

For those who are aware of the 90-year history and continuity of our company's management, you already know that integrity is the most important word we use. Being honest about our numbers and being truthful to our customers, shareholders, and each other, isn't just a value, but a moral imperative. All business is based in some degree on trust, and banking at its core is about trust. UMB's reputation is our most valuable asset. The following stories illustrate how our principles, services and partnership of trust have helped our customers achieve their financial dreams.

*R. Crosby Kemper III*

TREES UNLIMITED, INC.  
AND FOUR STATES SUPPLY, INC.

COMMERCIAL LOANS

TREASURY MANAGEMENT SERVICES

SCOUT INSURANCE SERVICES

CORPORATE BANKCARD

# customization

We continually develop ways to customize products and services to meet the unique needs of our customers and help them achieve financial success. We understand that our customers' success is critical to our own success.



*Pictured (from left):*  
RICHARD CAMPBELL, President,  
Trees Unlimited, Inc. and  
Four States Supply, Inc.;  
GARY COLE, Vice President,  
Four States Supply, Inc.; and  
DOUG HUNTLEY, Secretary and  
Treasurer, Four States Supply, Inc.

“UMB is a financial partner that looks out for our best interests and is able to support our need for a wide breadth of products and services.”

— RICHARD CAMPBELL, PRESIDENT, TREES UNLIMITED, INC. AND FOUR STATES SUPPLY, INC.

Headquartered in Carthage, Missouri, Trees Unlimited, Inc. was established in 1986 by owner Richard Campbell. Acting as a lumber broker, Trees Unlimited provides retail outlets with lumber products from various mills across the United States and Canada. Four States Supply, Inc. was purchased in 1994 and is a wholesaler of building supplies, providing products and services to local builders as well as retail outlets. Nearly six years ago, Trees Unlimited and Four States Supply began discussions with UMB as they were looking for a new financial partner that would take a vested interest in their business and would tailor products and services to best meet their financial goals. UMB provided creative financial solutions to both companies through a variety of products and services, including a working capital loan and treasury management services such as UNITEPlus® which allows them to streamline their business and provide a better product to their customers.

# security

We have taken the responsibility of managing our customers' money very seriously for 90 years. Because of this, customers place an unsurpassed level of confidence in our ability to dot every "i" and cross every "t" all while continually looking out for their best interests.



*Pictured: ALBERT A. REINE,  
VFW Post 2591, Post Trustee, Sedalia, Missouri*

“We have entrusted our business to UMB for more than 50 years because of its unwavering reputation as a trusted financial partner.”

— JOE RIDGLEY, QUARTERMASTER GENERAL, VFW

As the nation's oldest major veteran's group, the Veterans of Foreign Wars (VFW) is an organization that the majority of Americans know well. Made up of 1.8 million veterans, the VFW has been a part of the country's social fabric for more than 100 years. The VFW has a strong commitment to country and community. The organization's four main objectives include preserving veterans' rights, promoting patriotism, serving local communities and advocating a strong national defense. When the VFW joined forces with UMB in 1952, it was looking for a trusted financial partner that could handle the management of its assets and provide the organization with the highest level of trust and security. Today, the alliance is stronger than ever and continues to be based on the same fundamentals that secured the relationship more than five decades ago.

RETAIL LOCKBOX  
COMMERCIAL LOANS  
TREASURY MANAGEMENT SERVICES  
CORPORATE BANKCARD

# partnership

Forging a strong partnership with each and every customer is a vital part of our business philosophy. We maintain a mutual level of respect, cooperation and responsibility with each customer as we work together to achieve specific goals.



*Pictured (clockwise from top left):*  
MIKE PALMER, Vice President, Commercial Operations;  
DAVE GIBSON, Vice President, Regulatory and General Services;  
GREG KNAPP, CFO and Vice President, Finance;  
BRAD BEECHER, Vice President, Energy Supply;  
BILL GIPSON, President and CEO; and  
RON GATZ, Vice President, Strategic Development.

“UMB is a strong, diligent bank that understands our industry and our company. We share with UMB the Midwestern values of doing what we say we will do and doing it very well.”

