

# Different by Design.

**UMB Financial Corporation**

Annual Meeting of Shareholders

April 28, 2020

# Cautionary Notice about Forward-Looking Statements



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).

In addition to such factors that have been disclosed previously, the COVID-19 pandemic (the “Pandemic”) may also cause actual results or other future events, circumstances, or aspirations to differ from our forward-looking statements. The Pandemic has created a global public-health crisis that has resulted in widespread volatility and deteriorations in household, business, economic, and market conditions. It is currently adversely affecting the company and its customers, counterparties, employees, and third-party service providers, and the continued adverse impacts on our business, financial position, results of operations, and prospects could be significant. We are not able to accurately predict the extent of the impact of the Pandemic on our capital, liquidity, and other financial positions and on our business, results of operations, and prospects at this time, and we believe it will depend on a number of evolving factors, including: <sup>(i)</sup> the duration, extent and severity of the Pandemic; <sup>(ii)</sup> the response of governmental and non-governmental authorities to the Pandemic, which is rapidly changing and not always coordinated or consistent across jurisdictions; <sup>(iii)</sup> the effect of the Pandemic on our customers, counterparties, employees and third-party service providers, which may vary widely, and which is generally expected to increase our credit, operational, and other risks and <sup>(iv)</sup> the effect of the Pandemic on economies and markets, which in turn could adversely affect, among other things, the origination of new loans and the performance of our existing loans. The Pandemic is also expected to have a significant impact on our current expected credit loss (CECL) calculation and related provision under a new accounting standard that we were required to phase in beginning January 2020. The CECL calculation includes periodic estimates of the net amount expected to be collected over the contractual term of certain financial assets, and requires us to take into account, among other things, economic conditions forecasted over the life of the financial asset, including the current and anticipated effects of the Pandemic. Any forward-looking statement should be evaluated in light of these considerations.

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.

## **Business Meeting**

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2019 Results

Why UMB?

Our Response to the Crisis

Questions & Answers

- Introduction of the Board of Directors
- Independent Registered Public Accounting Firm
- Appointment of Inspector of Election
- Presentation of List of Shareholders as of Record Date
- Report of Quorum
- Opening of the Polls and Review of Proposals
  1. Election of Directors
  2. Advisory Vote on Executive Compensation
  3. Ratification of Appointment of KPMG as Independent Registered Public Accounting Firm
- Closing of Polls and Preliminary Results

# Board of Directors



**Robin Beery**



**K.C. Gallagher**



**Greg Graves**



**Mariner Kemper**



**Sandy Kemper**



**Gordon Lansford**



**Tim Murphy**



**Tammy Peterman**



**Kris Robbins**



**Josh Sosland**



**Paul Uhlmann**



**Leroy Williams**



**Janine Davidson, PhD.**

Janine A. Davidson, PhD, has served as president of the Metropolitan State University of Denver, Colorado's third largest public university and only access-oriented University in the state, since July of 2017. As president, she is responsible for the University's strategic direction and daily operations, serving nearly 20,000 graduate and undergraduate students. From March 2016 through January 2017, she served as the 32<sup>nd</sup> undersecretary of the United States Navy. In that role, Dr. Davidson was responsible for much of the operational and budgetary considerations for the United States Department of the Navy, including prioritization of research, development and procurement, readiness, modernization and the health and well-being of military and civilian personnel and families.

Prior to being named undersecretary of the United States Navy, Dr. Davidson was a Senior Fellow, Defense Policy from January 2014 through March 2016, an Adjunct Professor at Georgetown University from January 2015 through May 2015, and an Assistant Professor at George Mason University from August 2012 to January of 2014. She additionally served as a Non-Resident Senior Fellow with the Center for New American Security throughout 2013 and as Deputy Assistant Secretary of Defense for Plans at the Pentagon from April 2009 through March 2012. Dr. Davison began her career as an Air Force officer and cargo pilot, subsequently transitioning to the role of aviation and aerobatics flight instructor with the U.S. Air Force Academy. Dr. Davidson brings to the Board over 30 years of academic, civilian and military service, with expertise in the areas of leadership, politics, security policy, conflict, and defense.



