

UMB FINANCIAL CORP  
Form DEF 14A  
March 09, 2009  
Table of Contents

## SCHEDULE 14A INFORMATION

### Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. \_\_ )

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement.
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).**
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting Material Pursuant to §240.14a-12.

**UMB Financial Corporation**

---

(Name of Registrant as Specified In Its Charter)

---

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

Edgar Filing: UMB FINANCIAL CORP - Form DEF 14A

x No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

---

2) Aggregate number of securities to which transaction applies:

---

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

---

4) Proposed maximum aggregate value of transaction:

---

5) Total fee paid:

---

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

---

2) Form, Schedule or Registration Statement No.:

---

3) Filing Party:

---

4) Date Filed:

---

Table of Contents

---

**UMB Financial Corporation**  
**Notice of Annual Meeting of Shareholders**  
**and Proxy Statement**

**FOR**

**ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD**

April 21, 2009

9:00 a.m. CDT

UMB Bank Building

1010 Grand Boulevard

Kansas City, Missouri 64106

---

**Table of Contents**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD APRIL 21, 2009**

The Annual Meeting of Shareholders of UMB Financial Corporation (the Company) will be held at the Company offices located at 1010 Grand Boulevard, Kansas City, Missouri, 64106 on April 21, 2009, at 9:00 a.m. CDT. We are holding the Annual Meeting for the following purposes:

- 1) To elect four Class III directors to hold office until the Annual Meeting of 2012;
  
- 2) To ratify the Audit Committee's retention of Deloitte & Touche LLP to serve as the Company's independent auditors and to examine and audit the consolidated financial statements of the Company for the fiscal year 2009;
  
- 3) To consider a shareholder proposal to eliminate classification of terms of the Company's Board of Directors to require that all directors stand for election annually; and,
  
- 4) To transact such other matters as may properly come before the meeting or any adjournments thereof.

Only shareholders of record at the close of business on February 27, 2009, will be entitled to notice of, and to vote at, this meeting or any adjournments thereof. This Proxy Statement is being mailed on or about March 9, 2009.

**It is important that your shares be represented at the meeting. We urge you to exercise your right to vote by completing and returning the enclosed proxy card.**

By Order of the Board of Directors,

Dennis R. Rilinger

*Secretary*

The date of this notice is March 9, 2009.

**PLEASE SIGN AND DATE THE ACCOMPANYING PROXY AND MAIL IT PROMPTLY, regardless of the number of shares you may own and whether or not you plan to attend the meeting in person. You may revoke your proxy and vote your shares in person if revoked in accordance with the procedures described in the attached proxy statement.**

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>GENERAL INFORMATION</u></b>	
<u>Purpose</u>	1
<u>Who Can Vote</u>	1
<u>Voting</u>	2
<u>Solicitation of Proxies</u>	3
<u>Delivery of Voting Materials to Shareholders</u>	3
<u>Required Votes</u>	3
<b><u>STOCK OWNERSHIP</u></b>	
<u>Principal Shareholders</u>	5
<u>Stock Owned by Directors, Nominees, and By Executive Officers</u>	6
<u>Section 16(a) Beneficial Ownership Compliance</u>	7
<b><u>CORPORATE GOVERNANCE</u></b>	
<u>Corporate Governance Guidelines</u>	7
<u>Committees of the Board of Directors</u>	7
<u>Selection of Nominees for the Board of Directors</u>	9
<u>Director Independence</u>	10
<u>Attendance at Meetings</u>	11
<u>Transactions with Related Persons</u>	11
<u>Code of Ethics</u>	13
<u>Communications with the Board of Directors</u>	13
<b><u>REPORT OF THE AUDIT COMMITTEE</u></b>	14
<b><u>EXECUTIVE COMPENSATION COMPENSATION DISCUSSION AND ANALYSIS</u></b>	15
<b><u>COMPENSATION TABLES</u></b>	28
<b><u>DIRECTOR COMPENSATION</u></b>	38
<b><u>PROPOSAL #1 ELECTION OF DIRECTORS</u></b>	39
<b><u>PROPOSAL #2 RATIFICATION OF AUDITORS</u></b>	41
<b><u>PROPOSAL #3 SHAREHOLDER PROPOSAL</u></b>	42
<b><u>OTHER MATTERS</u></b>	46
<b><u>SHAREHOLDER PROPOSALS</u></b>	46

**Table of Contents**

**UMB FINANCIAL CORPORATION**

**1010 Grand Boulevard**

**Kansas City, Missouri 64106**

**PROXY STATEMENT**

**GENERAL INFORMATION**

**Purpose**

This Proxy Statement and the accompanying proxy card are being mailed beginning March 9, 2009, to the shareholders of record of the common stock, par value one dollar (\$1.00) per share, of UMB Financial Corporation (the Company) as of February 27, 2009 (the record date). These proxies are being solicited on behalf of the Company's Board of Directors (the Board) to be used at the 2009 Annual Meeting of the Company's shareholders which will be held at 9:00 a.m. CDT on April 21, 2009 at the Company offices located at 1010 Grand Boulevard, Kansas City, Missouri, 64106, and any adjournment thereof (the Annual Meeting).

Attendance at the Annual Meeting is limited to shareholders of record or their proxies, beneficial owners of Company common stock having evidence of such ownership, and guests of the Company.

Proxies are being solicited to give all shareholders of record an opportunity to vote on matters to be presented at the Annual Meeting. This Proxy Statement contains information on matters to be voted upon at the Annual Meeting or any adjournment of that meeting.

**Important Notice Regarding the Availability of Proxy Materials**

**for the Annual Meeting to Be Held on April 21, 2009**

**This Proxy Statement, the Annual Report to Shareholders, and the Annual Report on Form 10-K for the year ended December 31, 2008, are available at [www.edocumentview.com/UMBF](http://www.edocumentview.com/UMBF), together with any amendments to any of these materials that are required to be furnished to shareholders.**

Shareholders will meet for the following purposes:



## Edgar Filing: UMB FINANCIAL CORP - Form DEF 14A

- 1) To elect four Class III directors who will hold office until the Annual Meeting of 2012;
- 2) To ratify the Audit Committee's retention of Deloitte & Touche LLP to serve as the Company's independent auditors and to examine and audit the consolidated financial statements of the Company for the fiscal year 2009;
- 3) To consider a shareholder proposal to eliminate classification of terms of the Company's Board of Directors to require that all directors stand for election annually; and
- 4) To transact such other matters as may properly come before the meeting or any adjournments thereof.

The Board of Directors recommends that you vote **FOR** the election of each of the nominees for directors; **FOR** the ratification of the Audit Committee's retention of Deloitte & Touche LLP to serve as the Company's independent auditors and to examine and audit the consolidated financial statements of the Company for the fiscal year 2009; and **AGAINST** the shareholder proposal to eliminate classification of terms of the Company's Board of Directors to require that all directors stand for election annually.

Shareholders do not have any dissenters' rights of appraisal in connection with any of these matters.

### Who Can Vote

Holders of the Company's common stock at the close of business on February 27, 2009, are entitled to notice of, and to vote at, the Annual Meeting. On February 18, 2009, there were 41,032,147 shares of Company

## Table of Contents

common stock outstanding. Each share is entitled to one vote on each matter properly brought before the Annual Meeting other than the election of directors (which is done by cumulative voting). Shares can be voted at the Annual Meeting only if the shareholder is present or represented by a valid proxy. If you have shares attributable to your account under the Company's Employee Stock Ownership Plan, you have the right to direct the voting of those shares. Any shares not so directed will be voted by the trustee, Marshall & Ilsley Trust Company, N.A. If you have a beneficial interest in shares allocated to your account under the Company's Profit Sharing and 401(k) Savings Plan, you have the right to direct the voting of those shares; any shares not so directed will not be voted.

