup></b>	\$ 0.56	\$ 1.16	\$ 1.12	\$ 1.18	\$ 0.95

(1) See slides 39 and 40 for additional disclosures and reconciliations related to these non-GAAP financial measures.

(2) Beginning in Q1 2018, the Company revised the denominator of its Efficiency Ratio and Operating Efficiency Ratio calculations to use "Net Interest Income" in place of "Tax Equivalent Net Interest Income". All prior periods presented here were updated using this revised formula.

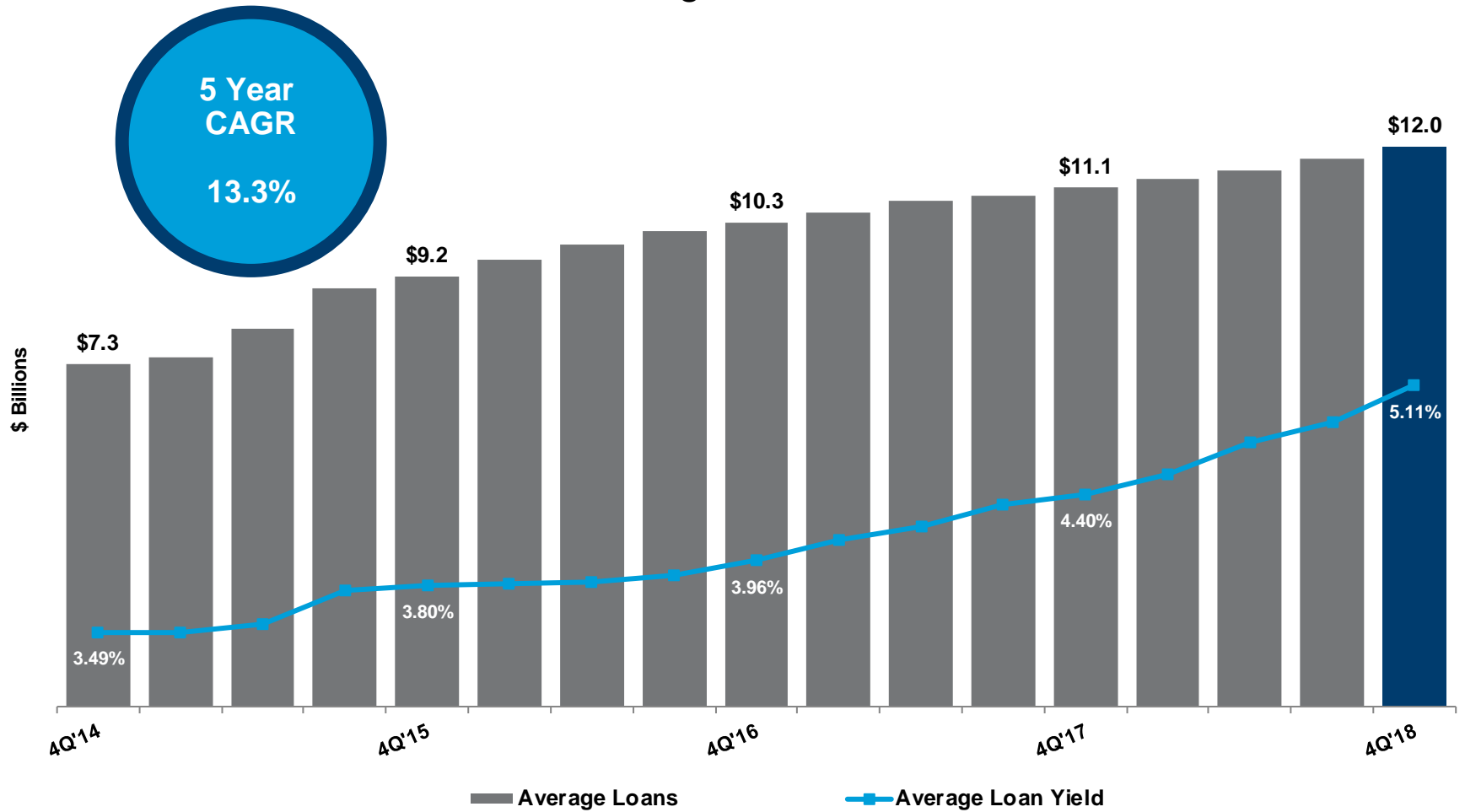
(3) For 2018, net interest margin is computed using net interest income adjusted to a fully taxable equivalent ("FTE") basis assuming a federal income tax rate of 21 percent; while prior period net interest margins are computed using a federal income tax rate of 35 percent.



# Balance Sheet

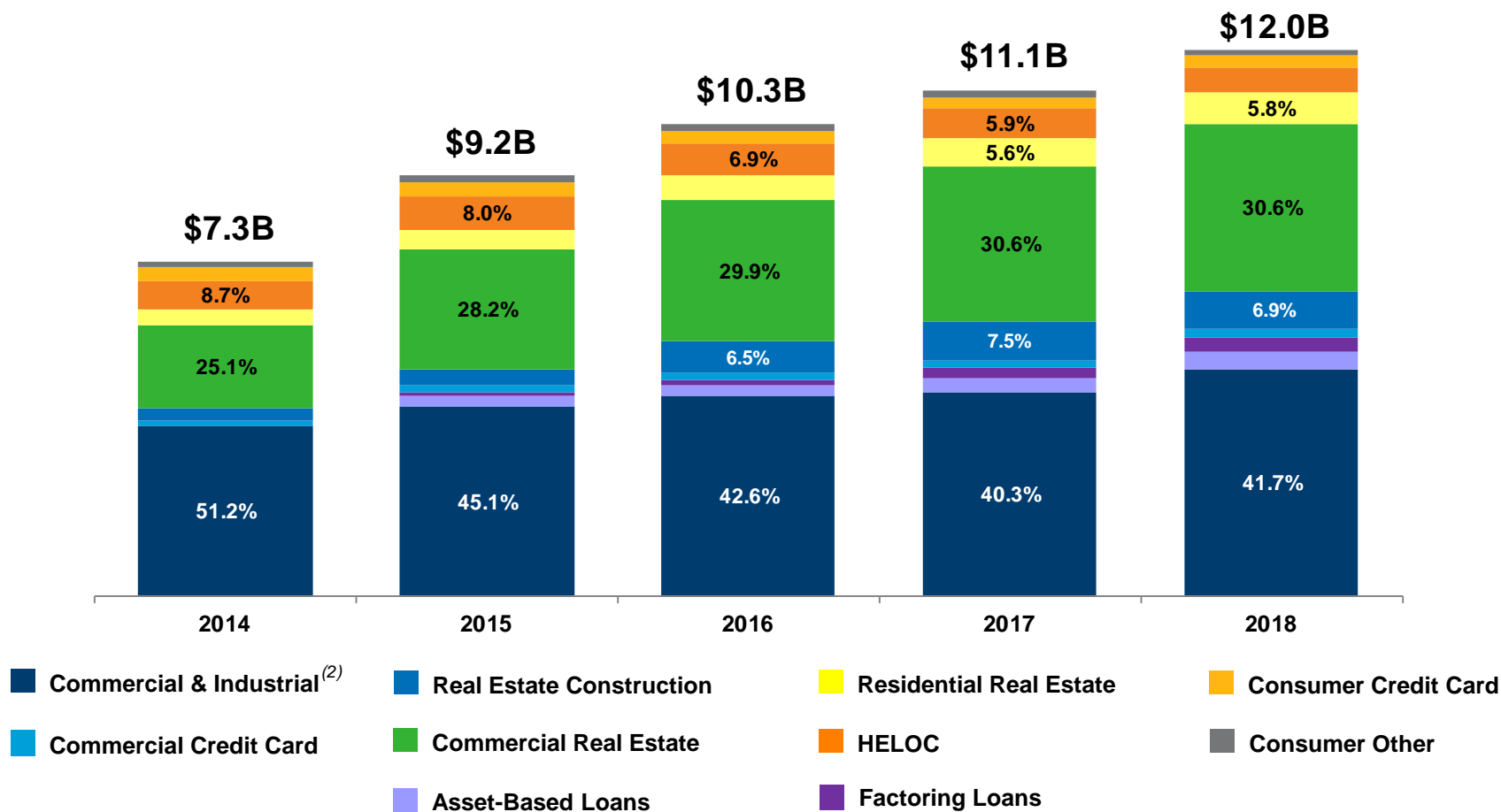


## Average Total Loans



## Diverse Loan Book <sup>(1)</sup>

(Average Loan Balances for the three months ended December 31 of the indicated year)

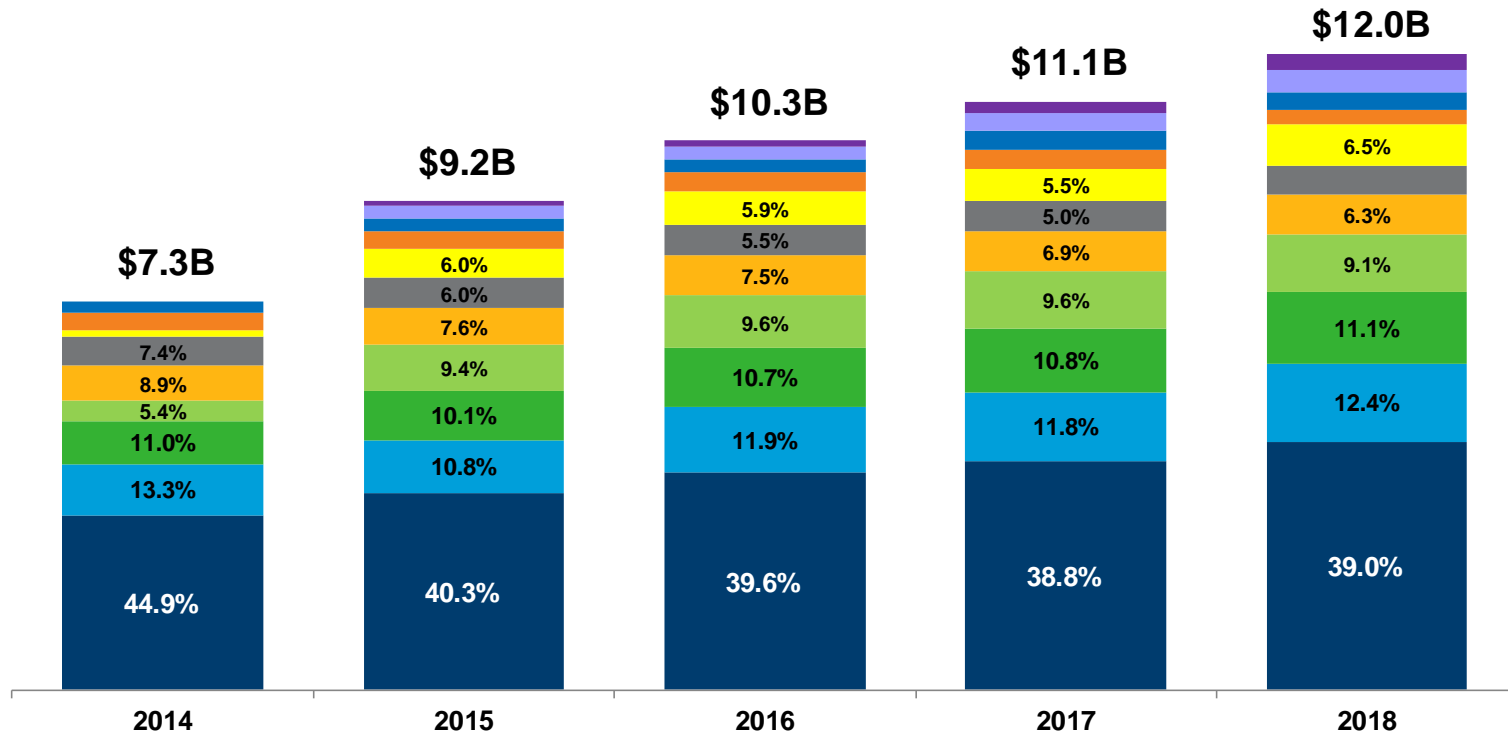


(1) Percentages less than 5% have been omitted.  
 (2) Includes leases.