**Tom Wood**



**Jim Rine**  
**CEO, UMB Bank**

Business Meeting

## **2019 Results**

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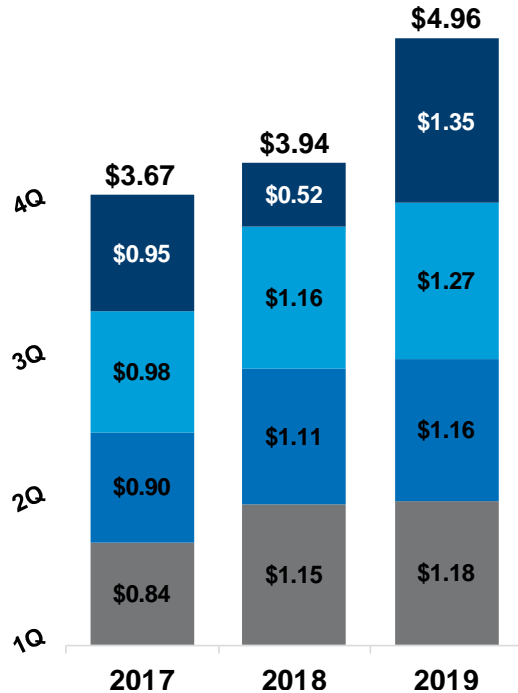
Why UMB?

Our Response to the Crisis

Questions & Answers



## Diluted Earnings Per Share



## Income from Continuing Operations

2018	\$196.3 million
2019	\$243.6 million



### Primary drivers:

- Increased net interest income: **+\$60.5 million**, due to
  - Higher short-term interest rates;
  - Favorable reinvestment yields in our securities portfolio; and
  - Strong loan growth—average balances increased by 10.0% vs. 2018
- Lower provision for loan losses, driven by solid asset quality and a return to historical low levels of net charge-offs;
- Increased fee income **+\$25.1 million**, including momentum in bond trading, brokerage fees and corporate trust income.

### Partially offset by:

- Expense growth **+\$61.1 million**, driven largely by salaries and benefits costs for increased employee count and incentives tied to improved volumes and overall positive company performance.

# Earnings Summary – Full Year 2019



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

	2019	2018	2017	% variance	
				'19 to '18	'18 to '17
Net interest income	\$ 670,905	\$ 610,446	\$ 558,913	9.9%	9.2%
Noninterest income	426,770	401,698	423,562	6.2	(5.2)
<b>Total revenue</b>	<b>1,097,675</b>	<b>1,012,144</b>	<b>982,475</b>	<b>8.5</b>	<b>3.0</b>
Noninterest expense	778,860	717,800	705,129	8.5	1.8
Provision for loan losses	32,850	70,750	41,000	(53.6)	72.6
Income before taxes	285,965	223,594	236,346	27.9	(5.4)
Income tax provision	42,365	27,334	53,370	55.0	(48.8)
<b>Income from continuing operations</b>	<b>\$ 243,600</b>	<b>\$ 196,260</b>	<b>\$ 182,976</b>	<b>24.1</b>	<b>7.3</b>
Earnings per share from continuing operations as reported - diluted	\$ 4.96	\$ 3.94	\$ 3.67	25.9	7.4
Dividends per share	1.21	1.17	1.04	3.4	12.5
Dividend Payout Ratio*	24.4%	29.7%	28.3%		

\* Dividend payout ratio is calculated on diluted earnings per share.

## Average Loans



Industry median average loans increased by 6.1%.