## Voting

Your vote is important. Since many shareholders cannot personally attend the meeting, a large number must be represented by proxy. Proxies may be given by either a written proxy card or by communicating with the Company's transfer agent by use of the internet or telephone. Instructions for giving your proxy by those means accompany this Proxy Statement. Proxies may be revoked at any time before they are exercised: (i) by written notice to the Corporate Secretary, (ii) by telephone or internet notice to the Company's transfer agent, (iii) by a properly executed, later-dated written or internet or telephonic proxy, or (iv) by voting by ballot at the Annual Meeting. Your voting method will in no way limit your right to vote at the Annual Meeting if you later decide to attend in person. If you wish to vote at the meeting and your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy from the holder of record authorizing you to vote at the Annual Meeting.

All shares entitled to vote and represented by properly executed proxies received prior to the Annual Meeting and not revoked will be voted at the Annual Meeting in accordance with the instructions indicated on those proxies. **If you sign the proxy card or otherwise provide a proxy, but do not specify how you want your shares to be voted, your shares will be voted: 1) equally in favor of the election of all nominees listed on the proxy card; 2) in favor of ratifying the Audit Committee's retention of Deloitte & Touche LLP to serve as the Company's independent auditors and to examine and audit the consolidated financial statements of the Company for the fiscal year 2009; and 3) in opposition to the shareholder proposal to eliminate the classification of terms of the Company's Board of Directors to require that all directors stand for election annually.** Votes will be counted by the inspectors of the election appointed by the Chairman at the Annual Meeting.

The inspectors of the election will treat abstentions and broker non-votes (as defined below) as present for determining whether a quorum is present. If you are the beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions (Uninstructed Shares), under the rules of various national and regional securities exchanges, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. Proposal 1 (Election of Directors) and Proposal 2 (Approval of Auditors) are considered routine matters. Proposal 3 (Shareholder Proposal) involves a matter that the Company believes will be considered non-routine.

If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the organization that holds your shares will inform our inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a broker non-vote. The Company encourages you to provide voting instructions to the organization that holds your shares. The impact of abstentions and broker non-votes for purposes of determining the approval of any matter submitted to the shareholders for a vote is described in the Required Votes sections below.

If any other matters are properly presented for consideration at the Annual Meeting, including, among other things, consideration of a motion to adjourn the Annual Meeting to another time or place, the persons named in the enclosed form of proxy will have discretion to vote on those matters according to their best judgment to the same extent as you would be entitled to vote, subject to and in accordance with the requirements set forth in Rule 14a-4(c) of the Securities Exchange Act of 1934 (the Exchange Act). The Company does not anticipate that any other matters

will be raised at the Annual Meeting.

## **Table of Contents**

### **Solicitation of Proxies**

The Company is soliciting the proxy and will pay the cost of the solicitation of proxies. In addition to the use of the mail, proxies may be solicited personally, or by email or telephone, by employees of the Company or by employees of Georgeson Shareholder Communications, Inc. (Georgeson). Employees have not been specifically engaged for the purpose of solicitation however, and will not be compensated for their efforts. The Company has engaged Georgeson to assist in the solicitation of proxies and provide related informational support, for a service fee of \$12,500 and the reimbursement for certain out-of-pocket expenses. In addition, the Company will reimburse brokers and other custodians, nominees or fiduciaries for their expenses in forwarding proxy materials to security owners and updating their proxies.

### **Delivery of Voting Materials to Shareholders**

#### *Notice of Internet Availability*

Some shareholders will be mailed a notice containing instructions on how to access this proxy statement, the Company's Annual Report, and the Company's Annual Report on Form 10-K and how to vote their shares online (Notice of Availability). If a shareholder receives the Notice of Availability, they will not receive a printed copy of the proxy voting materials (Annual Report, Annual Report on Form 10-K, Proxy Card, and Proxy Statement) unless it is requested by following the instructions for requesting such materials contained on the Notice of Availability. Shareholders receiving the Notice of Availability may receive a full set of printed proxy materials for this meeting and all future meetings by following the instructions contained on the notice.

#### *Full Set of Proxy Materials*

Some shareholders will be mailed a full set of proxy voting materials instead of a Notice of Availability. If a shareholder would like to reduce the environmental impact and the costs incurred by the Company in mailing proxy materials, they may elect to receive all future proxy materials electronically via the Internet. To sign up for electronic delivery, please follow the instructions provided with your proxy materials and on your proxy card or voting instruction card, to vote using the Internet and, when prompted, indicate that you agree to receive or access stockholder communications electronically in future years.

#### *Householding*

Two or more registered shareholders (shareholders whose shares are not held in street name) sharing the same address will each receive a Notice of Availability or complete set of the proxy voting materials. Services that deliver the Company's proxy voting materials to shareholders that hold Company stock in street name through a bank, broker or other beneficial holder of record may deliver to multiple shareholders sharing the same address only one set of the Company's Annual Report, Annual Report on Form 10-K, and Proxy Statement, but separate proxy cards for each shareholder. If street name shareholders holding receiving one set of the Proxy Materials wish to receive separate copies of the proxy materials or Notice of Availability, they should notify their bank, broker or other beneficial holder of record.

**Required Votes Election of Director Nominees**

Voting is cumulative in the election of directors. The Board is divided into three classes which are equal in number. At each Annual Meeting of shareholders, the directors constituting one class are elected for a three-year term. In addition, if an individual has been reclassified or is appointed to fill a vacancy in one of the other two classes since the last Annual Meeting, his/her name will also be submitted for a shareholder vote.

In voting for the election of directors in any class, cumulative voting is permitted and shareholders are entitled to cast as many votes as shall equal the number of shares of stock held, multiplied by the number of directors to be elected in that class. Such votes may be cast all for a single candidate in that class or the votes may be distributed among the candidates in the class, as the shareholder directs. If you withhold authority to vote

## **Table of Contents**

for any individual nominee, the shares attributed to such nominee will go unvoted unless allocated to another nominee. Shareholders desiring to specifically allocate such shares to a specific candidate or specific candidates through cumulative voting must vote their shares by returning the proxy card or providing a proxy by telephone or through the internet, or by voting in person at the Annual Meeting. Any shares not voted (whether by abstention, withheld votes, broker non-votes or otherwise) have no impact on the election of directors. If you sign the proxy card or otherwise give a proxy (by telephone or over the internet or otherwise) but do not specify how you want your shares to be voted, your shares will be voted equally in favor of the election of all nominees listed on the proxy card.

Each nominee must be elected by a plurality of the votes of the shares entitled to vote on the election of the directors in that class and represented in person or by proxy at a meeting at which a quorum is present.

While it is not expected that any of the nominees will be unable to qualify or accept office, if for any reason one or more is unable to do so, the proxies will be voted for substitute nominees selected and approved by the Board's Corporate Governance Committee and nominated by the Board.

### **Required Votes Ratification of Selection of Auditors**

To be approved, the ratification of the Audit Committee's retention of Deloitte & Touche LLP to serve as the Company's independent auditors and to examine and audit the consolidated financial statements of the Company for the fiscal year 2009 requires the affirmative vote of the majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote. Uninstructed Shares are entitled to vote on this matter. Therefore, broker non-votes and abstentions will have the effect of negative votes.

### **Required Votes Shareholder Proposal and Other Matters**

These proposals are generally considered to be non-routine matters and are non-discretionary. To be adopted, the proposals must receive the affirmative vote of the majority of shares present in person or by proxy at the meeting and entitled to vote. Uninstructed Shares are not entitled to vote on these matters, and therefore broker non-votes will not be considered in determining the number of votes necessary for approval and will not affect the outcome. Abstentions have the effect of negative votes.