## Loans by Region<sup>(1)</sup>

(Average Loan Balances for the three months ended December 31 of the indicated year)



- Kansas City
- St. Louis
- Greater MO
- Texas
- Nebraska
- Marquette Transportation Fin (Natl. Sales)
- Colorado
- Arizona
- Kansas
- Oklahoma
- Marquette Business Credit (Natl. Sales)

(1) Percentages less than 5% have been omitted.

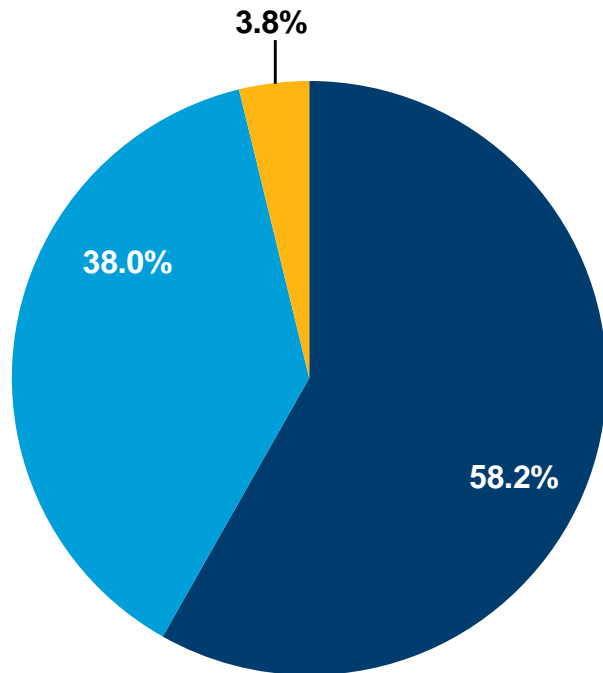
<i>\$ in millions</i>	4Q'18	3Q'18	2Q'18	1Q'18	4Q'17
<b>End-of-Period Total Loans</b>	\$ 12,178.2	\$ 11,964.7	\$ 11,631.6	\$ 11,458.8	\$ 11,280.5
<b>Gross Loan Production</b>	709.4	732.9	644.1	529.9	689.7
<b>Revolving Balance Changes</b>	106.2	(18.8)	(43.7)	114.7	69.2
<b>Net Charge-offs</b>	(45.7)	(2.7)	(9.0)	(10.3)	(3.8)
<b>Payoffs</b>	(149.4)	(156.0)	(177.7)	(236.5)	(261.6)
<b>Paydowns</b>	(407.0)	(222.3)	(240.9)	(219.5)	(210.0)
<b>Paydowns/Payoffs as a % of Loans</b>	4.6%	3.2%	3.6%	4.0%	4.2%

*Beginning in fourth quarter 2018, net charge-off amounts, previously impacting gross loan production, were moved to a separate line. This change was also made to prior periods shown.*



## Securities Available for Sale

\$6.5 billion at December 31, 2018

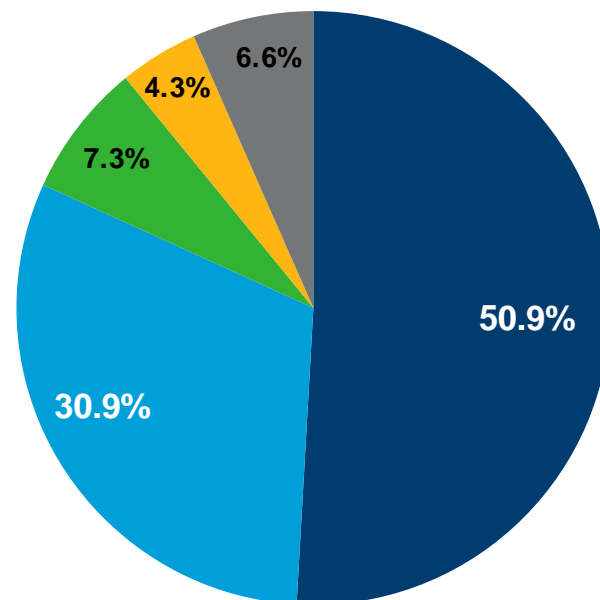


- Mortgage-Backed Securities
- Municipals
- Treasuries
- Agencies (0.0%)
- Corporates (0.0%)

Average Balance: \$6.2 billion  
 Average Yield: 2.37%  
 Duration: 44 months

## Securities Held to Maturity

\$1.2 billion at December 31, 2018



- Healthcare
- Higher Education
- Governmental
- Utility
- Other
  - Social Service
  - Industrial
  - Cultural
  - Civic
  - K-12 Education
  - NFP - Other

Average Balance: \$1.2 billion  
 Average Yield: 3.28%  
 Duration: 74 months



For 2018, securities yields are computed using net interest income adjusted to a fully taxable equivalent ("FTE") basis assuming a federal income tax rate of 21 percent; in prior periods, these metrics are computed using a federal income tax rate of 35 percent.

## AFS Portfolio Activity

<i>\$ in millions</i>	4Q'18	3Q'18	2Q'18	1Q'18	4Q'17
<b>Roll off / Cash Flow</b> <sup>(1)</sup>	\$ 191	\$ 229	\$ 247	\$ 277	\$ 195
<b>Roll off yield</b>	2.04%	1.96%	1.91%	1.91%	2.02%
<b>Purchased</b> <sup>(2)</sup>	\$ 194	\$ 198	\$ 146	\$ 225	\$ 202
<b>Purchase yield</b>	3.59%	3.66%	3.12%	2.88%	2.70%
<b>Forward-looking expectations</b>					
	1Q'19	Next 12 months			
<b>Roll off / Cash Flow</b>	\$ 272	\$ 1,144			
<b>Roll off yield</b>	2.13%	2.20%			

## Loan Portfolio Statistics

at December 31, 2018

**Variable Rate Loans:** \$7.8 billion or 64% of the loan book

- ~39% of variable loans are tied to Prime for the next quarter
- ~60% of variable loans are tied to LIBOR for the next quarter

### Loan Repricing/Maturity Schedule

- 59% in 1<sup>st</sup> quarter 2019
- 68% in the next 12 months

<sup>(1)</sup> Roll off includes cash flow from maturities, calls or amortizations of securities and is presented net of sales.

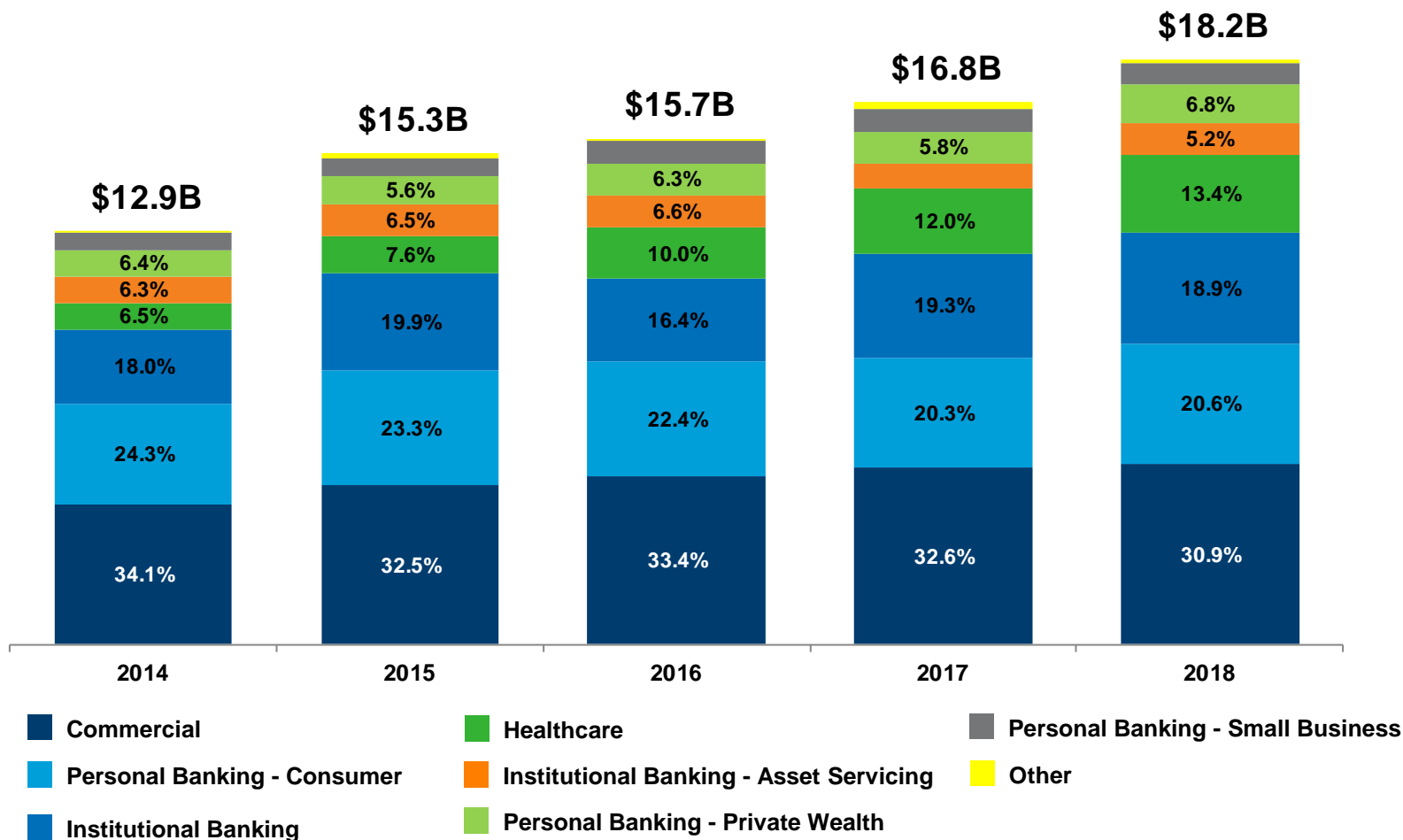
<sup>(2)</sup> Purchased amount is presented net of purchases made related to sales.

For 2018, securities yields were computed using net interest income adjusted to a fully taxable equivalent ("FTE") basis assuming a federal income tax rate of 21 percent; in prior periods, these metrics were computed using a federal income tax rate of 35 percent.