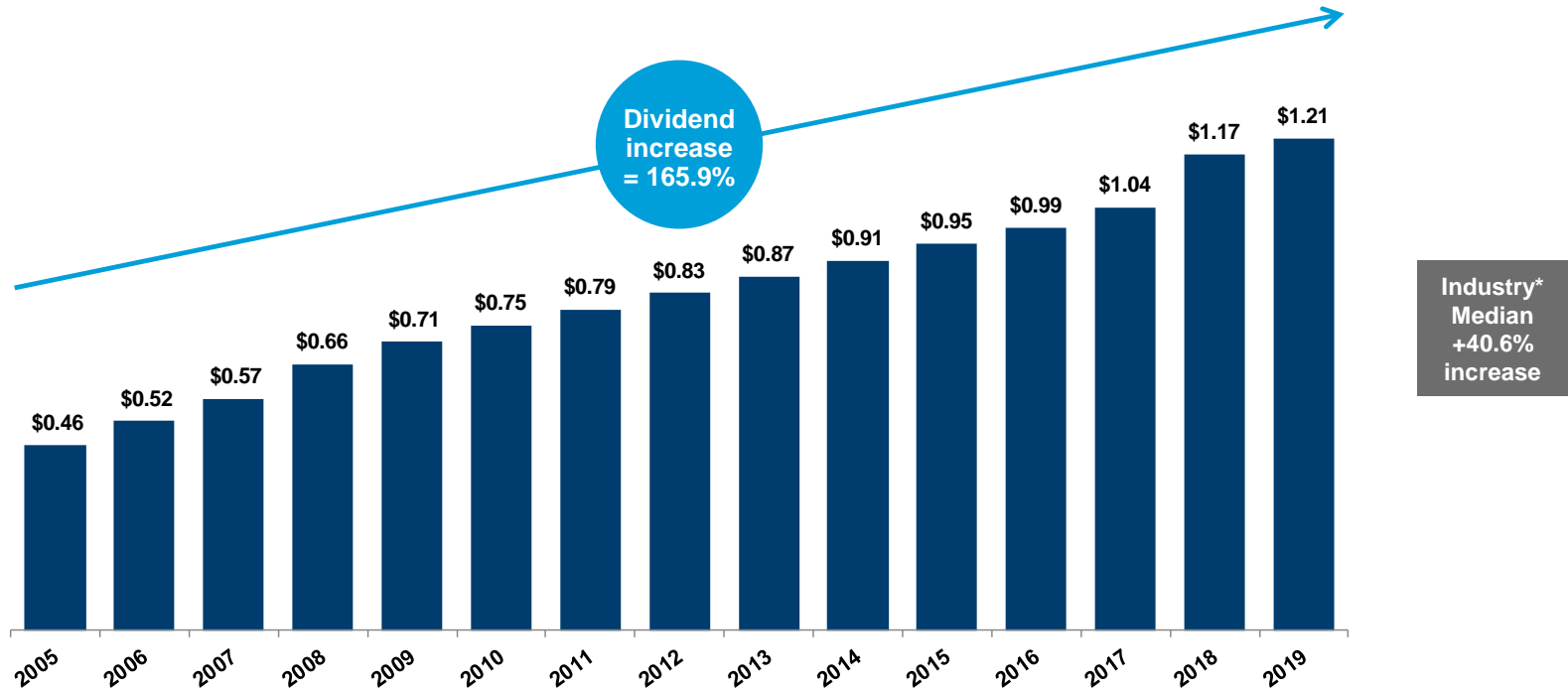
## Average Deposits



Industry median average deposits increased by 13.3%.

# Returning Value to Shareholders

## Annual Dividends Declared 2005 - 2019



\*Industry is defined as publicly traded banks with dividend data reported for both 2005 and 2019, available at time of printing, 03/02/20. (402 banks) Source: S&P Global

Business Meeting

2019 Results

**Why UMB?**

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Our Response to the Crisis

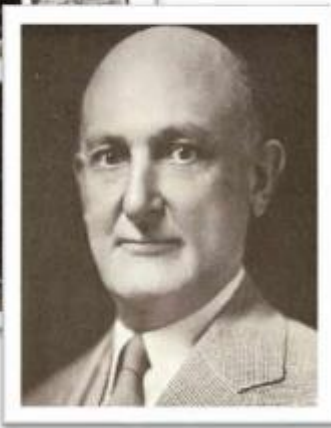
Questions & Answers

# UMB Through the Years



“Naturally, I want to see the bank continue to grow, but if it becomes too complicated for personal relationships I will not enjoy my job as much as I do today.”