**Table of Contents****STOCK OWNERSHIP****Principal Shareholders**

The following persons owned of record or beneficially more than five percent of the common shares of the Company (the only outstanding voting securities of the Company) at the close of business on February 18, 2009:

<b>Name and Address</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
<b>Of Beneficial Owner</b>		
R. Crosby Kemper	5,682,094(1)	13.85%
1010 Grand Blvd.		
Kansas City, Missouri		
Advisory Research Inc.	2,500,710(2)	6.09%
180 North Stetson St., Suite 5500		
Chicago, IL 60601		
Barclays Global Investors, NA.	2,288,279(3)	5.58%
45 Fremont Street		
San Francisco, CA 94105		
Thomas J. Wood III	2,269,540(4)	5.53%
8055 Bond		
Lenexa, Kansas		

(1) Includes 13,058 shares held by Mary S. Kemper (wife of R. Crosby Kemper). Includes 290,397 shares held by Kemper Realty Company and 403,404 shares held by Pioneer Service Corporation. Each of these are entities through which voting and investment decisions may be controlled, directly or indirectly, by R. Crosby Kemper. Also includes 1,546,049 shares held by UMB Bank, n.a. as either sole trustee or co-trustee; in each case R. Crosby Kemper has or shares voting or investment powers. Of this number, 738,107 shares are held in trusts established under the will of Rufus Crosby Kemper, and 70,362 shares are held in the Enid and Crosby Kemper Foundation. In both cases, the shares may be voted or disposed of by UMB Bank, n.a. as trustee but only upon the direction of R. Crosby Kemper, Mary S. Kemper and Alexander C. Kemper, or any two of them. 670,902 shares are owned by the R. C. Kemper, Sr. Charitable Trust and Foundation but may be voted or disposed of only by the co-trustees, R. Crosby Kemper, J. Mariner Kemper, and Sheila Kemper Dietrich, or any two of them. 12,756 shares are owned by the R. C. Kemper, Jr. Charitable Trust and Foundation and may be voted or disposed of by R. Crosby Kemper, J. Mariner Kemper, and Mary S. Kemper or any two of them; and 53,922 shares are owned by the William T. Kemper Foundation and may be voted or disposed of by UMB Bank, n.a., but only upon the direction of R. Crosby Kemper.

(2) According to information provided to the Company in Schedule 13G filed with the Securities and Exchange Commission on February 13, 2009.

## Edgar Filing: UMB FINANCIAL CORP - Form DEF 14A

- (3) According to information provided to the Company in Schedule 13G filed with the Securities and Exchange Commission on February 6, 2009. According to the filing, 919,471 are beneficially owned by Barclays Global Investors, n.a.; 1,348,706 shares are beneficially owned by Barclays Global Fund Advisors; and 20,102 shares are beneficially owned by Barclays Global Investors, Ltd.
- (4) Includes 491,592 shares held in fiduciary accounts where Thomas J. Wood is given the authority by the documents to vote and/or dispose of the shares of the Company and 1,764,076 shares held by the Wood Family Partnership of which Mr. Wood is a general partner.



**Table of Contents****Stock Owned By Directors, Nominees, and By Executive Officers**

The following table sets forth the number of shares of the Company's common stock (the only outstanding voting securities of the Company) beneficially owned (as defined in Rule 13d-3 of the Exchange Act), as of February 18, 2009, by each director, each nominee, and by the executive officers named in the Summary Compensation Table. It also includes the shares beneficially owned by all directors and executive officers as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Holdings (1)	Percent of Class
Theodore M. Armstrong	5,236	*
David R. Bradley, Jr.	19,218	*
Peter J. deSilva	81,275	*
Terrence P. Dunn	13,064	*
Kevin C. Gallagher	473	*
Peter J. Genovese	62,350	*
Greg M. Graves	1,239	*
Michael D. Hagedorn	28,096	*
Alexander C. Kemper	1,633,250(2)	3.97%
J. Mariner Kemper	1,597,416(3)	3.88%
John H. Mize, Jr.	1,154	*
Kris A. Robbins	3,068	*
Thomas D. Sanders	2,984	*
L. Joshua Sosland	7,658	*
Paul Uhlmann III	7,844	*
Dr. Jon Wefald	9,939	*
Clyde W. Wendel	11,874	*
Thomas J. Wood III	2,269,540	5.53%
All Directors and executive officers as a Group	5,183,639(4)	12.59%

\* Less than 1% of outstanding shares.

- (1) Includes shares of common stock held directly by the individuals as well as by members of such individuals' immediate families who share the same household, and shares held in trust and other indirect forms of ownership over which shares the individuals exercise sole or shared voting and/or investment power. Also includes restricted shares of common stock held by executive officers which are not vested, but for which the executive officer has voting rights, and shares that are subject to outstanding options exercisable within 60 days. The following named executive officers have options that are exercisable within 60 days for the amounts shown: Peter J. deSilva 12,072 shares, Peter J. Genovese 13,293 shares, Michael D. Hagedorn 3,061 shares, and J. Mariner Kemper 35,247 shares. In addition, all other executive officers collectively hold such options to acquire 64,807 shares. J. Mariner Kemper has pledged 20,000 shares of common stock as security.
- (2) Includes 290,397 shares held by Kemper Realty and 403,404 shares held by Pioneer Service Corporation. Alexander Kemper serves as an officer and a director of each of these entities, and may control voting and investment decisions, directly or indirectly. Also includes 118,341 shares held by UMB Bank, n.a. as either sole trustee or co-trustee; in each case Alexander Kemper shares with other family members (including Mariner Kemper) voting and/or investment powers. Also includes 738,107 shares held in trusts established under the will of Rufus Crosby Kemper, and 70,362 shares held in the Enid and Crosby Kemper Foundation. In both cases, the shares may be voted or disposed of by UMB Bank, n.a. as trustee but only upon the direction of R. Crosby Kemper, Mary S. Kemper and Alexander C. Kemper, or any two of them.

Edgar Filing: UMB FINANCIAL CORP - Form DEF 14A

- (3) Includes 290,397 shares held by Kemper Realty and 403,404 shares held by Pioneer Service Corporation. Mariner Kemper serves as an officer and a director of each of these entities, and may control voting and

**Table of Contents**

investment decisions, directly or indirectly. Also includes 118,341 shares held by UMB Bank, n.a. as either sole trustee or co-trustee; in each case Mariner Kemper shares with other family members (including Alexander Kemper) voting and/or investment powers. 670,902 shares are owned by the R. C. Kemper, Sr. Charitable Trust and Foundation but may be voted or disposed of only by the co-trustees, R. Crosby Kemper, Mariner Kemper, and Sheila Kemper Dietrich, or any two of them. 12,756 shares are owned by the R. C. Kemper, Jr. Charitable Trust and Foundation and may be voted or disposed of by R. Crosby Kemper, Mariner Kemper, and Mary S. Kemper or any two of them.

- (4) Shares held in foundations, trusts and companies over which more than one member of the Board or executive officers share voting and/or investment power have been included only one time in this total.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires the Company’s executive officers, directors, and persons who beneficially own more than 10% of the Company’s common stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission ( SEC ). Executive officers, directors and greater-than-10% beneficial owners are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file with the SEC. Based solely on a review of the copies of such forms furnished to the Company, and written representations that no Forms 5 were required, the Company believes that during 2008 all of its officers, directors and greater-than-10% beneficial owners complied with applicable Section 16(a) filing requirements, except as follows. Kris Robbins filed a late Form 4 reporting a grant of 239 shares of common stock; Brian Walker was late in reporting the purchase of 21 shares of common stock through the Company’s Employee Stock Purchase Plan and filed a late Form 4 reporting the grant of options to buy 900 shares of stock; Jon Wefald filed a late Form 4 reporting the purchase of 97 shares of common stock; Peter Genovese was late in reporting the exercise of options to purchase 8,200 shares of common stock; David Kling filed a late Form 4 reporting the sale of 237 shares of common stock to pay withholding taxes upon the vesting of restricted stock; Alexander Kemper filed a late Form 4 reporting the sale of 833 shares of common stock and a late Form 4 reporting the sale of 40 shares of common stock; J Mariner Kemper filed one late Form 4 reporting the sale of 40 shares of common stock.

**CORPORATE GOVERNANCE**

**Corporate Governance Guidelines**

The Board has adopted Corporate Governance Guidelines for the Company. Such Guidelines, as last revised by the Board on January 27, 2009, set forth a set of corporate governance principles that provide a flexible framework within which the Board may conduct business. A copy of the Corporate Governance Guidelines may be found on the Company’s website at [www.umb.com/investor](http://www.umb.com/investor).

**Committees of the Board of Directors**

The Company has the following three standing committees: an audit committee, corporate governance and nominating committee, and compensation committee. Each is described below.