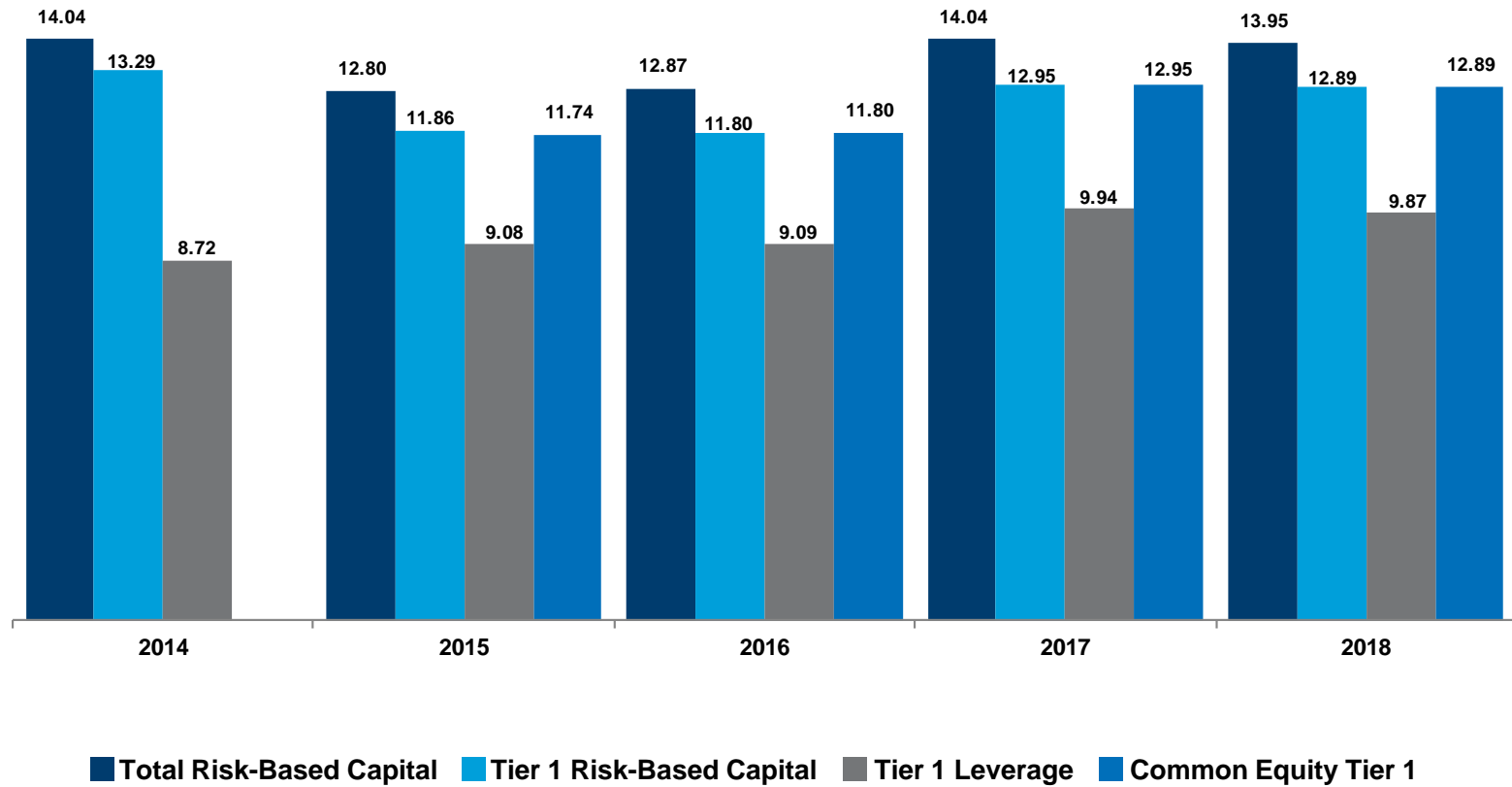
## Diverse Sources of Deposits<sup>(1)</sup>

(Average Deposits for the three months ended December 31 of the indicated year)



(1) Percentages less than 5% have been omitted.

## Capital Ratio Trends (%)





# Asset Quality



# Net Charge-Off History



<b>Annual</b>								
<i>(\$ in thousands)</i>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Commercial Loans <sup>(1)</sup>	\$ (678)	\$ 893	\$ 1,818	\$ 2,367	\$ 1,569	\$ 2,943	\$ 4,113	\$ 6,007
Consumer Credit Card	5,078	4,412	4,917	3,449	4,577	6,839	12,291	14,279
Other <sup>(2)</sup>	1,439	836	938	1,176	2,127	1,973	3,854	1,411
<b>Total Net Charge-Offs</b>	<b>\$ 5,839</b>	<b>\$ 6,141</b>	<b>\$ 7,673</b>	<b>\$ 6,992</b>	<b>\$ 8,273</b>	<b>\$ 11,755</b>	<b>\$ 20,258</b>	<b>\$ 21,697</b>
Average Total Loans <i>(\$ in millions)</i>	\$ 2,536.2	\$ 2,758.3	\$ 3,109.8	\$ 3,562.0	\$ 3,888.1	\$ 4,175.7	\$ 4,356.2	\$ 4,583.7
NCOs as % of Avg Loans	0.23%	0.22%	0.25%	0.20%	0.21%	0.28%	0.47%	0.48%

<i>(\$ in thousands)</i>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Commercial Loans <sup>(1)</sup>	\$ 11,880	\$ 7,310	\$ 3,881	\$ 6,459	\$ 3,415	\$ 9,192	\$ 24,463	\$ 57,618
Consumer Credit Card	11,127	9,382	8,811	8,301	6,753	6,706	7,141	6,873
Other <sup>(2)</sup>	1,128	1,399	1,483	851	329	6,096	441	3,228
<b>Total Net Charge-Offs</b>	<b>\$ 24,135</b>	<b>\$ 18,091</b>	<b>\$ 14,175</b>	<b>\$ 15,611</b>	<b>\$ 10,497</b>	<b>\$ 21,994</b>	<b>\$ 32,045</b>	<b>\$ 67,719</b>
Average Total Loans <i>(\$ in millions)</i>	\$ 4,748.9	\$ 5,243.3	\$ 6,217.2	\$ 6,974.2	\$ 8,424.0	\$ 9,986.2	\$10,841.5	\$11,604.6
NCOs as % of Avg Loans	0.51%	0.35%	0.23%	0.22%	0.12%	0.22%	0.30%	0.58%

<b>Quarterly</b>								
<i>(\$ in thousands, unaudited)</i>	<b>1Q'17</b>	<b>2Q'17</b>	<b>3Q'17</b>	<b>4Q'17</b>	<b>1Q'18</b>	<b>2Q'18</b>	<b>3Q'18</b>	<b>4Q'18</b>
Commercial Loans <sup>(1)</sup>	\$ 5,283	\$ 7,971	\$ 8,961	\$ 2,248	\$ 6,847	\$ 6,137	\$ 624	\$ 44,010
Consumer Credit Card	1,815	2,079	1,635	1,612	1,849	1,786	1,632	1,606
Other <sup>(2)</sup>	228	(24)	312	(75)	1,606	1,081	490	51
<b>Total Net Charge-Offs</b>	<b>\$ 7,326</b>	<b>\$ 10,026</b>	<b>\$ 10,908</b>	<b>\$ 3,785</b>	<b>\$ 10,302</b>	<b>\$ 9,004</b>	<b>\$ 2,746</b>	<b>\$ 45,667</b>
Average Total Loans <i>(\$ in millions)</i>	\$10,558.1	\$10,809.8	\$10,908.5	\$11,083.1	\$11,285.2	\$11,442.7	\$11,716.0	\$11,965.8
NCOs as % of Avg Loans	0.28%	0.37%	0.40%	0.14%	0.37%	0.32%	0.09%	1.51%

(1) Commercial Loans includes commercial and industrial, commercial credit card, asset-based and factoring loans.

(2) Other includes all real-estate related loans (commercial, residential and HELOC) plus consumer loans and DDA charge-offs.

## Commercial

	December 31, 2018	September 30, 2018
Non-watch list	\$ 4,788,234	\$ 4,447,646
Watch	192,653	158,164
Special Mention	55,927	68,591
Substandard	191,588	232,798
<b>Total</b>	<b>\$ 5,228,402</b>	<b>\$ 4,907,199</b>

## Asset-based

	December 31, 2018	September 30, 2018
	\$ 296,719	\$ 329,986
	-	-
	84,019	59,396
	-	2,493
<b>Total</b>	<b>\$ 380,738</b>	<b>\$ 391,875</b>

## Factoring

	December 31, 2018	September 30, 2018
	\$ 260,727	\$ 245,248
	-	-
	864	42,104
	-	-
<b>Total</b>	<b>\$ 261,591</b>	<b>\$ 287,352</b>

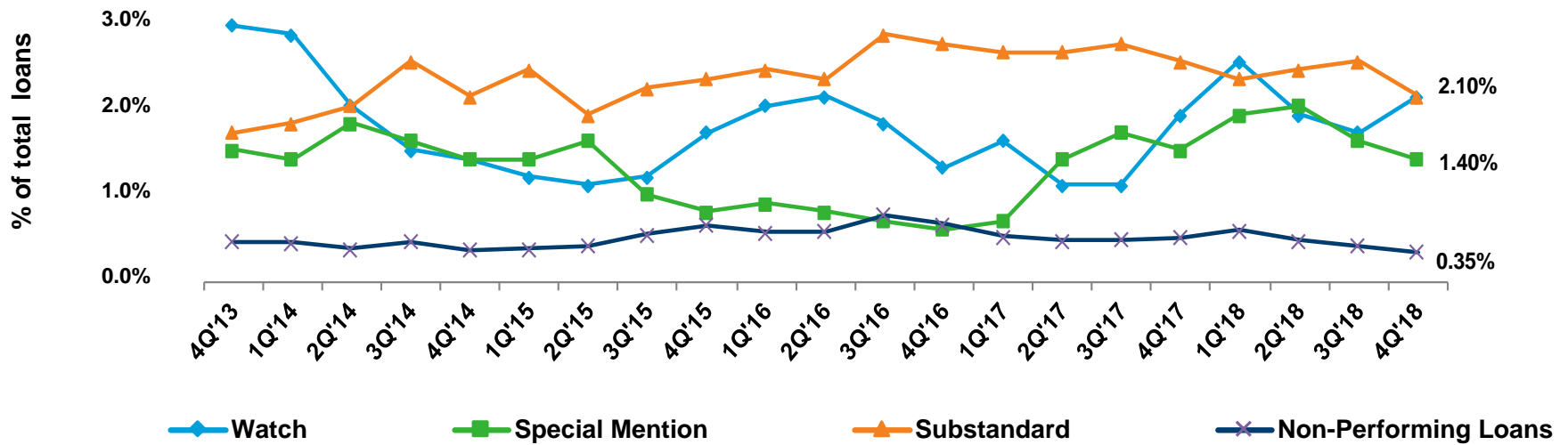
## Real estate – construction

	December 31, 2018	September 30, 2018
Non-watch list	\$ 792,256	\$ 827,835
Watch	204	-
Special Mention	-	-
Substandard	105	198
<b>Total</b>	<b>\$ 792,565</b>	<b>\$ 828,033</b>