R. Crosby Kemper, Sr.  
1933



“Find out what a man’s made of. A person’s character means more than his financial statement.”

W.T. Kemper  
1911



# UMB Through the Years



America's Most Up-to-Date Bank



How to care for the motorist customer is every bank's problem. There may be some answers in this 5½ year's experience report by the

## Motor Bank Pioneer

*An interview with President, City Trust Company*

**R. CROSBY KEMPER**

**FIVE AND A HALF YEARS**  
City National Bank & Trust Company of Kansas City moved into its present middle-of-the-business-district location. One of the features of the new banking home which attracted the most at

Two 5-  
frontage  
chased into  
building at

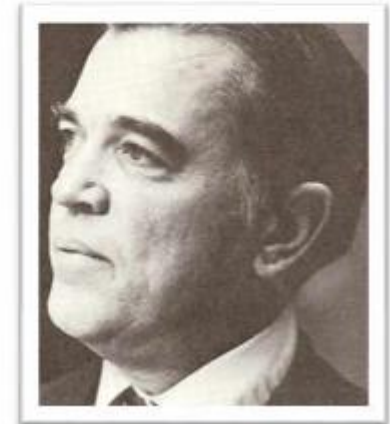


# UMB Through the Years



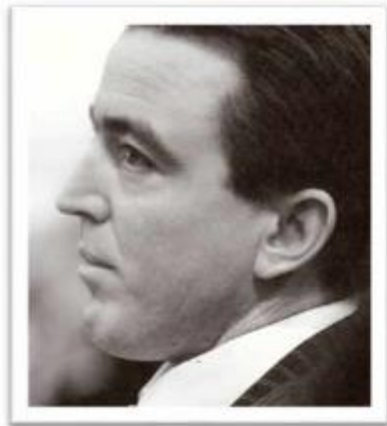
“I think we’ve had a knack for being a good judge of people and human nature. That’s all banking is, the judgment of people; their character, and ability.”

R. Crosby Kemper, Jr.  
1999





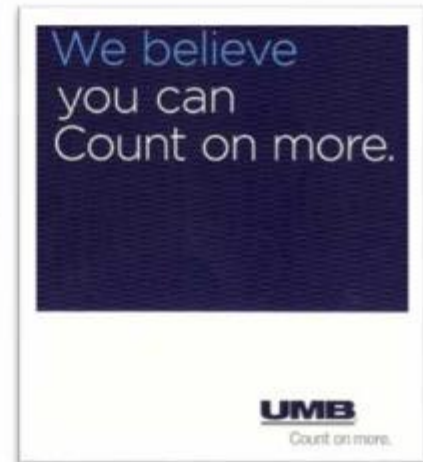
# UMB Through the Years



"Our company  
has remained  
true to its values."