— GREG KNAPP, CHIEF FINANCIAL OFFICER, EMPIRE DISTRICT ELECTRIC

Empire District Electric generates and distributes electricity to more than 152,000 customers across Southwest Missouri, Southeast Kansas, Northeast Oklahoma and Northwest Arkansas. Founded in 1909, Empire is headquartered in Joplin, Missouri. It was important for Empire to partner with a financial company that would understand its business and industry. The UMB team took the time to ask the right questions, and more importantly, to provide the right financial solutions when it arranged a \$100 million credit facility with five participating banks for Empire last year. Empire’s highest priority is and has always been to provide increasing value to its shareholders and outstanding service to its customers. The partnership that Empire shares with UMB allows the company to focus on this priority, comfortable in the knowledge that UMB is truly a part of the Empire team, always looking for creative ways to meet its growing business needs.

# trust

We have built our business upon sound banking principles, a longstanding tradition of integrity, and most importantly, a steadfast commitment to the relationships we have with our customers. Through these relationships, we have established mutual trust and a better understanding of each customer so that we help them achieve their financial objectives.



*Pictured (from left):*  
BARTON BECKLEY, Manager of  
Disbursing, Denver Public Schools and  
VELMA ROSE, CFO, Denver Public Schools.

“UMB’s support of Denver Public Schools has been tremendous. The personal relationships and commitment to customer service that UMB provides the district is unsurpassed.”

— VELMA ROSE, CHIEF FINANCIAL OFFICER, DENVER PUBLIC SCHOOLS

Denver Public Schools is widely recognized as one of the best urban school systems in the country. Serving the residents of the city and county of Denver, Colorado, the district’s mission is to provide all students the opportunity to achieve the knowledge and skills necessary to become contributing citizens in our diverse society. Because the district is such a vital component of the Denver community, it was important to do business with a financial institution like UMB that is also an active corporate citizen. When considering a financial institution, the district was looking for a partner that could provide the highest level of customer service to the district and the district’s employees, as well as one that would maximize the use of technology in the products and services it offered.

UMB FINANCIAL HIGHLIGHTS

(in thousands, except per share data)

PROFITABILITY	2002	2001	2000
Net interest income	\$ 218,031	\$ 239,729	\$ 234,408
Provision for loan losses	16,738	14,745	9,201
Noninterest income	232,206	223,523	197,223
Noninterest expense	360,949	369,373	353,760
Net income	57,173	65,230	65,111
PER SHARE DATA			
Net income	\$ 2.59	\$ 2.95	\$ 2.91
Net income-diluted	2.58	2.95	2.91
Cash dividends paid	0.80	0.76	0.76
Dividend payout ratio	30.89%	27.12%	26.12%
Book value	\$ 36.52	\$ 34.73	\$ 31.58
Market price (close)	38.26	40.00	35.60
Price/earnings ratio	14.77x	13.56x	12.23x
AVERAGE BALANCES			
Assets	\$7,589,065	\$7,366,444	\$7,289,098
Loans, net of unearned interest	2,650,249	2,929,061	3,004,754
Securities	3,815,199	3,145,246	2,841,892
Deposits	5,527,836	5,410,264	5,364,754
Shareholders' equity	794,202	748,739	676,243
AT YEAR-END			
Assets	\$8,035,559	\$8,730,934	\$7,866,883
Loans, net of unearned interest	2,673,786	2,814,388	3,073,957
Securities	4,122,315	4,521,294	3,145,466
Deposits	5,846,947	6,375,510	5,935,204
Shareholders' equity	802,800	768,577	702,934
Allowance for loan losses	37,328	35,637	31,998
Nonperforming loans	10,712	7,279	11,511
KEY RATIOS			
Return on average assets	0.75%	0.89%	0.89%
Return on average equity	7.20	8.71	9.63
As a % of loans:			
Allowance for loan losses	1.40	1.27	1.04
Nonperforming loans	0.40	0.26	0.37
Risk-based capital:			
Tier 1	17.98	15.18	15.90
Total	18.88	15.97	16.63
Equity to assets	9.99	8.80	8.94

LETTER FROM THE CHAIRMAN OF THE BOARD



UMB EXECUTIVE COMMITTEE, FROM LEFT: CROSBY KEMPER III, CROSBY KEMPER, DAN STEVENS, JIM SANGSTER, SHEILA KEMPER DIETRICH, ROYCE HAMMONS, PETE GENOVESE, MARINER KEMPER, VINCE CIAVARDINI, CHRIS HOFFMAN III, MIM ALLISON AND DOUG PAGE.