## Real estate – commercial

	December 31, 2018	September 30, 2018
	\$ 3,551,537	\$ 3,581,155
	64,998	48,567
	32,826	20,869
	64,919	66,563
<b>Total</b>	<b>\$ 3,714,280</b>	<b>\$ 3,717,154</b>

# Loan Classification Trends





# Income Statement



<i>\$ in thousands (unaudited)</i>	4Q'18	3Q'18	2Q'18	1Q'18	4Q'17
<b>Trust and securities processing</b>	\$ 41,891	\$ 43,425	\$ 42,845	\$ 44,002	\$ 44,234
<b>Trading and investment banking</b>	3,119	3,711	4,653	4,101	5,015
<b>Service charges on deposit accounts</b>	20,733	20,927	20,722	21,905	21,364
<b>Insurance fees and commissions</b>	312	339	340	301	388
<b>Brokerage fees</b>	6,761	6,402	6,291	6,353	6,127
<b>Bankcard fees</b>	16,375	16,838	17,184	18,123	17,617
<b>Gains on sales of securities</b>	-	211	228	139	54
<b>Other<sup>(1)</sup></b>	5,808	9,032	8,026	10,601	11,234
<b>Total noninterest income</b>	<b>\$ 94,999</b>	<b>\$ 100,885</b>	<b>\$ 100,289</b>	<b>\$ 105,525</b>	<b>\$ 106,033</b>

## 4<sup>th</sup> Quarter '18 Drivers

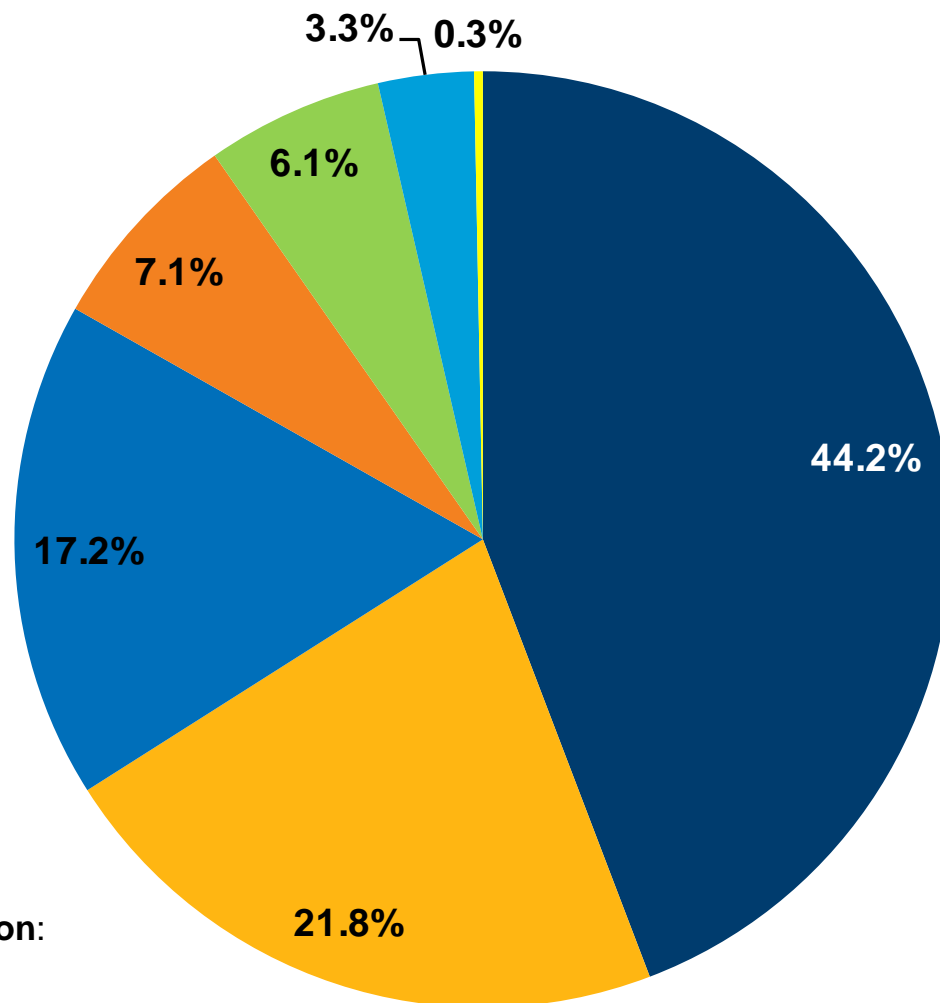
- Noninterest income decreased \$5.9MM, or 5.8%, compared to 3Q'18, primarily driven by:
  - ❑ Decreases of \$5.7MM in company-owned life insurance income and \$1.3MM in derivative income, both recorded in other income. These decreases were partially offset by \$2.9MM gains on sales of assets and \$0.9MM in loss recoveries; and,
  - ❑ A \$1.5MM decrease in trust and securities processing income, impacted by market conditions and lower alternative asset servicing income.

(1) Beginning in Q1 2018, "Other" includes "Equity Earnings on Alternative Investments" which was previously separately disclosed.

# Noninterest Income Composition – 4Q 2018



- Trust & Securities Processing
- Service Charges on Deposit Accounts
- Bankcard Fees
- Trading & Investment Banking
- Other
- Brokerage Fees
- Insurance Fees & Commissions
- Gains on Sales of Securities



## Trust & Securities Processing Composition:

(\$ in millions)

Source of Income:	4Q'18	3Q'18	4Q'17
Personal Banking – Private Wealth & Prairie Capital	\$ 16.2	\$ 16.4	\$ 16.8
Institutional Banking – Fund Services	19.1	21.2	22.6
Institutional Banking – Corp. Trust & other	<u>6.6</u>	<u>5.8</u>	<u>4.8</u>
	<b>\$ 41.9</b>	<b>\$ 43.4</b>	<b>\$ 44.2</b>



# Noninterest Income – Full Year 2018



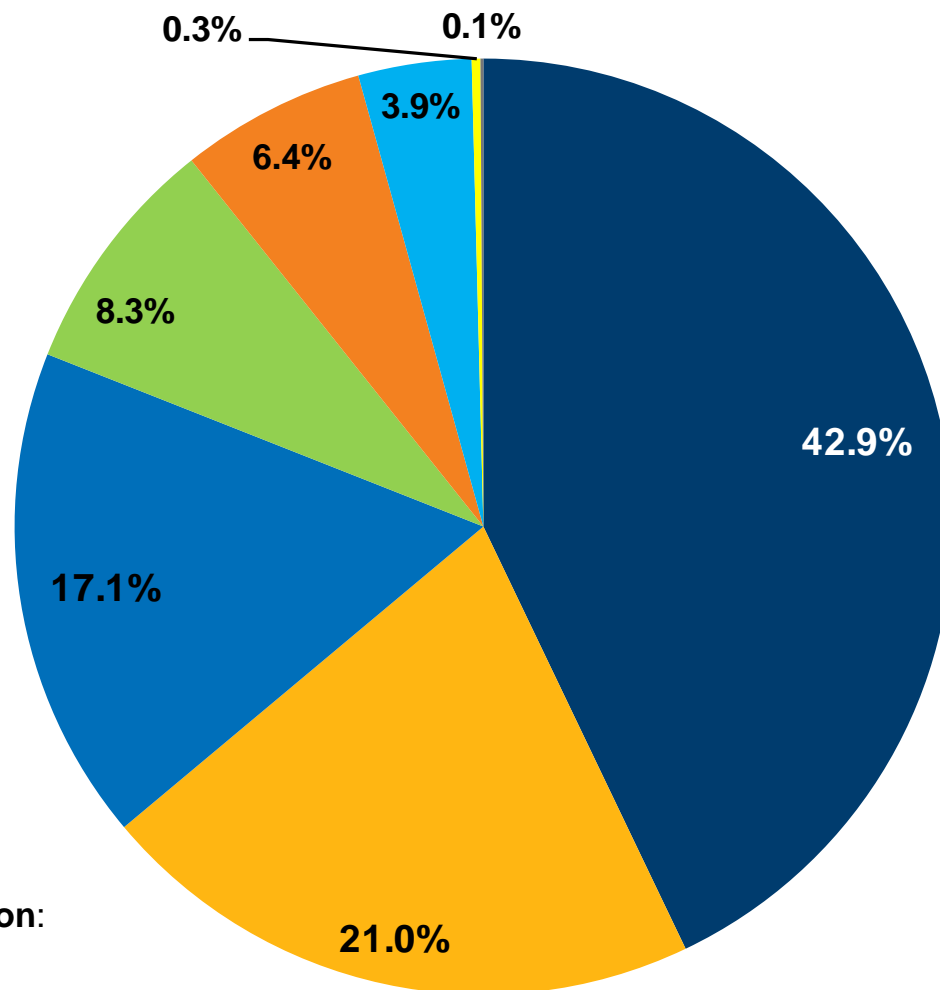
<i>\$ in thousands</i>	2018	2017	2016	2015	2014
<b>Trust and securities processing</b>	\$172,163	\$176,646	\$166,315	\$166,261	\$157,601
<b>Trading and investment banking</b>	15,584	23,183	21,422	20,218	19,398
<b>Service charges on deposit accounts</b>	84,287	87,680	86,662	86,460	85,299
<b>Insurance fees and commissions</b>	1,292	1,972	4,188	2,530	3,011
<b>Brokerage fees</b>	25,807	23,208	17,833	11,753	10,761
<b>Bankcard fees</b>	68,520	73,030	68,749	69,211	67,250
<b>Gains on sales of securities</b>	578	4,192	8,509	10,402	4,127
<b>Other<sup>(1)</sup></b>	33,467	33,651	28,833	3,824	20,788
<b>Total noninterest income</b>	<b>\$401,698</b>	<b>\$423,562</b>	<b>\$402,511</b>	<b>\$370,659</b>	<b>\$368,235</b>

(1) Beginning in Q1 2018, "Other" includes "Equity Earnings on Alternative Investments" which was previously separately disclosed.