**Mariner Kemper**

Chairman & Chief Executive  
Officer



# Why UMB?



Stability – Solid Balance Sheet



Long-Term Asset Quality

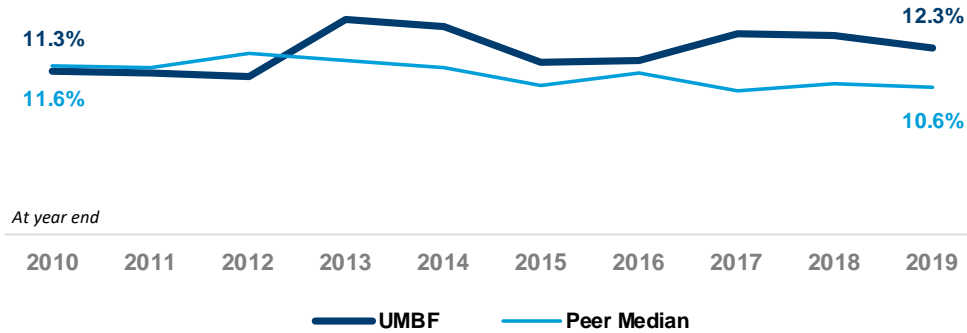


Diversity of Revenue

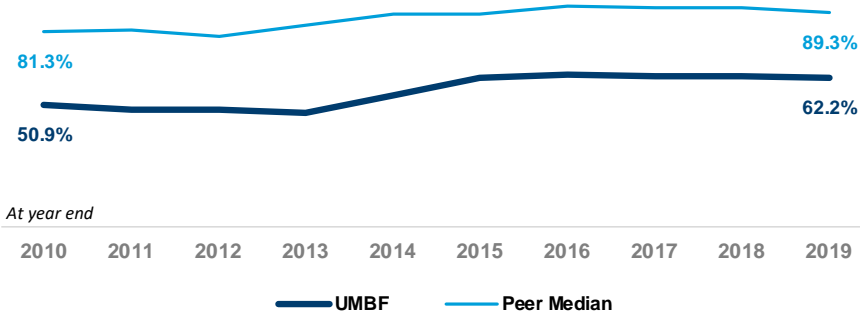


Growth – Relative Outperformance

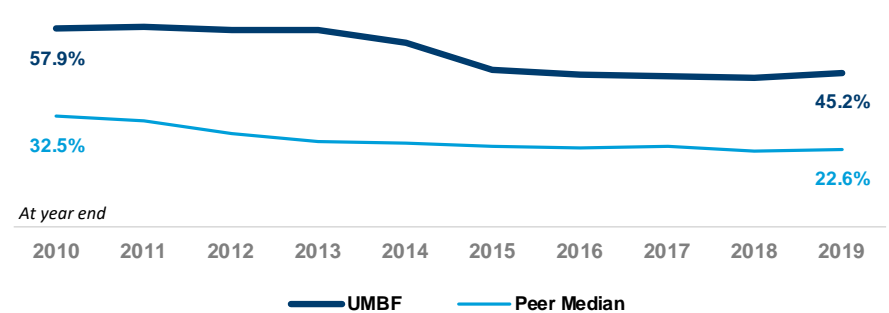