AT THE CORE

“Integrity is the most important word we use. By staying true to our core principle of integrity, we have continued to meet the needs and dreams of our clients.”

— CROSBY KEMPER III, CHAIRMAN AND CEO

**To Our Valued Shareholders:**

2002 was a tough year for your company. Our 12.4 percent decline in net income was the first truly significant operating decline in many years. We will likely experience, especially during the first several months of 2003, operating results that reflect the ongoing softness in the equity and financial markets.

The vast majority of you, our shareholders, are long-term investors in our stock and understand the nature of this company. We

have a strong balance sheet, a high-quality investment portfolio, and a sound loan portfolio. In an environment like today's, we have sacrificed short-term earnings in order to maintain this quality.

It is also true that, in volatile times like today, there is a flight to quality. We are attracting significant new customers throughout the company. The performance of our investment areas, compared to our peers and competitors, has been outstanding. The leadership of our Investment Management

“In 2003, our focus will be on growing our fee-based business, further diversifying our income streams and continuing to manage our operating expenses.”

— CROSBY KEMPER III, CHAIRMAN AND CEO



Division, and the solid performance of assets under its management, has brought in significant new institutional and trust customers. We are adding customers in the mutual fund and corporate trust areas. Our treasury management volumes increased significantly during the course of the year, as did the fees generated from that line of business. Our newest line of business, insurance, experienced double-digit growth. And our traditional middle market commercial lending business, though facing margin challenges because of the decline in interest rates, added new customers.

In 2002, we rolled out a new home equity loan product and are introducing what we believe is the best first mortgage product in our marketplace. We've spent significant dollars in creating and enhancing systems for new

treasury management, foreign exchange, and trust products. These investments continue to give us an advantage in our region.

We have also focused on expense control more substantively than ever before. Over the last year, we have reduced our employment levels by approximately 5 percent, primarily through attrition and reengineering. After years of significant investment in back-office systems, our Technology Center and downtown campus, as well as new products, we are in a new cycle of absorbing some of that overhead and seeing relative declines in occupancy, software, equipment and general overhead expense.

If interest rates stay low or we enter a deflationary environment, our net interest margin will continue to be challenged. Our

fee-related lines of business, however, are expected to grow. Today fee-based business represents more than 50 percent of our revenue and net income.

We do believe, however, that deficit spending, the volatility of our financial markets, the specter of war, and our nation's concern with corporate integrity and governance will pose significant challenges to the economy as a whole and to our earnings. We have been living in an economy that's overextended and riding on the shoulders of consumers because of the abundance of credit at low interest rates. As the consumer sector of the economy continues to slow down, we may enter into an extended period of economic uncertainty.

In the face of this uncertainty, however, because of the diversity of our fee business,

the strength of our balance sheet, our renewed and determined sales activity, and our tradition of great customer care and quality, your company expects to continue to prosper over the long term.

We appreciate the ongoing support of our shareholders, customers and associates.

Sincerely,

A handwritten signature in black ink that reads "R. Crosby Kemper III". The signature is written in a cursive style with a small mark at the end.

R. Crosby Kemper III  
Chairman and CEO  
March 3, 2003

# service

UMB Financial Corporation is an \$8 billion regional, multi-bank holding company headquartered in Kansas City, Missouri. We offer a complete breadth of banking and related financial services to both individuals and businesses not only in the Midwest but also nationwide.

## INTERESTING FACTS, RANKINGS AND RECOGNITION

In April 2003, UMB celebrates its 90th anniversary.

Subsidiaries of UMB Financial Corporation include a mutual fund services company in Milwaukee, Wisconsin, a trust management company in South Dakota, and single-purpose companies that deal with brokerage services, bankcard services, leasing, consulting services, venture capital and insurance.

UMB Financial Corporation employs 4,000 associates.

UMB stores more than 5 million customer signatures as digitized images and provides statement balancing and sorting for 290,000 account holders who write 2 million checks per month.