# Noninterest Income Composition – Full Year 2018



- Trust & Securities Processing
- Service Charges on Deposit Accounts
- Bankcard Fees
- Trading & Investment Banking
- Other
- Brokerage Fees
- Insurance Fees & Commissions
- Gains on Sales of Securities



## Trust & Securities Processing Composition:

*(\$ in millions)*

Source of Income:	2018	2017
Personal Banking – Private Wealth & Prairie Capital	\$ 64.9	\$ 66.4
Institutional Banking – Fund Services	84.0	91.5
Institutional Banking – Corp. Trust & other	<u>23.3</u>	<u>18.7</u>
	<b>\$ 172.2</b>	<b>\$ 176.6</b>

# Noninterest Expense – 4Q 2018



<i>\$ in thousands (unaudited)</i>	4Q'18	3Q'18	2Q'18	1Q'18	4Q'17
Salaries and employee benefits	\$ 103,992	\$102,956	\$104,175	\$107,968	\$107,656
Occupancy, net	11,845	11,628	10,813	10,953	11,148
Equipment	18,983	18,533	18,842	18,826	18,690
Supplies and services	3,669	4,528	4,146	3,760	4,211
Marketing and business dev	6,483	6,671	6,184	5,034	6,540
Processing fees	11,948	12,331	11,537	11,161	11,238
Legal and consulting	11,085	8,470	6,460	3,844	6,045
Bankcard	4,316	4,407	4,165	4,626	4,405
Amortization of other intangibles	1,332	1,385	1,485	1,562	1,641
Regulatory fees	2,681	3,337	3,772	2,905	3,825
Other	7,987	6,139	5,639	5,237	7,160
<b>Total noninterest expense</b>	<b>\$ 184,321</b>	<b>\$180,385</b>	<b>\$177,218</b>	<b>\$175,876</b>	<b>\$182,559</b>
<b>Operating noninterest expense<sup>(1)</sup></b>	<b>\$ 181,591</b>	<b>\$180,161</b>	<b>\$176,375</b>	<b>\$173,911</b>	<b>\$182,283</b>

(1) Operating noninterest expense, which excludes the impact of acquisition and divestiture expense and severance expense, was \$181.6 million for the fourth quarter of 2018, an increase of \$1.4 million, or 0.8 percent, compared to the linked quarter, and a decrease of \$0.7 million, or 0.4 percent, compared to the fourth quarter of 2017. See slides 39 and 40 for a reconciliation of this non-GAAP financial measure.

## 4th Quarter '18 Drivers

- Noninterest expense increased \$3.9MM, or 2.2%, compared to 3Q'18, driven by:
  - ❑ A \$1.0MM increase in salaries and benefits, which included the severance expense shown in our reconciliation table. Additionally, salary expense was impacted by one additional day during the quarter. These increases were offset by a decrease in deferred compensation expense;
  - ❑ A \$1.8MM increase in other noninterest expense, due largely to a \$900k contribution made to the UMBFC Charitable Foundation and an increase of \$700k in derivative expense; and
  - ❑ A \$1.7MM increase in legal and consulting expense related to the ongoing investments in our business.



# Noninterest Expense – Full Year 2018



<i>\$ in thousands</i>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Salaries and employee benefits</b>	\$ 419,091	\$413,830	\$390,059	\$367,606	\$319,727
<b>Occupancy, net</b>	45,239	44,462	44,255	43,274	39,636
<b>Equipment</b>	75,184	72,008	66,337	62,571	52,608
<b>Supplies, postage and telephone</b>	16,103	17,173	18,535	17,988	19,758
<b>Marketing and business dev</b>	24,372	21,469	21,208	21,996	21,668
<b>Processing fees</b>	46,977	42,331	36,005	36,149	32,304
<b>Legal and consulting</b>	29,859	23,406	20,801	26,186	19,956
<b>Bankcard</b>	17,514	19,471	20,757	20,288	19,594
<b>Amortization of other intangibles</b>	5,764	7,326	8,695	8,171	7,958
<b>Regulatory fees</b>	12,695	15,527	14,178	12,125	10,445
<b>Contingency reserve</b>	-	-	-	-	20,272
<b>Other</b>	25,002	28,126	25,915	22,584	18,546
<b>Total noninterest expense</b>	<b>\$ 717,800</b>	<b>\$705,129</b>	<b>\$666,745</b>	<b>\$638,938</b>	<b>\$582,472</b>
<b>Operating noninterest expense<sup>(1)(2)</sup></b>	<b>\$ 712,038</b>	<b>\$704,016</b>	<b>\$659,491</b>	<b>\$627,610</b>	

(1) Operating noninterest expense, which excludes the impact of fair value adjustments on contingent consideration, acquisition and divestiture expenses and severance expense, was \$712.0 million for 2018, an increase of \$8.0 million, or 1.1 percent, compared to 2017. See slides 39 and 40 for a reconciliation of this non-GAAP financial measure.

(2) Operating metrics for full year 2014 are not available on a continuing operations basis.



# Segment Updates



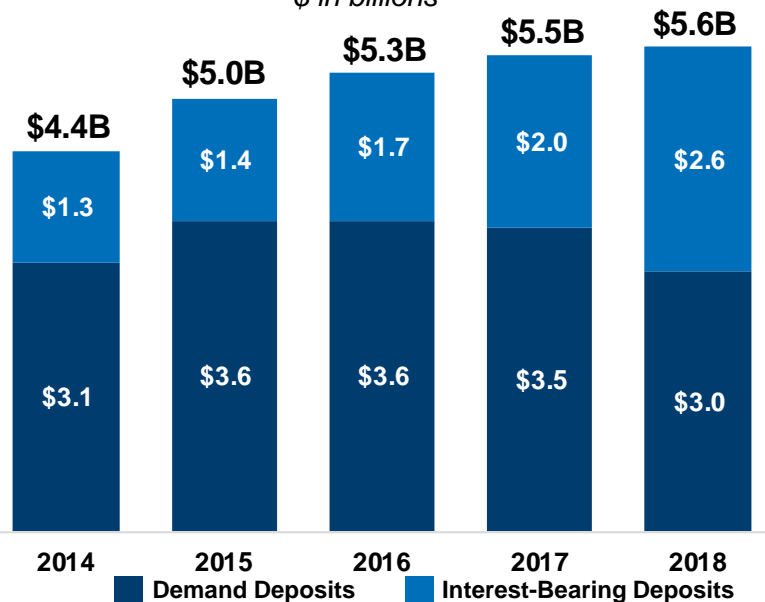
## Commercial Banking Segment Results

(\$ in thousands, unaudited)

	4Q'18	3Q'18	4Q'17	% Variance	
				vs. 3Q'18	vs. 4Q'17
Net interest income	\$ 100,423	\$ 94,633	\$ 92,130	6.1	9.0
Provision for loan losses	46,662	4,062	4,437	> 100.0	> 100.0
Noninterest income	14,689	20,831	20,921	(29.5)	(29.8)
Noninterest expense	65,037	64,083	65,196	1.5	(0.2)
<b>Income before taxes</b>	<b>3,413</b>	<b>47,319</b>	<b>43,418</b>	<b>(92.8)</b>	<b>(92.1)</b>
Income tax provision	(135)	5,381	11,199	(> 100.0)	(> 100.0)
<b>Income from continuing operations</b>	<b>\$ 3,548</b>	<b>\$ 41,938</b>	<b>\$ 32,219</b>	<b>(91.5)</b>	<b>(89.0)</b>

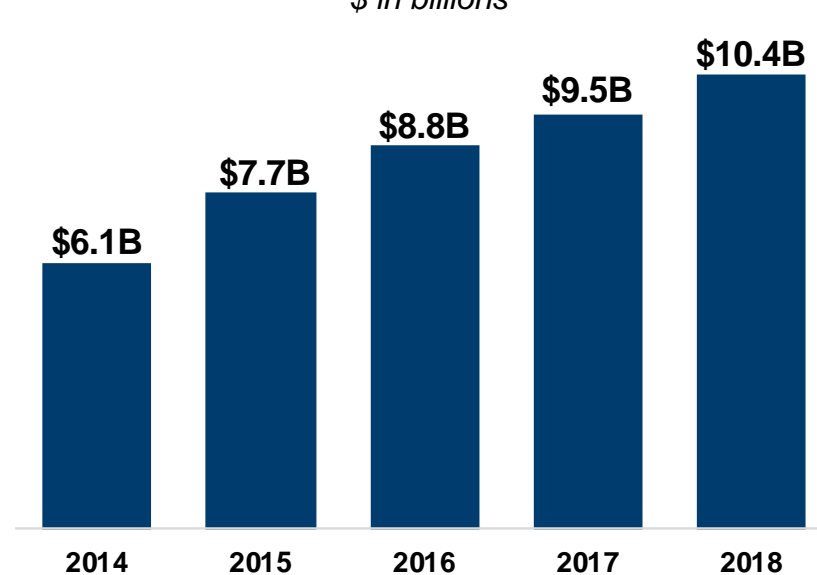
### Commercial Banking Deposits

\$ in billions



### Commercial Banking Loans

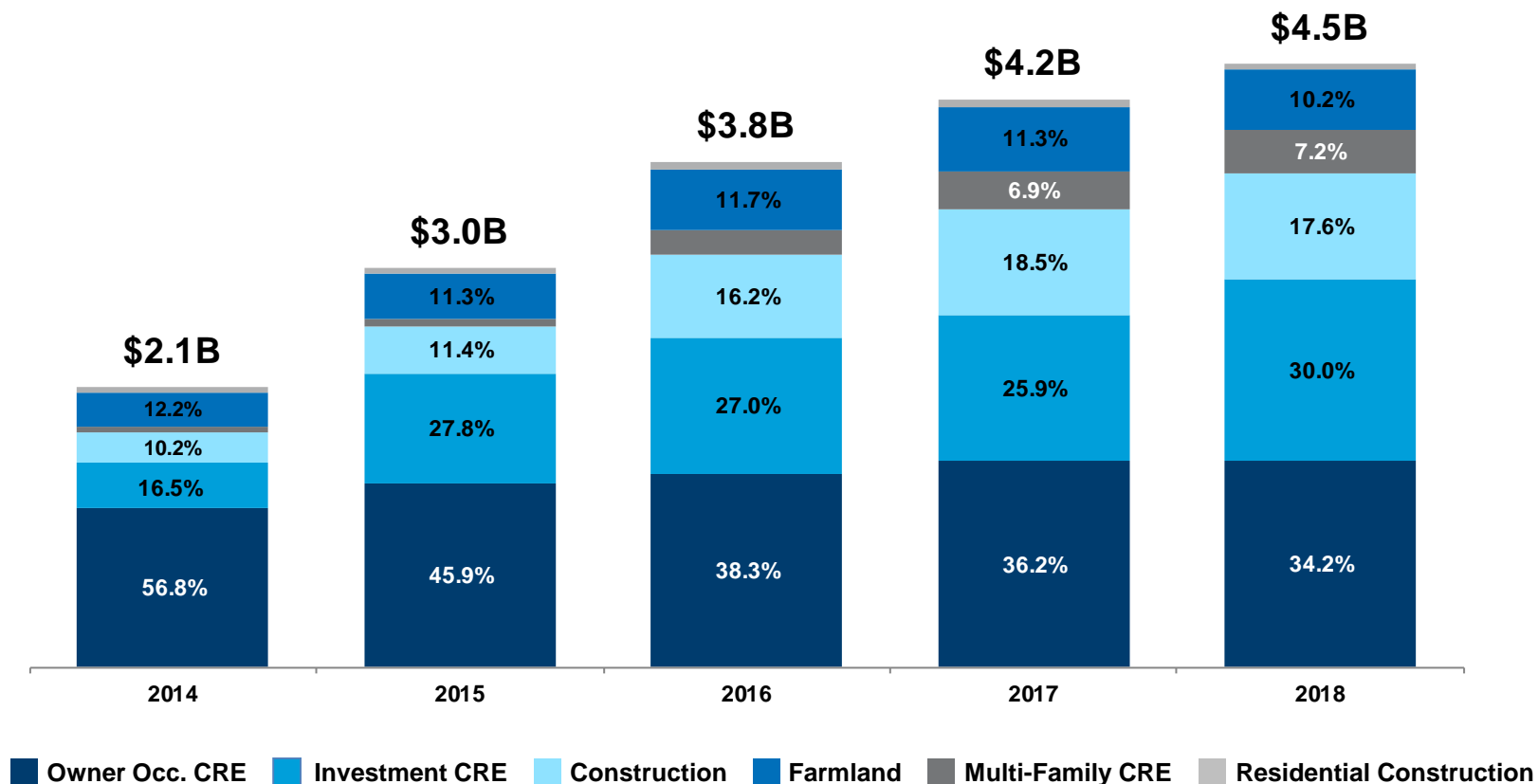
\$ in billions





## CRE & Construction Lending <sup>(1)</sup>

(Average Loan Balances for the three months ended December 31 of the indicated year)



(1) Percentages less than 5% have been omitted.