## Tier 1 Common Equity Capital Ratio



## Loans / Deposits



## Cash & Securities / Assets



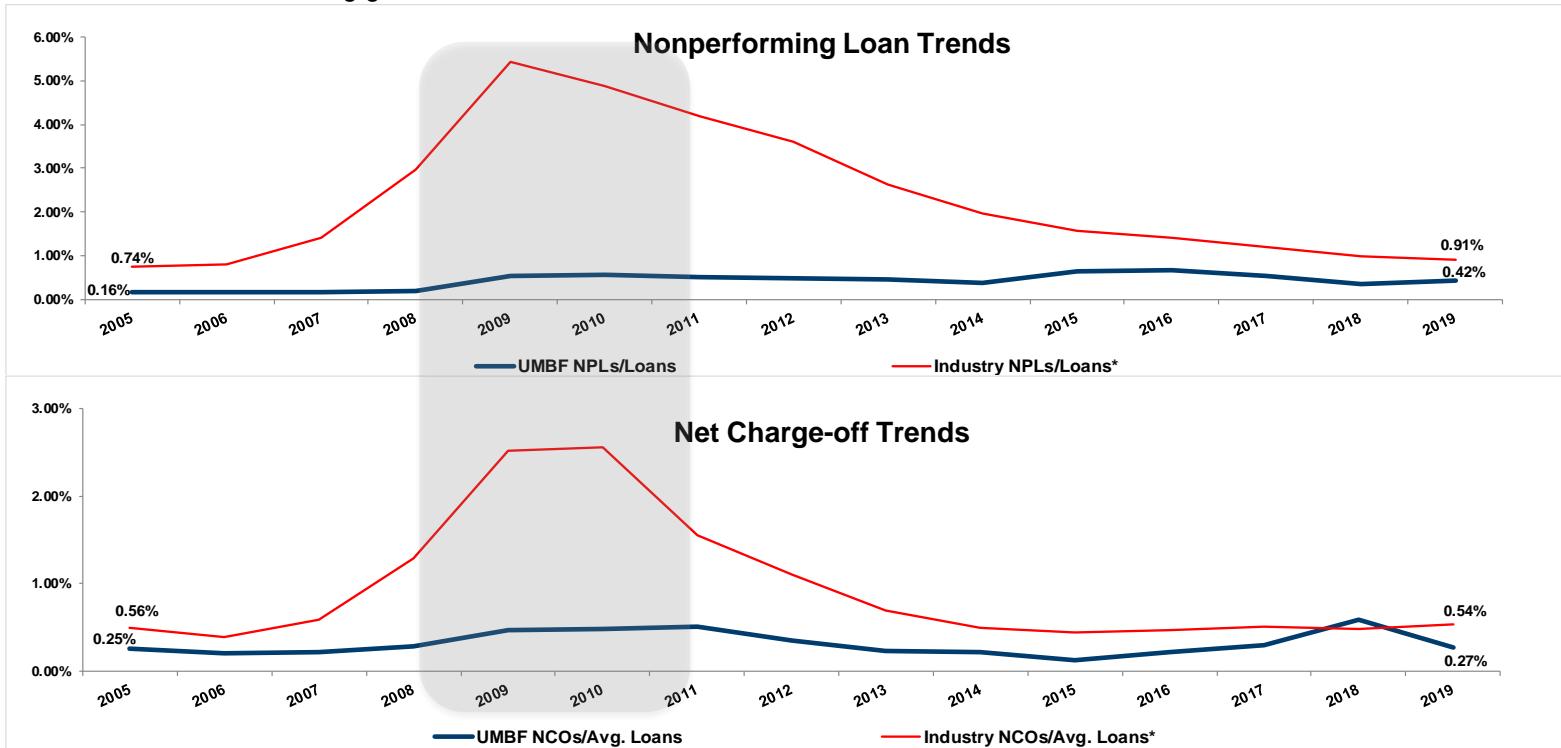


## How We Underwrite

- Centralized review and approval process for loans
- Continuous monitoring, testing and enhancement of credit policy and underwriting guidelines