The UMB Technology Center's Command Center, its central nervous system, monitors 38 million online transactions per month. It also monitors more than 650 ATMs, 156 banking centers and 4,000 employee desktops, 24 hours per day, seven days per week.

Some of the back-office functions that occur within the Technology Center include: wire transfers, check/image processing, statement delivery, lockbox processing and Automated Clearing House (ACH) transactions.

The UMB Technology Center's back-up systems are designed to enable the facility to continue to operate at full capacity – even during a power outage.

For the third year in a row, UMB Bank was awarded a gold award for being voted "The Best Bank in Kansas City" in the *Ingram's* magazine best of business Kansas City listing.

UMB Bank placed second in *The Kansas City Business Journal* Top 25 Commercial Lending Banks ranking.

UMB Bank ranked in the top 10 among Small Business Administration lenders in the Kansas City area according to *The Kansas City Business Journal*.

UMB Bank ranked in the top three Kansas City area banks based on total assets in *Ingram's* Top Area Banks listing.

UMB Bank ranked number 82 among the nation's top 150 commercial lenders in a list released by *American Banker*. UMB was one of only three Kansas City-based banks listed.

In the *Kansas City Star* "The Star 50," UMB Bank was ranked in the top 25 publicly held companies in Kansas City based on revenue, earnings and market value.

UMB Bank Pavilion is one of St. Louis' largest tourist attractions, featuring up to 40 musical acts and attracting a half-million music fans each year.

UMB Bank is the official sponsor of and provides complete banking services for the National Hockey League's St. Louis Blues and the Savvis Center.

In the St. Louis region, UMB Bank provides banking services for 49 municipal entities ranging from the Jefferson County 911 Ambulance District to the City of St. Louis.

With full-service locations in both Oklahoma City and Tulsa, UMB Bank does business with most of Oklahoma's top 50 publicly traded companies, as well as several philanthropic organizations and local municipalities.

As the only major securities transfer agent with offices in Oklahoma, UMB serves as transfer agent to 40 Oklahoma-based companies. UMB also serves as trustee and paying agent for \$1.7 billion in bonds issued by Oklahoma companies, municipalities and schools.

In Colorado, UMB continues to grow and make an impact as one of the area's key financial services industry players. UMB Bank Colorado manages more than \$200 million for organizations in the corporate, medical, nonprofit and public sectors across Colorado.

Among banks, UMB Bank Colorado is the third largest provider of auto financing in Colorado.

UMB Bank Colorado is one of the only independent banks in Colorado to have a locally managed lockbox operation.

## PRODUCTS AND SERVICES FOR INDIVIDUALS

### Retail Banking

Our forte is providing not only sound financial products and services, but also matching the right products and services with our customers to help them achieve their financial dreams. From checking and savings accounts to loans and investments, UMB offers a wide range of personal finance options that easily fit within each customer's lifestyle and goals.

- ▶ Almost 160 brick and mortar locations
- ▶ Online banking through UMB OnlineDirect
- ▶ A network of more than 650 ATMs across our six-state system
- ▶ We service 450,000 retail customers
- ▶ Our products and services for individuals include: home loans, home equity loans and lines of credit, car loans, student loans, credit cards, debit cards, ATM cards, checking and savings accounts to suit any lifestyle, CDs and a broad range of investment services.

### Bankcard Services

UMB USA, n.a. offers bankcard products for individuals, corporations and government clients, such as the regular and Gold MasterCard and Visa, the Visa Platinum Card, the Ultra II Visa Check Card and retail private label cards. The many benefits of our credit cards include no annual fee, low interest rates, online account access, shopping discounts, fraud protection, UMB Ultra Miles™ travel rewards program, and worldwide acceptance.

### Trust & Wealth Management

We offer investment management, custody, IRAs, employee benefit programs, specialized asset management, mutual funds, personal trust, charitable trusts and foundations, Private Client Services and UMB Nonprofit Financial & Advisory Services. This division has custody of \$97.3 billion in total assets.

- ▶ Our trust investments area is responsible for \$11.7 billion in trust and investment counsel assets under management.