**Governance Committee.** The Company’s Corporate Governance and Nominating Committee (the Governance Committee ) has four members: Terrence P. Dunn (Chair), Paul Uhlmann III, Thomas J. Wood III., and L. Joshua Sosland (the latter having been appointed to the Committee on

## Edgar Filing: UMB FINANCIAL CORP - Form DEF 14A

January 27, 2009). During 2008 and until January 27, 2009, David R. Bradley, Jr. also served as a member of the Governance Committee. The primary functions of the Governance Committee are to: (i) consult with the Board regarding the size, organization, composition and functioning of the Board and its committee structure and makeup, (ii) select and approve candidates for Board membership, (iii) recommend director-nominees for each Board committee, (iv) lead the Board in its periodic reviews of the Board's and its committees' performance, (v) develop and recommend for Board approval, a set of corporate governance principles applicable to the Company,

**Table of Contents**

(vi) evaluate and make recommendations to the Board regarding Board effectiveness and corporate governance policies and practices, and (vii) provide consultation or assistance to the Board on such other corporate governance matters as the Board may refer to it from time to time. The Governance Committee met four times during the 2008 fiscal year. The Governance Committee has a formal charter which is available on the Company's website, at [www.umb.com/investor](http://www.umb.com/investor). The Board has determined each current and former member of the Governance Committee to be independent, as defined in applicable SEC and the NASDAQ Global Select Market (NASDAQ) rules and regulations.

**Audit Committee.** The Company's Audit Committee, a separately-designated standing audit committee established in accordance with section 3(a)(58)(A) of the Securities Exchange Act of 1934 (the Exchange Act), as amended, oversees the accounting and financial reporting processes of the Company and audits of the financial statements of the Company. The members of the Audit Committee are: Theodore M. Armstrong (Chair), Kevin C. Gallagher, John H. Mize, Jr., and Kris A. Robbins. The Board has determined each current and former member of the Audit Committee to be independent, as defined in applicable Securities and Exchange Commission (SEC) and NASDAQ rules and regulations and qualified to serve on the Audit Committee under applicable SEC and NASDAQ requirements. The Board also determined, at its January 27, 2009, Board meeting, that Theodore M. Armstrong and Kris A. Robbins were each independent directors and qualified as audit committee financial experts, under applicable law and the NASDAQ rules. The Audit Committee met six times during the 2008 fiscal year. The Audit Committee has a formal charter (last revised on January 27, 2009) which is available on the Company's website at [www.umb.com/investor](http://www.umb.com/investor).

The primary functions of the Audit Committee are to provide an evaluation, review and oversight of: (i) the quality, integrity and adequacy of the accounting, financial reporting, risk management and internal control functions of the Company and its subsidiaries; (ii) the integrity of the Company's financial statements and related reporting process; (iii) the Company's compliance with legal and regulatory requirements; (iv) the independent auditors' qualifications, independence and performance; and (v) the performance and adequacy of the Company's internal audit function. The Audit Committee has sole authority over the appointment and replacement of the independent auditors, is directly responsible for the compensation, oversight and approval of the work of the independent auditors, and receives communications from the independent auditors. It is also responsible for preparing an Audit Committee report to be included in the Company's annual proxy statement, and reviewing financial statements and other releases prior to filing with the SEC. The Audit Committee reviews and approves or ratifies related person transactions. Additionally, it establishes procedures for the processing of complaints regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

**Compensation Committee.** The Company's standing compensation committee (the Compensation Committee) consists of the following members: Greg M. Graves (Chair), Thomas D. Sanders, Dr. Jon Wefald, and David R. Bradley, Jr. (the latter having been appointed to the Committee on January 27, 2009). During the fiscal year 2008, Michael J. Chesser also served on the Compensation Committee, resigning in January 2008. The primary functions of the Compensation Committee are to: (i) establish and adjust the compensation of the chief executive officer and such other officers of the Company and its subsidiaries as the Compensation Committee may designate from time to time, (ii) review and discuss with management, the compensation discussion and analysis (CD&A) narrative required to be included in the Company's annual report on Form 10-K and the proxy statement for the Annual Meeting of shareholders, and make a recommendation to the Board as to the inclusion of such CD&A in such documents, in accordance with applicable laws, rules and regulations, (iii) make recommendations to the Board regarding the compensation of directors who are not officers of the Company, (iv) administer the Company's short-term incentive compensation plan, and stock option and equity compensation plans, including the granting of options and issuance of awards of restricted stock thereunder, and (v) provide advice and recommendations to the Company's management and Board on other compensation issues. The Board has determined each current and former member of the Compensation Committee to be independent under applicable SEC and NASDAQ rules and regulations, and to be a non-employee director as defined by Rule 16b-3 of the Exchange Act and an outside director as defined by Section 162(m) of the

## **Table of Contents**

Internal Revenue Code. The Compensation Committee met six times during the 2008 fiscal year. The Compensation Committee has a formal charter (last revised on January 27, 2009) which can be viewed on the Company's website at [www.umb.com/investor](http://www.umb.com/investor).

A narrative discussion of the process and procedures for the consideration and determination of executive compensation, including the Compensation Committee's authority and role in such process, its delegation of certain of such authority to others, and the roles of Company executives and outside executive compensation consultants in making decisions or recommendations as to executive compensation, are contained in the **Executive Compensation Compensation Discussion & Analysis** set forth below.

In developing its recommendations on director compensation issues, the Compensation Committee obtains from its outside compensation consultant (the consultant is identified and its functions described at **Executive Compensation Consultant** in the **Executive Compensation Compensation Discussion & Analysis** set forth below) peer group data, board compensation survey results, and suggestions on Board compensation issues. Based on data and suggestions obtained from its consultant, as well as information it obtains from the Company's management and from public sources, the Committee makes recommendations to the full Board for formal approval and action on Board compensation issues. Such consideration and recommendation is normally made on an annual basis.

## **Selection of Nominees for the Board of Directors**

In identifying and evaluating nominees, the Governance Committee receives recommendations from Company management, from other directors, and from shareholders (in accordance with the procedures described below). The Governance Committee reviews information on each candidate and evaluates him/her based on the criteria set out in the Governance Committee Charter and the needs and requirements of the Company and its Board committees. The Governance Committee believes that any director candidate should have the following minimum qualifications: be an individual of high character and integrity; have a reputation, both personal and professional, consistent with the image and reputation of the Company; and have expertise that may be useful to the Company. The Governance Committee considers various factors, including his/her independence, experience, diversity, age, geographic representation, business associations, economic relationships, education or special skills, prior service on the board of directors of a publicly-traded company, areas of expertise, reputation, ability to regularly attend and actively contribute to Board meetings, and other characteristics and qualities as identified by the Governance Committee or by the Board from time to time as being likely to enhance the effectiveness of the Board and its committees.

It is the policy of the Governance Committee to consider nominations of director candidates properly made or recommended by shareholders in accordance with applicable laws and regulations, or submitted in writing by shareholders to the Governance Committee providing the candidate's name, biographical data and qualifications. Such written submissions should be sent to: Board Corporate Governance and Nominating Committee, c/o Corporate Secretary, UMB Financial Corporation, 6<sup>th</sup> Floor, Mail Stop 1020604, 1010 Grand Blvd., Kansas City, Missouri 64106. In its consideration of such nominees, the Governance Committee utilizes the same criteria and factors as described in the Governance Committee Charter and as set forth above. There is no difference between the manner in which candidates or nominees submitted by shareholders are evaluated, compared to the manner in which candidates or nominees submitted by management or by members of the Governance Committee or by any other person or entity are evaluated.

The Governance Committee met in January 2009, and selected candidates for the positions held by Class III directors whose terms are scheduled to expire at the April 21, 2009, Annual Meeting. The Board subsequently nominated the candidates selected by the Governance Committee to be presented to the shareholders as reflected in Proposal #1. The candidates identified in Proposal #1 are current directors standing for re-election.

