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## UMB Financial Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions). The first question comes from the line Peyton Green with FTN Midwest Securities. Please go ahead.

#### Peyton Green - FTN Midwest Securities

Good morning. Michael, I was wondering if you could talk a little bit about the Fed rate cut yesterday and what effect that might have on the balance sheet, and what actions you might take to counteract it?

#### Mike Hagedorn

Good morning Peyton. I think it's clear that people weren't expecting a 75 basis point cut and especially off cycle, not during the normal meeting time. So with that said, we're preparing for Fed cuts on our deposit cost previous to yesterdays announcement, albeit not 75 basis points. Clearly its going to reduce interest income. Whether it reduces interest margin or not remains to be seen as we try to make cuts to our interest bearing liabilities, and obviously become, I think, a little less dependent on repo income going forward. This especially applies once the Fed or the public fund dollars work their way through the balance sheet, and they'll probably be off by March.

So I think the question really remains to be seen as far as how much can we do on the liability side, in order to offset what's obviously going to reduce interest income going forward.

#### Peyton Green - FTN Midwest Securities

To what degree does your C&I book, or real estate loan book reprice overnight?

#### Mariner Kemper

It does not re-price overnight. We did talk about little more than 65% of our total loan portfolio, I think it's 68%.

#### Mike Hagedorn

63%.

#### Mariner Kemper

63%, close within a year. So it does not reprice overnight. There will be a lag impact. Many of the loans are tied to various indexes, and it will take time for those indexes, and the re-pricing characteristics, whether it'd be 30-day or 90-day T-bill, as they work their self through the system.

**Peyton Green - FTN Midwest Securities**

Okay. And then separately, the personnel expense line was up about 9% year-over-year in the fourth quarter, and I was just wondering if you could indicate what portion of that was for HR kind of plans, and how much of it was related to salary increases or bonus accruals?

**Mariner Kemper**

Yeah, I remember in the fourth quarter we have the full year impact, because you're comparing that to the fourth quarter of 2006, so you have the full year impact of salary increases that were planned in 2007, so that's part of it.

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