- ▶ UMB Personal Trust Services administers 3,400 personal trust accounts.
- ▶ Our Employee Benefits Department is one of the Midwest's largest employee benefits providers, serving 2,400 retirement plans with total assets of \$22.8 billion.
- ▶ UMB Nonprofit Financial & Advisory Services works with 2,500 nonprofit organizations who have entrusted UMB with more than \$7 billion.
- ▶ We act as trustee and/or administrator for more than 100 charitable endowments and private foundations with assets in excess of \$400 million.
- ▶ UMB administers 28,800 active IRA accounts with total assets of \$913 million.
- ▶ Our \$2.4 billion family of no-load mutual funds, the UMB Scout Funds, is managed by the UMB Bank, n.a. subsidiary Scout Investment Advisors, Inc. Several of the funds received favorable recognition from well-known publications and respected third party fund researchers in 2002.\*

### UMB Scout Brokerage Services, Inc.

UMB offers a full range of investment services in every UMB banking center.\*\* More than 40 licensed investment professionals provide 30,000 clients with one-on-one financial solutions in the areas of retirement planning, college tuition planning, and wealth accumulation and management. Investment products include stocks, mutual funds, government bonds, municipal bonds, variable annuities, variable life insurance, IRAs and employee benefit plans. Online services are also available to clients at [umbscoutbrokerage.com](http://umbscoutbrokerage.com).

\* Mutual Funds: NOT FDIC INSURED, NO BANK GUARANTEE, MAY LOSE VALUE. For more complete information about the UMB Scout Funds, including fees and expenses, please visit [umbscoutfunds.com](http://umbscoutfunds.com) or call (800) 996-2862 for a free prospectus. Please read it carefully before you invest. The UMB Scout Funds are advised by Scout Investment Advisors, Inc., a subsidiary of UMB Bank, n.a. and are distributed by UMB Distribution Services LLC, a subsidiary of UMB Financial Corporation.

\*\* Products offered through UMB Scout Brokerage Services, Inc. are: NOT FDIC INSURED, MAY LOSE VALUE, NO BANK GUARANTEE. UMB Scout Brokerage Services, Inc. is a subsidiary of UMB Bank, n.a. It is not a bank and is separate from UMB Bank, n.a.

## PRODUCTS AND SERVICES FOR BUSINESSES

### Commercial Banking

Our experienced Commercial Banking staff prides itself on the longstanding relationships we cultivate with our customers. Through these relationships we come to understand our clients' individual needs so we can help their businesses grow and succeed.

Our offerings include commercial loans customized to meet our clients' unique needs, a variety of checking accounts for businesses, a freight payment processing service called Transportation Management Services, and several other customizable products and services that are outlined in the sections that follow.

### Treasury Management and Technology Services

We offer a complete suite of traditional treasury management services, as well as several innovative services that leverage the latest technology – such as a wholesale lockbox product, which provides images of remittance documents online.

- ▶ We process more than 1.5 million checks each day for lockbox and other corporate depository clients.
- ▶ Our Wire Transfer Department is the largest in the 10th Federal Reserve District. We initiate more than 6,300 transactions, moving an average of \$8.8 billion in value daily.
- ▶ UMB Bank originates in excess of 4 million Automated Clearing House (ACH) transactions each month, placing us as the 22nd largest ACH processor in the country.
- ▶ Our Image Retail Lockbox product provides state-of-the-art processing of scannable remittance documents.
- ▶ We offer a variety of services to help prevent fraud, such as Reconciled Positive Pay, which allows for encoding errors to be corrected before checks are posted to clients' accounts.
- ▶ With UNITEPlus®, an Internet-based information reporting system, clients can initiate transactions, review account information, see check images and exchange secure and encrypted electronic files online.

### Capital Markets and Corporate Finance

We offer a variety of financing options for companies who need financial assistance outside of typical bank offerings. Products include asset-based working capital and lines of credit, asset-based term loans, private placements of senior debt, commercial mortgage financing, mezzanine financing, equity financing, factoring, leasing, and asset securitizations. We also offer financial advisory services for mergers and acquisitions, management buyouts, recapitalizations and valuations.

### Commercial Bankcard Products

We offer a variety of corporate cards and purchasing cards to help businesses manage their expenses and cash flow. Our family of bankcard products can be customized to meet the needs of clients of any size – from small start-ups to Fortune 500 companies and government entities.