## Edgar Filing: UMB FINANCIAL CORP - Form DEF 14A

The firm of James Drury Partners was recently engaged to work with the Governance Committee and the Company to identify and assist in the recruitment of future candidates for nomination for election to the

## Table of Contents

Company's Board of Directors, with an emphasis on locating candidates who can bring to the Board desired business acumen, geographic representation and diversity. The firm has been assigned to locate potential candidates that possess the desired characteristics and provide assistance in vetting them and arranging interviews with those specified by the Governance Committee. The firm will provide such further research and support as the Governance Committee may from time to time request with respect to the selection of candidates for election to the Board of Directors consistent with the process and criteria set out in the Governance Committee's Charter. The fees of James Drury Partners will be paid by the Company.

## **Director Independence**

In considering and making decisions as to the independence of each of the Directors of the Company, the Board considered transactions and relationships between the Company (and its subsidiaries) and each director (and each member of such director's immediate family and any entity with which the director or family member has an affiliation such that the director or family member may have a material indirect interest in a transaction or relationship with such entity). The Board has determined that the following members of the Board are independent as defined in applicable SEC and NASDAQ rules and regulations, and that each constitutes an Independent Director as defined in NASD Marketplace Rule 4200, and that such members constitute a majority of the entire Board:

Theodore M. Armstrong  
David R. Bradley, Jr.  
Michael J. Chesser  
Terrence P. Dunn  
Kevin C. Gallagher  
Richard Harvey  
Greg M. Graves

John H. Mize, Jr  
Kris A. Robbins  
Thomas D. Sanders  
L. Joshua Sosland  
Paul Uhlmann III  
Dr. Jon Wefald  
Thomas J. Wood III

In considering the issue of independence, the following relationships, transactions and/or arrangements involving, directly or indirectly, the directors referenced were reviewed and considered: (i) to varying degrees, each of the directors (and/or his/her family members or entities with whom such directors or family members held executive positions or ownership interests or other rights which gave them an element of control or influence over such entity) has had a banking relationship with the Company's banking subsidiaries, including deposit accounts, extensions of credit, credit cards, investment services, trust services and other personal or commercial banking services; (ii) companies with which four of the Directors are associated, received commercial extensions of credit from the Company's banking subsidiaries during 2008; (iii) one of the directors was the chief executive officer of a large construction company that performed services on one of the Company's construction projects during 2008 for which it received from the Company payments not material in amount, and is expected to perform in 2009, work on another of the Company's construction projects for which it is also expected to receive payments not material in amount; (iv) one of the Directors is the chief executive officer of a large company that obtained substantial commercial banking services from the Company's banking subsidiaries; and (v) one of the directors is a minority investor in a small business venture in which one of the Company's Executives is also a minority investor. All of the above transactions and relationships involved contract terms (including price, fees, rates, and interest) no less favorable to the Company than those offered by or available to unrelated entities or persons. The Board concluded that the above arrangements and transactions did not require disclosure under the provisions of Item 404 of Regulation S-K under the Exchange Act (see **Statement of Policy and Process** below), but considered such transactions, relationships and arrangements in reaching its conclusions as to the independence of the directors. The Board concluded that none of the non-employee directors (other than Alexander C. Kemper, who is the brother of the chief executive officer of the Company and the son of a five-percent shareholder of the Company) has any relationship with the Company that would impair his independence. As indicated above, three individuals who served as a director during a portion of 2008 (Jon Wefald, a Class III Director whose term is expiring on April 21, 2009 and who is not standing for re-election,



## **Table of Contents**

Richard Harvey, a director whose term expired on April 22, 2008, and Michael D. Chesser, a director who resigned from the Board in January 2008), were determined by the Board to be Independent Directors during the periods of time that they served as Directors.

### **Attendance at the Board of Directors Meetings, Committee Meetings and Shareholders Meetings**

The Board met six times during 2008, and the Executive Committee took action in lieu of meetings seven times during such year. The Audit Committee met six times; the Compensation Committee met six times; and the Governance Committee met four times. All directors attended at least 75% of the aggregate of the number of Board meetings and committee meetings held during the portion of fiscal year 2008 during which he/she was a member thereof.

The Board has adopted a formal policy that strongly encourages all members of the Board to attend the Company's Annual Meeting of Shareholders, to facilitate communication between the directors and the shareholders of the Company. All but one of the elected members of the Board attended the prior annual meeting of shareholders held on April 22, 2008.

### **Transactions with Related Persons**

#### **Statement of Policy and Process**

The Company has adopted a written Statement of Policy and Process (described below) under which the Company's Audit Committee reviews, and approves or ratifies, any transaction or group of similar transactions (other than those involving compensation and which are reviewed by the Compensation Committee) for which disclosures under Item 404 of Regulation S-K under the Exchange Act are required. Such transactions include those in which the Company is or will be a participant, the amount involved exceeds \$120,000, and in which any of the following Related Persons have a direct or indirect material interest: (i) any director or executive officer of the Company, (ii) any nominee for director, (iii) any person holding 5% or more of the Company's securities, (iv) any immediate family member (as such term is defined in the Exchange Act) of a director or executive officer or nominee or 5% shareholder, and (v) any firm, corporation or other entity (each a Related Entity) in which any of the foregoing persons have a material indirect interest (but expressly excluding any indirect interest arising solely by reason of being a director thereof, or as a less-than-5%-shareholder or limited partner thereof).

No review, approval or ratification is, however, required for transactions (i) where the rates or charges involved are determined by competitive bids, or involve the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority, (ii) involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services, (iii) where the interest of the Related Person arises solely from the ownership of a class of securities of the Company on which dividends or distributions are made to all holders of such securities on a pro rata basis, or (iv) involving indebtedness extended by any of the Company's bank subsidiaries if the debt is not non-accrual, past due, restructured or constituting a problem credit under applicable regulatory guidance.

Key personnel in each of the relevant divisions and operations of the Company (and its subsidiaries) where any Related Persons are potential participants in a transaction covered by the Statement of Policy and Process, are responsible for monitoring and reporting to the General Counsel, any existing or contemplated transactions. After obtaining all appropriate data, the General Counsel informs the Audit Committee of any transactions for which review and approval/ratification may be required, and provides to the Audit Committee, data and information

## Edgar Filing: UMB FINANCIAL CORP - Form DEF 14A

necessary to conduct such review. If advance Audit Committee approval of a transaction does not occur, then it shall be considered after the transaction has been entered into, and if the Audit Committee determines it to be appropriate, the transaction may be ratified at the Audit Committee's next regularly-scheduled meeting. If ratification is not considered appropriate, the Audit Committee shall direct the Company's management to rescind and terminate the transaction as promptly, and on as favorable of conditions, as is feasible.

## **Table of Contents**

No member of the Audit Committee or Compensation Committee participates in any review, consideration, approval or ratification of any transaction with respect to which such member (or any of his or her immediate family members or any of his Related Entities) is involved.

In accordance with the Statement of Policy and Process, when reaching its decision as to whether to approve or ratify a transaction, the Audit Committee considers: (i) the terms of the transaction, (ii) whether completion of the transaction is consistent with the best interests of the Company and its shareholders, (iii) the benefits likely to accrue to the Company, (iv) the extent of the Related Person's interest in the transaction, (v) whether the transaction presents a heightened risk of conflicts of interest and/or improper valuation (or the perception thereof), (vi) any impact the transaction may have on a Director's independence, (vii) the availability of comparable products or services from sources other than the Related Person, (viii) whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances, or on terms comparable to those provided to Company employees generally, and (ix) whether the Company is obtaining products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources.

## **2008 Transactions**

The Audit Committee reviewed and approved the following transactions:

R. Crosby Kemper, a holder of more than 5% of the Company's voting securities and father of J. Mariner Kemper, director and Chief Executive Officer, and Alexander C. Kemper, director, received \$150,000 during 2008 in consulting fees pursuant to a consulting agreement with the Company that is in effect (on a month to month basis.) The Company anticipates paying Mr. Kemper \$12,500 per month under the consulting agreement for such period of time hereafter as such agreement may remain in effect. The Company will also provide Mr. Kemper with expense reimbursement, an automobile, secretarial and administrative support and office facilities.

