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UMB Financial Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question comes from the line of Chris McGratty from KBW. Please go ahead.

Chris McGratty - KBW

Hi, good morning guys.

Mariner Kemper

Good morning.

Chris McGratty - KBW

Just a quick question on the expenses; the expense run rate was a lot lower than spent in the last couple of quarters. I wondering if there (a) was anything thinking unusual, any reversals and then I guess secondarily, how should I think about a run rate going forward.

Mike Hagedorn

Hi Chris; Mike Hagedorn. There are no one-time reversals in the first quarter of 2009. As we mentioned in the call, advertising cost being diverted if you will to the commercial campaign contributed to that at some level.

Another thing I think you have to think about is, when you compare it to the fourth quarter there is some seasonality as well. For instance there are true-ups at the end of the year, because we had a record year in 2008 and so there were some true ups in there for commissions and other bonuses.

Chris McGratty - KBW

Okay, so is the second and third quarter of '08 kind of the 106 to 110, it's kind of?

Mike Hagedorn

I think it's more indicative of the run rate, yes, than the fourth quarter.

Chris McGratty - KBW

Okay, that's helpful. I guess my second question is on the balance sheet. You indicated that you plan to grow both sides of the balance sheet this year. So I'm wondering if you could differentiate between whether that's going to come from increased securities or from the loan portfolio.

Mariner Kemper

This is Mariner. That's specifically related to adding loans on that side of the balance sheet obviously.

Chris McGratty - KBW

Okay and then I guess, how are you guys thinking about the overall size, the investment portfolio and obviously you'll see some seasonality with the quarter-to-quarter, but how should I think about it over the next couple of quarters versus the first quarter?

Mike Hagedorn

One of the things that we've done in the past is bifurcate our portfolio into a core and non-core portion and that non-core portion is still very significant right now on our balance sheet. That's not typical compared to the last several years, where we've had public funds run-off the balance sheet, roughly around this time. There are more deposits hanging around with us and so I think if you're comparing it back to prior periods, you will see a larger investment portfolio go forward.

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