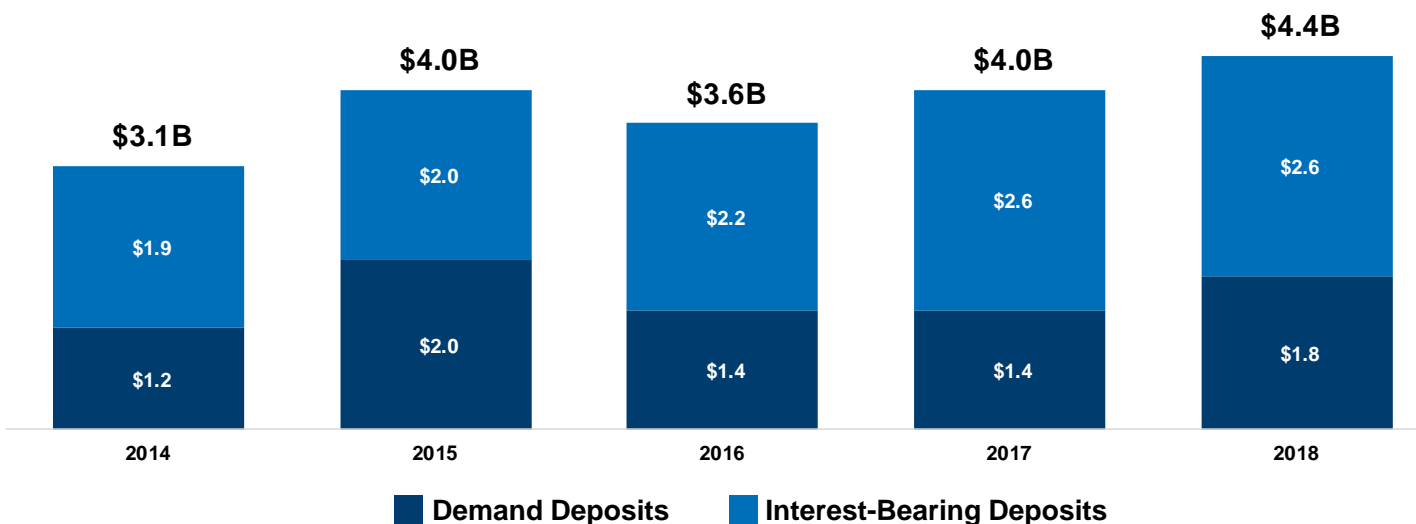
## Institutional Banking Segment Results

(\$ in thousands, unaudited)

	4Q'18	3Q'18	4Q'17	% Variance	
				vs. 3Q'18	vs. 4Q'17
Net interest income	\$ 19,361	\$ 15,293	\$ 15,245	26.6	27.0
Provision for loan losses	308	355	360	(13.2)	(14.4)
Noninterest income	41,569	43,169	46,771	(3.7)	(11.1)
Noninterest expense	48,175	47,081	48,532	2.3	(0.7)
<b>Income before taxes</b>	<b>12,447</b>	<b>11,026</b>	<b>13,124</b>	<b>12.9</b>	<b>(5.2)</b>
Income tax provision	(492)	1,241	3,385	(> 100.0)	(> 100.0)
<b>Income from continuing operations</b>	<b>\$ 12,939</b>	<b>\$ 9,785</b>	<b>\$ 9,739</b>	<b>32.2</b>	<b>32.9</b>

## Institutional Banking Deposits

\$ in billions



## Investor Solutions

- Banking services for broker-dealers
- FDIC sweep solutions; liquidity alternative to overnight funds

## Corporate Trust

- Bond trustee and agency services to municipal and corporate issuers
- Escrow-related and custodial services

## Investment Banking

- Fixed income services for banks, institutional & corporate clients

## Public Finance

- Underwriting for healthcare, municipalities, educational institutions & corporate clients

## Distressed Debt

- Workout defaulted bond deals on behalf of holders

## Asset Servicing

- Fund accounting & administration
- Alternative Investments



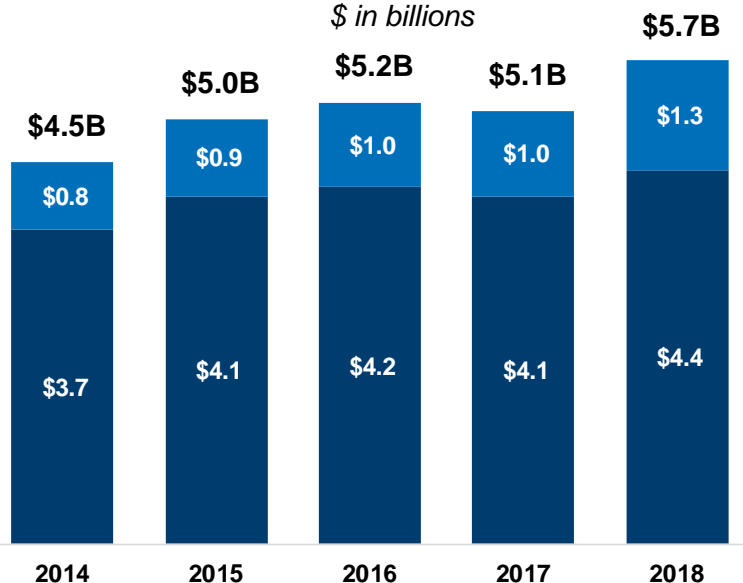
## Personal Banking Segment Results

(\$ in thousands, unaudited)

	4Q'18	3Q'18	4Q'17	% Variance	
				vs. 3Q'18	vs. 4Q'17
Net interest income	\$ 31,988	\$ 31,145	\$ 30,821	2.7	3.8
Provision for loan losses	1,030	1,333	1,203	(22.7)	(14.4)
Noninterest income	30,310	28,266	30,250	7.2	0.2
Noninterest expense	59,112	56,648	57,162	4.3	3.4
<b>Income before taxes</b>	<b>2,156</b>	<b>1,430</b>	<b>2,706</b>	<b>50.8</b>	<b>(20.3)</b>
Income tax provision	(85)	160	699	(> 100.0)	(> 100.0)
<b>Income from continuing operations</b>	<b>\$ 2,241</b>	<b>\$ 1,270</b>	<b>\$ 2,007</b>	<b>76.5</b>	<b>11.7</b>