R. Crosby Kemper, Alexander C. Kemper and J. Mariner Kemper together with certain other members of their immediate family, own a majority of the stock of Pioneer Service Corporation, and they serve as executive officers of such company. In January 2007, the Company modified and extended leases with Pioneer Service Corporation on two billboards and one parking garage owned by Pioneer Service Corporation for a three-year term at an annual fixed rate for the entire three-year period, of \$201,000 per year. The total of the lease payments made to such company during 2008 was \$201,000, and it is contemplated that a lease payment in such amount will be paid to such company during 2009 under the provisions of the leases.

During 2008, many of the Company's directors, executive officers and their related companies and entities, were customers of, and had credit and other banking transactions with, the Company's affiliate banks in the ordinary course of each respective bank's business. Such relationships were, and continue to be, conducted on substantially the same terms as those prevailing at the same time for comparable transactions with persons not related to the Company. All loans and other indebtedness extended by such affiliate banks to such directors, executive officers and family members and related companies and entities, were made in the ordinary course of business, made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with persons not related to the Company or its subsidiaries, and did not involve more than the normal risk of collectibility or present other unfavorable features.

In connection with the review of the compensation given to Company executives, the Company's Compensation Committee reviewed and approved the continued employment of Heather K. Miller, being a sister of J. Mariner Kemper, director and Chief Executive Officer, and Alexander C. Kemper, director, and a daughter of R. Crosby Kemper, shareholder of more than 5% of the Company's common stock, as Executive Vice President and member of the Management Committee, at a 2008 total compensation of \$194,890 (which sum includes \$50,371 representing an award under the Company's 2008 short-term incentive compensation program



**Table of Contents**

that was not actually paid until 2009, but excluding the award under the 2007 short-term incentive compensation program that was actually paid to Ms. Miller in 2008). Ms. Miller also received grants of service-based restricted stock, performance-based restricted stock and non-qualified stock options under the Long-term plan valued at \$66,432 on the date of grant. It is anticipated that Ms. Miller will continue such employment at a similar compensation level during 2009, with any changes to be reviewed and approved in advance by the Compensation Committee. Since the Compensation Committee reviews and pre-approves all compensation arrangements with Ms. Miller, the Audit Committee does not review such transactions.

**·A HIGHER CONTINGENT COUPON OR A LOWER COUPON BARRIER AND TRIGGER PRICE FOR EACH UNDERLYING MAY REFLECT A GREATER EXPECTED VOLATILITY OF ONE OR MORE OF THE UNDERLYINGS, WHICH IS GENERALLY ASSOCIATED WITH A GREATER RISK OF LOSS —**

Volatility is a measure of the degree of variation in the trading prices of an asset over a period of time. The greater the expected volatility at the time the terms of the securities are set on the Trade Date, the greater the expectation is at that time that at least one Underlying may close below its respective Coupon Barrier on an Observation Date

PS-10

(resulting in a missed Contingent Coupon) or Trigger Level on the Final Valuation Date (resulting in a loss of a significant portion or all of your investment). In addition, the economic terms of the securities, including the Contingent Coupon, the Coupon Barriers and the Trigger Prices, are based, in part, on the expected volatility of the Underlyings at the time the terms of the securities are set on the Trade Date, where higher expected volatility will generally lead to a higher Contingent Coupon or a lower Coupon Barrier and Trigger Price for each Underlying. Accordingly, a higher Contingent Coupon as compared with the coupon on our conventional fixed income securities with a similar maturity or the coupon on our other similarly structured securities will generally indicate a greater risk of loss, while a lower Coupon Barrier and Trigger Price for each Underlying as compared with otherwise comparable securities does not necessarily indicate that the securities have a greater likelihood of paying Contingent Coupons or returning your investment at maturity. You should be willing to accept the downside market risk of each Underlying and the potential loss of a significant portion or all of your investment at maturity.

**THE SECURITIES ARE SUBJECT TO THE CREDIT OF DEUTSCHE BANK AG** — The securities are senior unsecured obligations of Deutsche Bank AG and are not, either directly or indirectly, an obligation of any third party. Any payment(s) to be made on the securities depends on the ability of Deutsche Bank AG to satisfy its obligations as they become due. An actual or anticipated downgrade in Deutsche Bank AG’s credit rating or increase in the credit spreads charged by the market for taking Deutsche Bank AG’s credit risk will likely have an adverse effect on the value of the securities. As a result, the actual and perceived creditworthiness of Deutsche Bank AG will affect the value of the securities and, in the event Deutsche Bank AG were to default on its obligations or become subject to a Resolution Measure, you might not receive any amount(s) owed to you under the terms of the securities and you could lose your entire investment.

**THE SECURITIES MAY BE WRITTEN DOWN, BE CONVERTED INTO ORDINARY SHARES OR OTHER INSTRUMENTS OF OWNERSHIP OR BECOME SUBJECT TO OTHER RESOLUTION MEASURES. YOU MAY LOSE SOME OR ALL OF YOUR INVESTMENT IF ANY SUCH MEASURE BECOMES APPLICABLE TO US** — Pursuant to the SRM Regulation, the Resolution Act and other applicable rules and regulations described above under “Resolution Measures and Deemed Agreement,” the securities are subject to the powers exercised by the competent resolution authority to impose Resolution Measures on us, which may include: writing down, including to zero, any claim for payment on the securities; converting the securities into ordinary shares of (i) the Issuer, (ii) any group entity or (iii) any bridge bank or other instruments of ownership of such entities qualifying as common equity tier 1 capital; or applying any other resolution measure including, but not limited to, transferring the securities to another entity, amending, modifying or varying the terms and conditions of the securities or cancelling the securities. The competent resolution authority may apply Resolution Measures individually or in any combination.

The German law on the mechanism for the resolution of banks of November 2, 2015 (*Abwicklungsmechanismengesetz*, or the “**Resolution Mechanism Act**”) provides that, in a German insolvency proceeding of the Issuer, certain specifically defined senior unsecured debt instruments would rank junior to, without constituting subordinated debt, all other outstanding unsecured unsubordinated obligations of the Issuer and be satisfied only if all such other senior unsecured obligations of the Issuer have been paid in full. This prioritization would also be given effect if Resolution Measures are imposed on the Issuer, so that obligations under debt instruments that rank junior in insolvency as described above would be written down or converted into common equity tier 1 instruments before any other senior unsecured obligations of the Issuer are written down or converted. A large portion of our liabilities consist of senior unsecured obligations that either fall outside the statutory definition of debt instruments that rank junior to other senior unsecured obligations according to the Resolution Mechanism Act or

are expressly exempted from such definition.

Among those unsecured unsubordinated obligations that are expressly exempted are money market instruments and senior unsecured debt instruments whose terms provide that (i) the repayment or the amount of the repayment depends on the occurrence or non-occurrence of an event which is uncertain at the point in time when the senior unsecured debt instruments are issued or is settled in a way other than by monetary payment, or (ii) the payment of interest or the amount of the interest payments depends on the occurrence or non-occurrence of an event which is uncertain at the point in time when the senior unsecured debt instruments are issued unless the payment of interest or the amount of the interest payments solely depends on a fixed or floating reference interest rate and is settled by monetary payment. This order of priority introduced by the Resolution Mechanism Act would apply in German insolvency proceedings instituted, or when Resolution Measures are imposed, on or after January 1, 2017 with effect for debt instruments of the Issuer outstanding at that time. In a German insolvency proceeding or in the event of the imposition of Resolution Measures with respect to the Issuer, the competent regulatory authority or court would determine which of our senior debt securities issued under the prospectus have the terms described in clauses (i) or (ii) above, referred to herein as the “**Structured Debt Securities**,” and which do not, referred to herein as the “**Non-Structured Debt Securities**.” We expect the securities offered

PS-11

herein to be classified as Structured Debt Securities, but the competent regulatory authority or court may classify the securities differently. In a German insolvency proceeding or in the event of the imposition of Resolution Measures with respect to the Issuer, the Structured Debt Securities are expected to be among the unsecured unsubordinated obligations that would bear losses after the Non-Structured Debt Securities as described above. **Nevertheless, you may lose some or all of your investment in the securities if a Resolution Measure becomes applicable to us.** Imposition of a Resolution Measure would likely occur if we become, or are deemed by the competent supervisory authority to have become, “non-viable” (as defined under the then applicable law) and are unable to continue our regulated banking activities without a Resolution Measure becoming applicable to us. The Bank Recovery and Resolution Directive and the Resolution Act are intended to eliminate the need for public support of troubled banks, and you should be aware that public support, if any, would only potentially be used by the competent supervisory authority as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool.