## Seasoned Lending Decision-Makers

- Average Tenure at UMB – 20.9 years

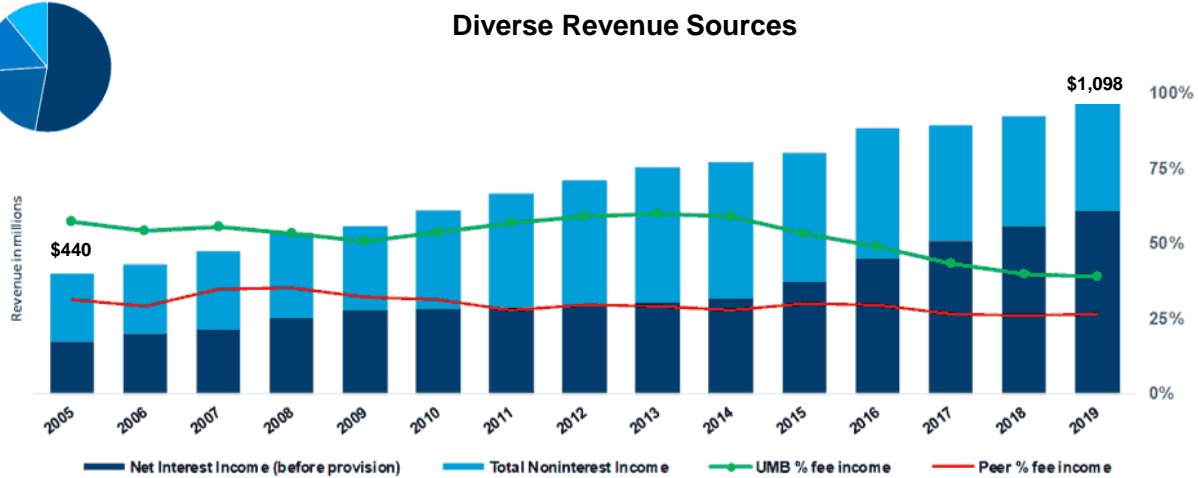


15 Year Average  
 UMB: 0.42%  
 Industry\*: 2.31%

15 Year Average  
 UMB: 0.31%  
 Industry\*: 0.94%

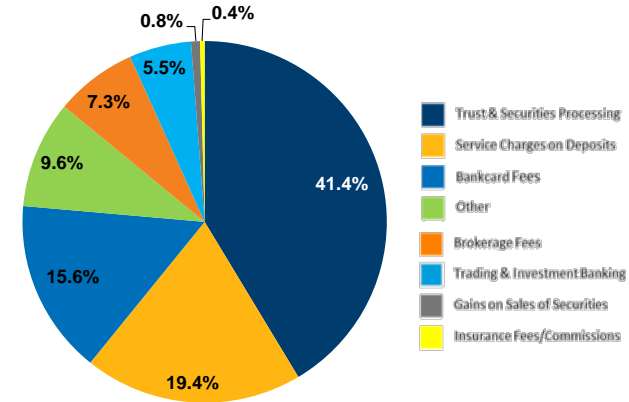
\*Industry source: FDIC Quarterly Banking Profile.

## Diverse Revenue Sources

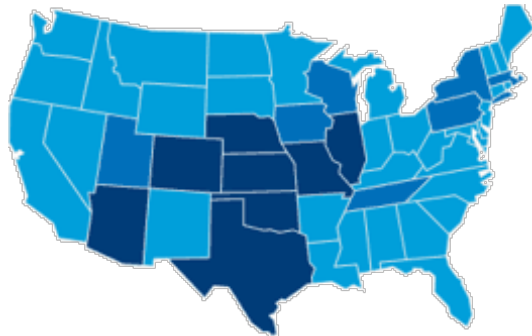


## Diverse Fee Income Businesses

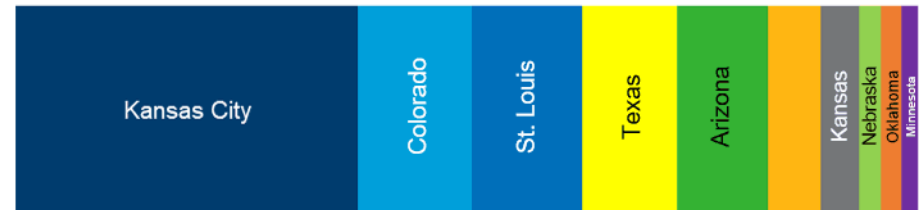
Noninterest Income Composition – Full-year 2019