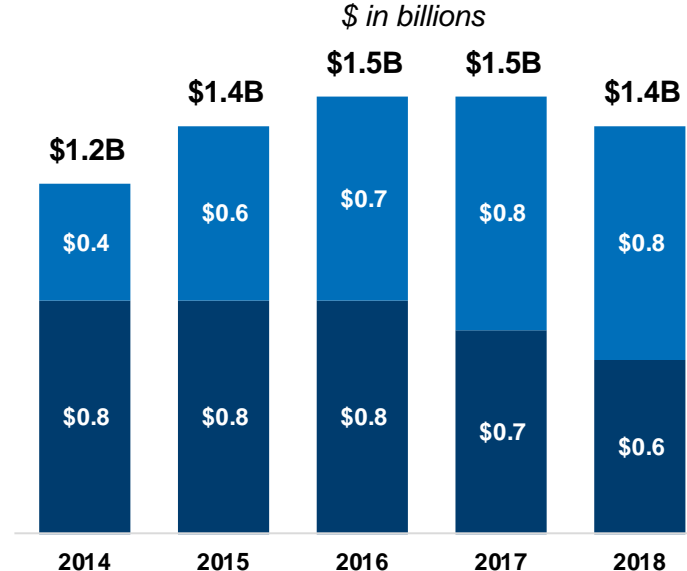
### Personal Banking Deposits

\$ in billions



### Personal Banking Loans

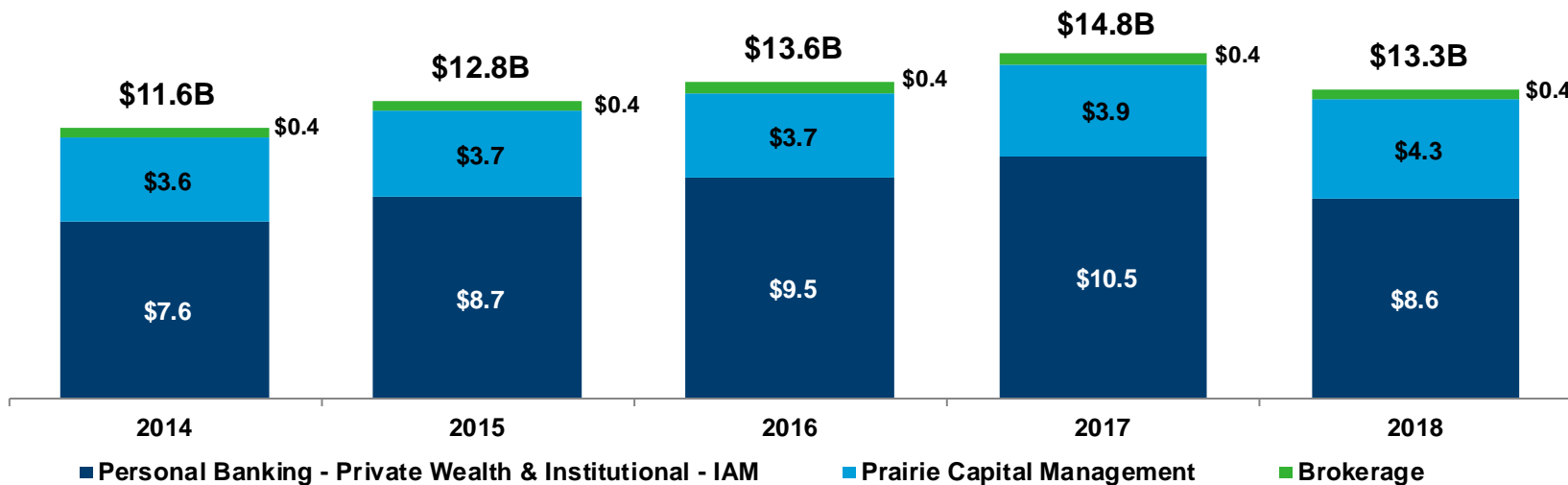
\$ in billions



■ Consumer & Small Business ■ Private Banking

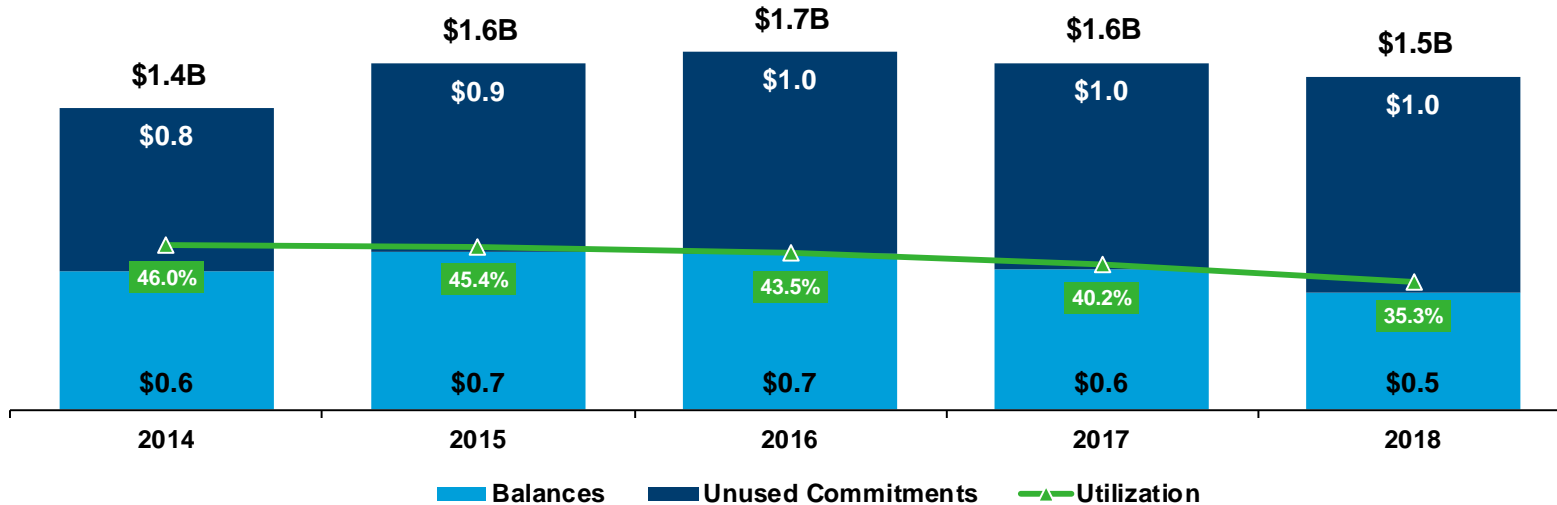
## Assets Under Management

*\$ in billions*



## Home Equity Lines of Credit

*\$ in billions*



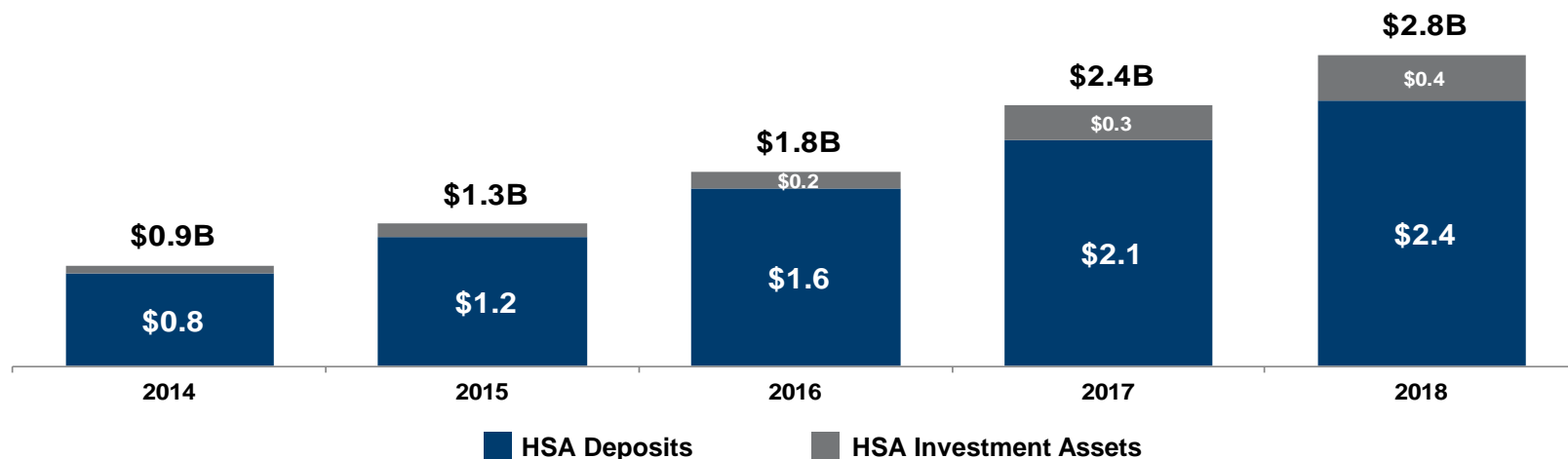
## Healthcare Services Segment Results

(\$ in thousands, unaudited)

	4Q'18	3Q'18	4Q'17	% Variance	
				vs. 3Q'18	vs. 4Q'17
Net interest income	\$ 10,036	\$ 9,419	\$ 8,150	6.6	23.1
Noninterest income	8,431	8,619	8,091	(2.2)	4.2
Noninterest expense	11,997	12,573	11,669	(4.6)	2.8
<b>Income before taxes</b>	<b>6,470</b>	<b>5,465</b>	<b>4,572</b>	<b>18.4</b>	<b>41.5</b>
Income tax provision	(256)	609	1,180	(> 100.0)	(> 100.0)
<b>Income from continuing operations</b>	<b>\$ 6,726</b>	<b>\$ 4,856</b>	<b>\$ 3,392</b>	<b>38.5</b>	<b>98.3</b>

## Healthcare Deposits & Assets

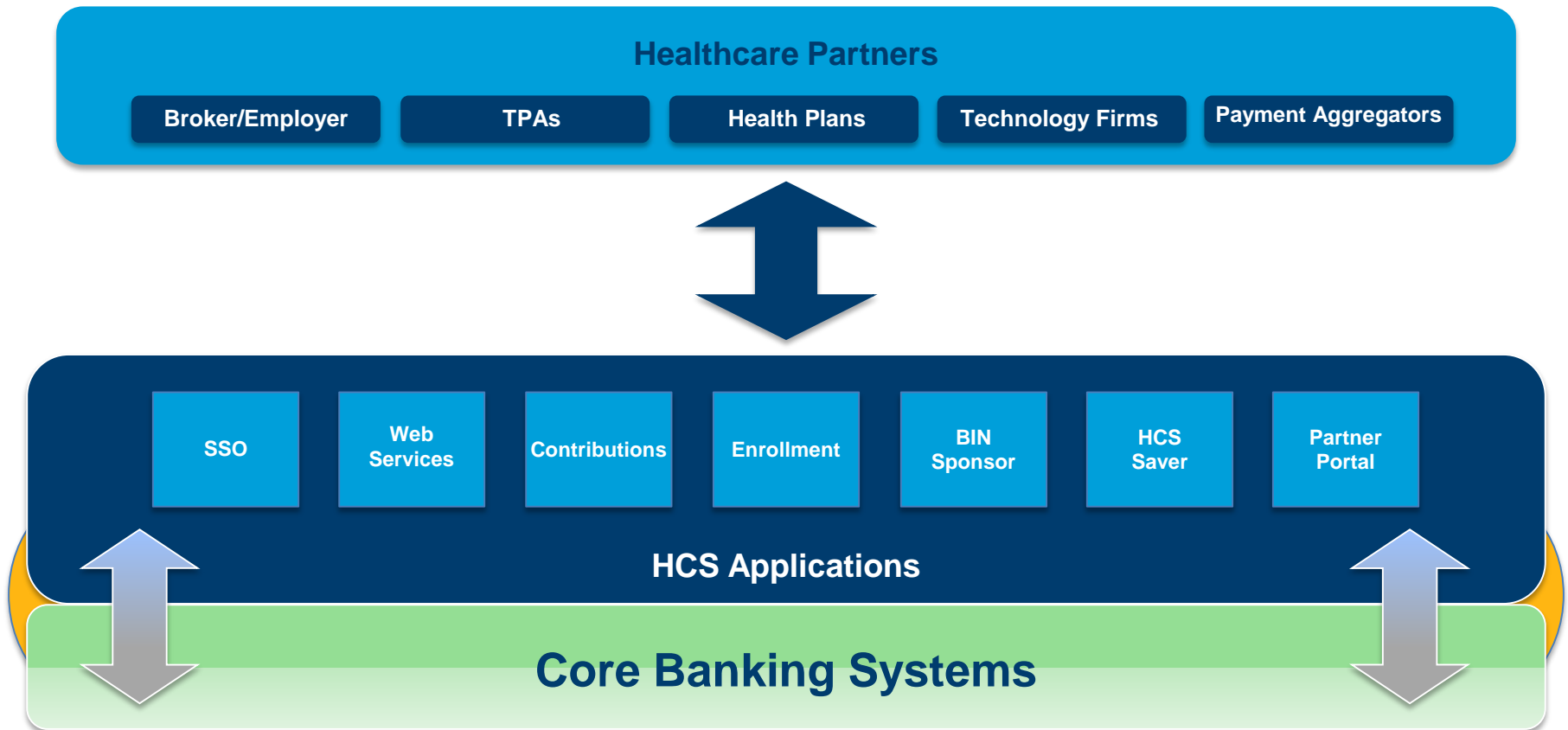
End-of-period balances; \$ in billions



	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
HSA deposits as % of total UMB deposits	6.2%	7.8%	9.7%	11.4%	12.5%



UMB offers a *modular and configurable* platform of applications and services that deliver the underlying *core banking* functionality to our healthcare partners



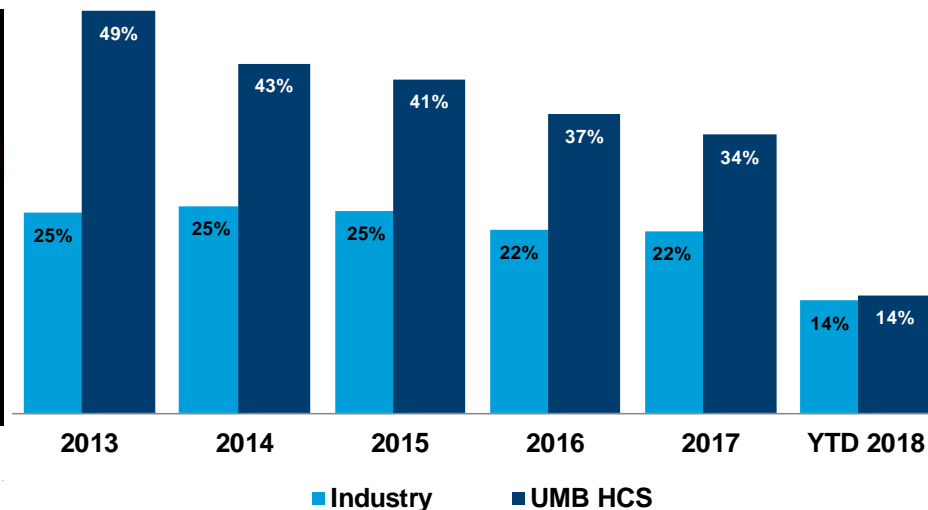
✓ HCS represents a unique asset as one of the top 5 leaders in a high growth, niche market.