By acquiring the securities, you would have no claim or other right against us arising out of any Resolution Measure and we would have no obligation to make payments under the securities following the imposition of a Resolution Measure. In particular, the imposition of any Resolution Measure will not constitute a default or an event of default under the securities, under the Indenture or for the purposes of, but only to the fullest extent permitted by, the Trust Indenture Act. Furthermore, because the securities are subject to any Resolution Measure, secondary market trading in the securities may not follow the trading behavior associated with similar types of securities issued by other financial institutions which may be or have been subject to a Resolution Measure.

In addition, by your acquisition of the securities, you waive, to the fullest extent permitted by the Trust Indenture Act and applicable law, any and all claims against the trustee and the indenture agents for, agree not to initiate a suit against the trustee or the indenture agents in respect of, and agree that the trustee and the indenture agents will not be liable for, any action that the trustee or the indenture agents take, or abstain from taking, in either case in accordance with the imposition of a Resolution Measure by the competent resolution authority with respect to the securities. **Accordingly, you may have limited or circumscribed rights to challenge any decision of the competent resolution authority to impose any Resolution Measure.**

**· THE ISSUER’S ESTIMATED VALUE OF THE SECURITIES ON THE TRADE DATE WILL BE LESS THAN THE ISSUE PRICE OF THE SECURITIES** — The Issuer’s estimated value of the securities on the Trade Date (as disclosed on the cover of this pricing supplement) is less than the Issue Price of the securities. The difference between the Issue Price and the Issuer’s estimated value of the securities on the Trade Date is due to the inclusion in the Issue Price of the agent’s commissions (including the structuring fee), if any, and the cost of hedging our obligations under the securities through one or more of our affiliates. Such hedging cost includes our or our affiliates’ expected cost of providing such hedge, as well as the profit we or our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge. The Issuer’s estimated value of the securities is determined by reference to an internal funding rate and our pricing models. The internal funding rate is typically lower than the rate we would pay when we issue conventional debt securities on equivalent terms. This difference in funding rate, as well as the agent’s commissions (including the structuring fee), if any, and the estimated cost of hedging our obligations under the securities, reduces the economic terms of the securities to you and is expected to adversely affect the price at which you may be able to sell the securities in any secondary market. In addition, our internal pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be



incorrect. If at any time a third party dealer were to quote a price to purchase your securities or otherwise value your securities, that price or value may differ materially from the estimated value of the securities determined by reference to our internal funding rate and pricing models. This difference is due to, among other things, any difference in funding rates, pricing models or assumptions used by any dealer who may purchase the securities in the secondary market.

**INVESTING IN THE SECURITIES IS NOT THE SAME AS INVESTING IN THE UNDERLYINGS** — The return on the securities may not reflect the return you would have realized if you had directly invested in the Underlyings. For instance, any Payment at Maturity on the securities is *solely* dependent upon the performance of the Laggard Underlying, and you will not participate in any potential increase in the prices of any Underlyings, which could be significant.

**IF THE PRICES OF THE UNDERLYINGS CHANGE, THE VALUE OF YOUR SECURITIES MAY NOT CHANGE IN THE SAME MANNER** — Your securities may trade quite differently from the prices of the Underlyings. Changes in the prices of the Underlyings may not result in comparable changes in the value of your securities.

PS-12

**NO DIVIDEND PAYMENTS OR VOTING RIGHTS** — As a holder of the securities, you will not have any voting rights or rights to receive cash dividends or other distributions or other rights that holders of the Underlyings would have.

**YOUR INVESTMENT IS EXPOSED TO A DECLINE IN THE PRICE OF EACH UNDERLYING** — Your return on the securities, if any, is not linked to a basket consisting of the Underlyings. Rather, any payment on the securities will be determined *solely* by reference to the performance of each individual Underlying. Unlike an instrument with a return linked to a basket, in which risk is mitigated and diversified among all of the basket components, you will be exposed equally to the risks related to each of the Underlyings. Poor performance by any Underlying over the term of the securities may adversely affect your return on the securities and will not be offset or mitigated by a positive performance by the other Underlyings.

**BECAUSE THE SECURITIES ARE LINKED TO THE LEAST PERFORMING OF THE THREE UNDERLYINGS, YOU ARE EXPOSED TO A GREATER RISK OF RECEIVING NO CONTINGENT COUPONS OR LOSING A SIGNIFICANT PORTION OR ALL OF YOUR INITIAL INVESTMENT THAN IF THE SECURITIES WERE LINKED TO JUST ONE UNDERLYING** — The risk that you will not receive any Contingent Coupons and/or lose a significant portion or all of your investment in the securities is greater than in substantially similar securities that are linked to the performance of just one of the Underlyings. With three Underlyings, it is more likely that the Closing Price of at least one Underlying will be less than its respective Coupon Barrier on each Observation Date and the Final Price of at least one Underlying will be less than its respective Trigger Price than if the securities were linked to only one Underlying, and therefore, it is more likely that you will not receive any Contingent Coupons and will receive a Payment at Maturity that is significantly less than your investment. In addition, the performance of the Underlyings may not be correlated. If the performance of the Underlyings is not correlated, or is negatively correlated, the potential for the price of at least one Underlying to be less than its Coupon Barrier or Trigger Price on any Observation Date or the Final Valuation Date, respectively, is even greater. Although the correlation of the Underlyings' performance may change over the term of the securities, the Contingent Coupon and Trigger Levels are determined, in part, based on the correlation of the Underlyings' performance at the time when the terms of the securities are finalized. A higher Contingent Coupon or a lower Trigger Level for an Underlying is generally associated with a lower correlation of the Underlyings, which reflects a greater potential for loss on your investment at maturity.

**ANTI-DILUTION PROTECTION IS LIMITED AND THE CALCULATION AGENT MAY MAKE ADJUSTMENTS IN ADDITION TO, OR THAT DIFFER FROM, THOSE SET FORTH IN THE ACCOMPANYING PRODUCT SUPPLEMENT** — For each Underlying, the calculation agent will make adjustments to the relevant Stock Adjustment Factor, which will initially be set at 1.0, for certain corporate events affecting such Underlying. The calculation agent is not required, however, to make such adjustments in response to all corporate events that could affect the Underlyings, including if the issuer of an Underlying or another party makes a partial tender or partial exchange offer for such Underlying. If such an event occurs that does not require the calculation agent to make an adjustment, the value of the securities may be materially and adversely affected. In addition, you should be aware that the calculation agent may, at its sole discretion, make adjustments to each Stock Adjustment Factor or any other terms of the securities that are in addition to, or that differ from, those described in the accompanying product supplement to reflect changes occurring in relation to the relevant Underlying or any other security received in a reorganization event in circumstances where the calculation agent determines that it is appropriate to reflect those changes to ensure an equitable result. Any alterations to the specified anti-dilution adjustments for an Underlying or any other security received in a reorganization event described in the accompanying product supplement may be materially adverse to investors in the securities. You should read "Description of

Securities — Anti-Dilution Adjustments for Reference Stock” in the accompanying product supplement in order to understand the adjustments that may be made to the securities.