UMB Bank is one of the few banks in the country to provide bankcard products to four state governments and multiple municipalities.

### UMB Investment Services Group

With more than 50 years of mutual fund experience, we offer financial services administration, fund accounting, investor services and transfer agency, distribution and marketing, custody and cash management. We are responsible for servicing more than \$200 billion in mutual fund assets for some of the nation's top financial services companies.

### UMB Scout Insurance Services, Inc.

This subsidiary offers fixed annuities, life, health, long-term care and employee benefit insurance products for both retail and commercial customers at affiliate and correspondent banks.\*\*\*

- ▶ Currently staffed with more than 300 licensed agents, UMB Scout Insurance is one of the leading insurance providers in our region.
- ▶ Sales records continue to be broken by the firm as fixed and variable annuity sales soared to more than \$101 million last year.

### Stock Transfer Services

- ▶ Over the past several years, we have consistently ranked among the top 10 stock transfer agents in the nation according to annual client satisfaction surveys by Stockholder Consulting Services, Inc.
- ▶ Our Securities Transfer Department provides stock transfer services to 100 public companies, servicing more than 370,000 shareholders.
- ▶ UMB ranks in size among the Top 15 Commercial Stock Transfer Agents in the nation.

### Corporate Trust Services

- Our corporate trust products and services include Corporate Bond Trustee, Municipal Bond Trustee, Escrow Agent, Paying Agent/Registrar, Pre-need and Endowed Care Trustee.
- ▶ *Bond Buyer*, a daily newspaper published by Thomson Financial, ranked UMB number nine in the nation among corporate trustee banks — UMB was the only bank in its region ranked in the top 10.
- ▶ UMB Bank serves as trustee for 1,400 accounts, representing \$19 billion in principal outstanding. We also serve as paying agent for more than 1,000 additional issues, totaling \$6 billion in principal outstanding.

### Correspondent Banking Products

We serve nearly 50 percent of the banks in our Midwest territory, which includes Arkansas, Colorado, Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, Oklahoma and Texas. Our correspondent banks represent 11 percent of the nation's banks.

### Investment Banking Products

UMB Bank is a dealer in fixed income securities, including UMB's "As Agent" federal funds program, repurchase agreements, U.S. treasuries, federal agencies, mortgage backed securities, collateralized mortgage obligations and municipal bonds. The division is a member of the selling groups for FNMA, FHLMC and FCB. We offer a full range of services, such as clearance and settlement, safe-keeping, investment accounting, interest rate risk reporting and portfolio analysis.

- ▶ Our clients include more than 1,000 community banks, more than 500 public funds, some of the nation's largest mutual fund companies, corporate and foundation treasury management groups and individual clients.
- ▶ We are one of the dominant underwriters of municipal bonds issued in our market and are also a major provider of public finance services.

### International Payments and Trade Finance

Our clients can now conduct international payments and foreign exchange transactions through our new online service, called UMBFX. Trade finance using U.S. government guarantees through EXIM is available through our International Department, which also provides clients with letters of credit to help facilitate their import/export business.

### UMB Consulting Services, Inc.

- UMB Consulting Services, Inc. provides compliance, human resources, community banking, management services and educational programs consulting to financial institutions.
- ▶ UMB Consulting Services, Inc. assists almost 100 financial institutions in 10 states with regulatory compliance management, educational assistance, human resources and other correspondent banking products and services.
- ▶ Each Consulting Services associate has earned the highest recognition in the industry – Certified Regulatory Compliance Manager.

\*\*\* Insurance services are provided by UMB Scout Insurance Services, Inc., a subsidiary of UMB Bank, n.a. and a licensed insurance agency. Insurance products are underwritten by our insurance company partners. INSURANCE PRODUCTS: NOT A DEPOSIT, NOT FDIC INSURED, NOT INSURED BY ANY FEDERAL OR STATE GOVERNMENT AGENCY, NOT GUARANTEED BY THE BANK, MAY GO DOWN IN VALUE.

Deposit accounts and deposit products are provided by UMB Financial Corporation's family of Member FDIC banks, which includes UMB Bank, n.a.

integrity  
partnership  
security  
trust  
service  
strength