	Total Accounts	Total Assets	Account Market Share (%)
--	----------------	--------------	--------------------------

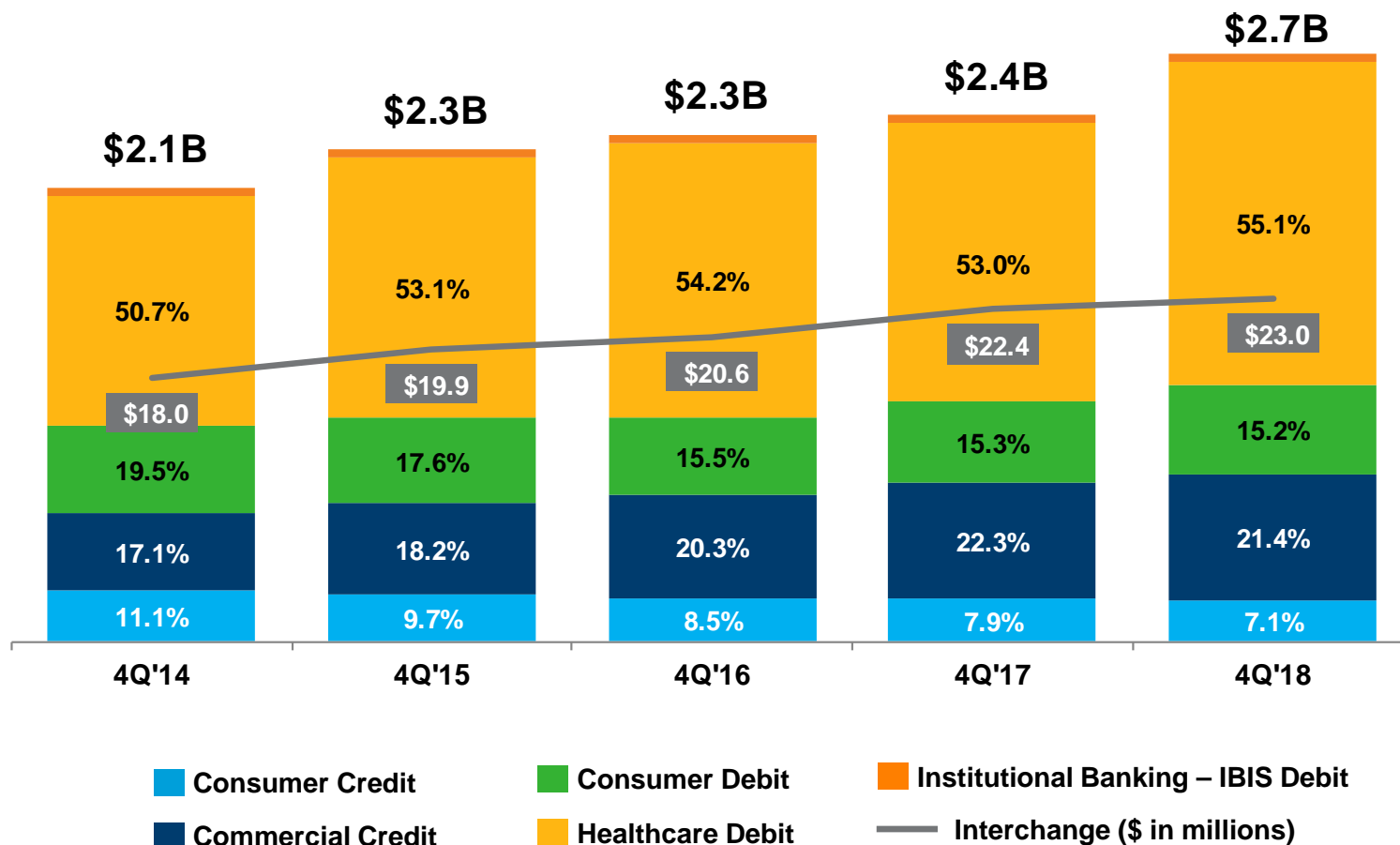
Optum Bank	3,591	\$9,532	15%
Health Equity	3,496	\$6,900	15%
HSA Bank	2,674	\$6,994	11%
UMB Bank	1,277	\$2,708	5%
Fidelity	1,134	\$3,357	5%
BenefitWallet	1,070	\$2,310	5%
Payflex	1,008	\$1,860	4%
Bank of America	796	\$2,239	3%
BNY Mellon	636	\$1,543	3%
Discovery Benefits	538	\$771	2%

Total Accounts in thousands and Total Assets in millions.

### Growth Rates – Deposits and Assets



## Purchase Volume & Interchange Revenue<sup>(1)</sup>



(1) Percentages less than 5% have been omitted.



# Net Operating Income Non-GAAP Reconciliation



(unaudited, \$ in thousands except per share data)

	Three Months Ended			Year Ended		
	December 31,	September 30,	December 31,	December 31,	December 31,	December 31,
	2018	2018	2017	2018	2017	2016
<b>Income from continuing operations (GAAP)</b>	\$ 25,454	\$ 57,849	\$ 47,357	\$ 196,260	\$ 182,976	\$ 153,634
<b>Adjustments:</b>						
Fair value adjustments on contingent consideration	-	-	-	-	-	67
Acquisition and divestiture expense	5	3	52	2	74	5,020
Severance expense	2,725	221	224	5,760	1,039	2,167
Tax impact of adjustments (i)	(606)	(49)	(100)	(1,279)	(401)	(2,611)
Total Non-GAAP adjustments	2,124	175	176	4,483	712	4,643
<b>Net operating income from continuing operations (Non-GAAP)</b>	\$ 27,578	\$ 58,024	\$ 47,533	\$ 200,743	\$ 183,688	\$ 158,277
<b>Earnings per share from continuing operations as reported - diluted</b>	\$ 0.52	\$ 1.16	\$ 0.95	\$ 3.94	\$ 3.67	\$ 3.12
Fair value adjustments on contingent consideration	-	-	-	-	-	-
Acquisition and divestiture expense	-	-	-	-	-	0.10
Severance expense	0.05	-	-	0.12	0.02	0.04
Tax impact of adjustments (i)	(0.01)	-	-	(0.03)	-	(0.05)
<b>Operating earnings per share from continuing operation - diluted</b>	\$ 0.56	\$ 1.16	\$ 0.95	\$ 4.03	\$ 3.69	\$ 3.21
<b>GAAP</b>						
Return on average assets	0.46%	1.11%	0.91%	0.93%	0.90%	0.78%
Return on average equity	4.57%	10.32%	8.72%	8.94%	8.79%	7.74%
<b>Non-GAAP</b>						
Return on average assets	0.50%	1.11%	0.91%	0.96%	0.90%	0.81%
Return on average equity	4.95%	10.35%	8.75%	9.15%	8.83%	7.98%

In this presentation, we provide information about net operating income from continuing operations, operating earnings per share from continuing operations-diluted (operating EPS-diluted), operating return on average equity (operating ROE), operating return on average assets (operating ROA), operating noninterest expense and operating efficiency ratio, all of which are non-GAAP financial measures. This information supplements the results that are reported according to generally accepted accounting principles in the United States (GAAP) and should not be viewed in isolation from, or as a substitute for, GAAP results. The differences between the non-GAAP financial measures and the nearest comparable GAAP financial measures are reconciled in the table above and on the next slide. The Company believes that these non-GAAP financial measures and the reconciliations may be useful to investors because they adjust for fair value adjustments, acquisition- and severance-related items and divestiture costs that management does not believe reflect the Company's fundamental operating performance. Net operating income for the relevant period is defined as GAAP net income, adjusted to reflect the impact of excluding expenses and income related to fair value adjustments, acquisitions and divestitures, severance expense, and the cumulative tax impact of these adjustments.

(continued on next page)

# Operating Noninterest Expense & Efficiency Ratio

## Non-GAAP Reconciliation



(unaudited, \$ in thousands)

	Three Months Ended			Year Ended		
	December 31,	September 30,	December 31,	December 31,	December 31,	December 31,
	2018	2018	2017	2018	2017	2016
Noninterest expense (GAAP)	\$ 184,321	\$ 180,385	\$ 182,559	\$ 717,800	\$ 705,129	\$ 666,745
Adjustments (pre-tax):						
Fair value adjustments on contingent consideration	-	-	-	-	-	67
Acquisition and divestiture expense	5	3	52	2	74	5,020
Severance expense	2,725	221	224	5,760	1,039	2,167
Total Non-GAAP adjustments (pre-tax)	2,730	224	276	5,762	1,113	7,254
Operating noninterest expense	181,591	180,161	182,283	712,038	704,016	659,491
Noninterest expense	184,321	180,385	182,559	717,800	705,129	666,745
Less: Amortization of other intangibles	1,332	1,385	1,641	5,764	7,326	8,695
Noninterest expense, net of amortization of other intangibles (numerator A)	182,989	179,000	180,918	712,036	697,803	658,050
Operating noninterest expense (Non-GAAP)	181,591	180,161	182,283	712,038	704,016	659,491
Less: Amortization of other intangibles	1,332	1,385	1,641	5,764	7,326	8,695
Operating expense, net of amortization of other intangibles (numerator B)	180,259	178,776	180,642	706,274	696,690	650,796
Net interest income	161,808	150,490	146,346	610,446	558,913	495,323
Noninterest income	94,999	100,885	106,033	401,698	423,562	402,511
Less: Gains on sales of securities available for sale, net	-	211	54	578	4,192	8,509
Total revenue (denominator A)	\$ 256,807	\$ 251,164	\$ 252,325	\$ 1,011,566	\$ 978,283	\$ 889,325
Efficiency ratio (numerator A/denominator A)	71.26%	71.27%	71.70%	70.39%	71.33%	73.99%
Operating efficiency ratio (numerator B/denominator A)	70.19%	71.18%	71.59%	69.82%	71.22%	73.18%

Operating EPS-diluted is calculated as diluted earnings per share as reported, adjusted to reflect, on a per share basis, the impact of excluding the non-GAAP adjustments described above for the relevant period. Operating ROE is calculated as net operating income from continuing operations, divided by the Company's average total shareholders' equity for the relevant period. Operating ROA is calculated as net operating income from continuing operations, divided by the Company's average assets for the relevant period. Operating noninterest expense for the relevant period is defined as GAAP noninterest expense, adjusted to reflect the pre-tax impact of non-GAAP adjustments described above. Operating efficiency ratio is calculated as the Company's operating noninterest expense, net of amortization of other intangibles, divided by the Company's total non-GAAP revenue (which is calculated as net interest income plus noninterest income, less gains on sales of securities available for sale, net).

(i) Calculated using the Company's marginal tax rate of 22.2% for periods beginning after December 31, 2017, as a result of the Tax Cuts and Jobs Act. All prior periods were calculated using the Company's previous marginal tax rate of 36.0%.