## Diverse Regional Presence



## Loans by Region at 12/31/19

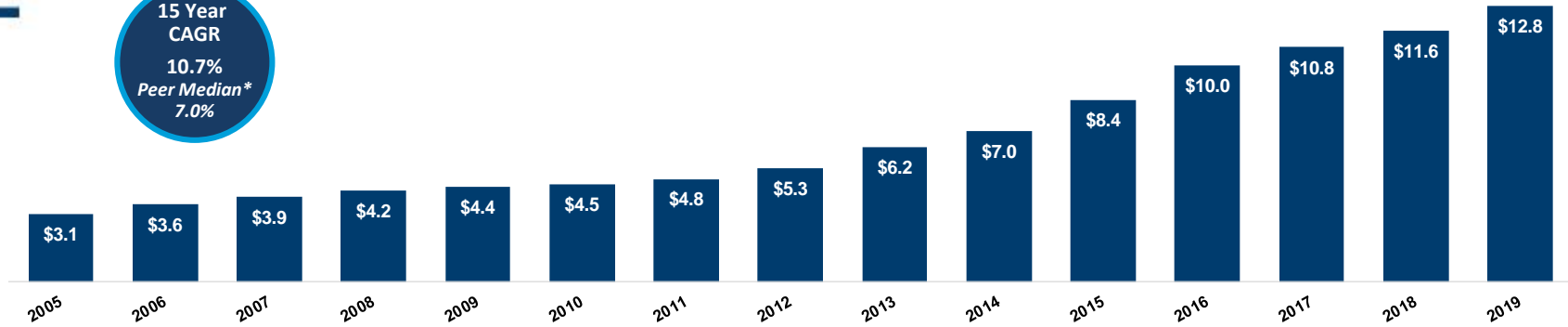


# Growth – Balance Sheet Expansion



## Average Loan Balances

15 Year  
CAGR  
10.7%  
Peer Median\*  
7.0%



## Deposit Balances

15 Year  
CAGR  
9.5%  
Peer Median\*  
6.8%



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Questions & Answers

## Customers

- Options for consumer loan and mortgage deferment or modifications on an individual, customized basis
- Increased mobile deposit limits
- Individualized, flexible credit card repayment and payment deferral options, as well as a balance transfer opportunity
- A 90-day moratorium on initiating foreclosure on all mortgages and home equity lines and loans
- Augmented relief program to ensure bank fees do not reduce stimulus proceeds for eligible customers
- Access to additional credit lines extended on a case-by-case basis
- Six-month term loan payment deferral option for current small business customers
- Counsel on the SBA Disaster Assistance Program and other state and local programs
- Processed and received approval for more than 3,000 applications for over \$1.4 billion in funded loans in the first wave of the Paycheck Protection Program
- Had more than 1,700 applications ready to process when the second wave opened up on April 27 to assist small business clients



## Associates

- Implemented remote working arrangements for ~80% of our staff
- Improved social distancing for those whose roles require them to work onsite
- Enhanced cleaning and disinfecting
- Expanded health insurance coverage for COVID-19 testing and access to telehealth services
- Supplemental compensation and additional PTO days for those unable to work remotely
- Easy access to our associate assistance fund for associates impacted by the crisis
- Branches operating as drive-through only to protect associates and customers

## Community

- UMB is a founding member of the Kansas City Regional COVID-19 Response and Recovery Fund.
- UMB was able to donate and deliver 2,400 N95 masks to 29 clients in eight states who are on the front line of the crisis, including hospitals and senior living facilities
- UMB's matching gift program helps extend the reach of our associates' generosity
- UMB began buying lunch for associates in branches across the footprint, sourced from local customer-owned restaurants. We have supported more than 200 local restaurant customers to-date

# Our business is built on shared values

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2019 Corporate  
Citizenship Report

[UMB.com/CorporateCitizenship](https://www.umb.com/CorporateCitizenship)





Kansas City Zoo  
@KansasCityZoo

Shout out to [@UMBBank](#) for helping the Zoo with the [@SBAGov](#) loan process. We greatly appreciate your help during this difficult time while the Zoo is closed! [@UMBBank](#), you're a great partner to work with!

2:38 PM · Apr 8, 2020 · [Twitter Web App](#)



Allied Plastic

146 followers

14h ·

Allied would like to express our thanks to UMB Bank and our banker Marc Farmer for going above and beyond the call of duty in helping us with the approval of our Paycheck Protection Program Loan! Their expertise and countless hours of consultation were invaluable in navigating a very complex process. From day one UMB and Marc Farmer have treated us as family and we are extremely grateful!

[#UMBBank](#) [#PPPLoan](#)

## Partner Shout-Out



We have partnered with UMB for over 30 years and their knowledge of our business really helped when it came to guiding us through the Paycheck Protection Program (PPP) loan application process. Our officer, Steve Erickson, was there for us 24/7. Not only is UMB rock solid, but they are great professionals, and even better friends!

- Jim Gutschow, CPA, CFO, John A. Marshall Co.





**LONG Building Tech** @LONGBI... · Apr 6

We'd like to express our heartfelt gratitude to the team at @UMBBank for helping us get approved for a SBA Paycheck Protection Program Loan! The long hours and weekends they put in to help us navigate this process is truly appreciated! #LONG #UMBBank #PPPLoan #RelationshipsMatter



**American Royal** @AmericanRoyal · 2h

We are incredibly grateful to @UMBBank & @BKDLLP for helping us get approved for a stimulus SBA loan! Their quick & thorough response to a rapidly changing environment made all the difference. #UMBBank #RelationshipsMatter #trustedadvisors #thefuturegrows



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