**THERE IS NO AFFILIATION BETWEEN THE ISSUERS OF THE UNDERLYINGS AND US AND WE HAVE NOT PARTICIPATED IN THE PREPARATION OF, OR VERIFIED, ANY INFORMATION ABOUT THE UNDERLYINGS OR THE ISSUERS OF THE UNDERLYINGS** — We are not affiliated with the issuers of the Underlyings. However, we or our affiliates may currently, or from time to time in the future, engage in business with the issuers of the Underlyings, including extending loans to, making equity investments in, acting as underwriter in connection with future offerings of the Underlyings by, or providing advisory services (including merger and acquisition advisory services) to, such issuers. In the course of this business, we or our affiliates may acquire non-public information about the issuers of the Underlyings, and we will not disclose any such information to you. Nevertheless, neither we nor our affiliates have participated in the preparation of, or verified, any information about the Underlyings or the issuers of the Underlyings. You, as an investor in the securities, should make your own investigation into the Underlyings and the issuers of the Underlyings. The issuers of the Underlyings are not involved in this offering in any way and none of them has any obligation of any sort with

PS-13

respect to your securities. The issuers of the Underlyings do not have any obligation to take your interests into consideration for any reason, including when taking any corporate actions that would require the calculation agent to adjust the Stock Adjustment Factor for any Underlying, which may adversely affect the value of your securities.

**PAST PERFORMANCE OF THE UNDERLYINGS IS NO GUIDE TO FUTURE PERFORMANCE** — The actual performance of the Underlyings over the term of the securities may bear little relation to the historical closing prices of the Underlyings and/or the hypothetical examples set forth elsewhere in this pricing supplement. We cannot predict the future performance of the Underlyings or whether the performance of the Underlyings will result in the return of any of your investment.

**ASSUMING NO CHANGES IN MARKET CONDITIONS AND OTHER RELEVANT FACTORS, THE PRICE YOU MAY RECEIVE FOR YOUR SECURITIES IN SECONDARY MARKET TRANSACTIONS WOULD GENERALLY BE LOWER THAN BOTH THE ISSUE PRICE AND THE ISSUER'S ESTIMATED VALUE OF THE SECURITIES ON THE TRADE DATE** — While the payment(s) on the securities described in this pricing supplement is based on the full Face Amount of securities, the Issuer's estimated value of the securities on the Trade Date (as disclosed on the cover of this pricing supplement) is less than the Issue Price of the securities. The Issuer's estimated value of the securities on the Trade Date does not represent the price at which we or any of our affiliates would be willing to purchase your securities in the secondary market at any time. Assuming no changes in market conditions or our creditworthiness and other relevant factors, the price, if any, at which we or our affiliates would be willing to purchase the securities from you in secondary market transactions, if at all, would generally be lower than both the Issue Price and the Issuer's estimated value of the securities on the Trade Date. Our purchase price, if any, in secondary market transactions would be based on the estimated value of the securities determined by reference to (i) the then-prevailing internal funding rate (adjusted by a spread) or another appropriate measure of our cost of funds and (ii) our pricing models at that time, less a bid spread determined after taking into account the size of the repurchase, the nature of the assets underlying the securities and then-prevailing market conditions. The price we report to financial reporting services and to distributors of our securities for use on customer account statements would generally be determined on the same basis. However, during the period of approximately three months beginning from the Trade Date, we or our affiliates may, in our sole discretion, increase the purchase price determined as described above by an amount equal to the declining differential between the Issue Price and the Issuer's estimated value of the securities on the Trade Date, prorated over such period on a straight-line basis, for transactions that are individually and in the aggregate of the expected size for ordinary secondary market repurchases.

In addition to the factors discussed above, the value of the securities and our purchase price in secondary market transactions after the Trade Date, if any, will vary based on many economic and market factors, including our creditworthiness, and cannot be predicted with accuracy. These changes may adversely affect the value of your securities, including the price you may receive in any secondary market transactions. Any sale prior to the Maturity Date could result in a substantial loss to you. The securities are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your securities to maturity.

**THE SECURITIES WILL NOT BE LISTED AND THERE WILL LIKELY BE LIMITED LIQUIDITY** — The securities will not be listed on any securities exchange. There may be little or no secondary market for the securities. We or our affiliates intend to act as market makers for the securities but are not required to do so and may cease such market making activities at any time. Even if there is a secondary market, it may not provide enough liquidity to

allow you to sell the securities when you wish to do so or at a price advantageous to you. Because we do not expect other dealers to make a secondary market for the securities, the price at which you may be able to sell your securities is likely to depend on the price, if any, at which we or our affiliates are willing to buy the securities. If, at any time, we or our affiliates do not act as market makers, it is likely that there would be little or no secondary market in the securities. If you have to sell your securities prior to maturity, you may not be able to do so or you may have to sell them at a substantial loss, even in cases where the prices of the Underlyings have increased since the Trade Date.

**MANY ECONOMIC AND MARKET FACTORS WILL AFFECT THE VALUE OF THE SECURITIES —**  
While we expect that, generally, the prices of the Underlyings will affect the value of the securities more than any other single factor, the value of the securities prior to maturity will also be affected by a number of other factors that may either offset or magnify each other, including:

- o whether the Closing Price of any of the Underlyings on any Observation Date is less than its Coupon Barrier;
- o the expected volatility of the Underlyings;

PS-14

- o the time remaining to the maturity of the securities;

- o the dividend rates of the Underlyings;

- o the real and anticipated results of operations of the issuers of the Underlyings;

- o actual or anticipated corporate reorganization events, such as mergers or takeovers, which may affect any of the Underlyings;

- o interest rates and yields in the markets generally;

- o geopolitical conditions and economic, financial, political, regulatory or judicial events that affect any of the Underlyings or the markets generally;

- o supply and demand for the securities; and

- o our creditworthiness, including actual or anticipated downgrades in our credit ratings.

During the term of the securities, it is possible that their value may decline significantly due to the factors described above even if the prices of the Underlyings remain unchanged from their respective Initial Prices, and any sale prior to the Maturity Date could result in a substantial loss to you. You must hold the securities to maturity to receive the stated payout from the Issuer.

**TRADING AND OTHER TRANSACTIONS BY US OR OUR AFFILIATES IN THE EQUITY AND EQUITY DERIVATIVE MARKETS MAY IMPAIR THE VALUE OF THE SECURITIES** — We or our affiliates expect to hedge our exposure from the securities by entering into equity and equity derivative transactions, such as over-the-counter options, futures or exchange-traded instruments. We or our affiliates may also engage in trading in instruments linked or related to the Underlyings on a regular basis as part of our or their general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for customers, including block transactions. Such trading and hedging activities may adversely affect the prices of one or more Underlyings and, therefore, make it less likely that you will receive a positive return on your investment in the securities. It is possible that we or our affiliates could receive substantial returns from these hedging and trading activities while the value of the securities declines. We or our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to the Underlyings. To the extent that we or our affiliates serve as issuer, agent or underwriter for such securities or financial or derivative instruments, our or our affiliates' interests with respect to such products may be adverse to those of the holders of the securities. Introducing competing products into the marketplace in this manner could adversely affect the prices of one or more Underlyings and the value of the securities. Any of the foregoing activities described in this paragraph may reflect trading strategies that differ from, or are in direct opposition to, investors' trading and investment strategies related to

the securities. Furthermore, because DBSI or one of its affiliates is expected to conduct trading and hedging activities for us in connection with the securities, DBSI or such affiliate may profit in connection with such trading and hedging activities and such profit, if any, will be in addition to any compensation that DBSI receives for the sale of the securities to you. You should be aware that the potential to earn a profit in connection with hedging activities may create a further incentive for DBSI to sell the securities to you in addition to any compensation they would receive for the sale of the securities.

**WE OR OUR AFFILIATES MAY PUBLISH RESEARCH, EXPRESS OPINIONS OR PROVIDE RECOMMENDATIONS THAT ARE INCONSISTENT WITH INVESTING IN OR HOLDING THE SECURITIES. ANY SUCH RESEARCH, OPINIONS OR RECOMMENDATIONS COULD ADVERSELY AFFECT THE PRICES OF THE UNDERLYINGS AND THE VALUE OF THE SECURITIES** — We or our affiliates may publish research from time to time on financial markets and other matters that could adversely affect the prices of the Underlyings and the value of the securities, or express opinions or provide recommendations that are inconsistent with purchasing or holding the securities. Any research, opinions or recommendations expressed by us or our affiliates may not be consistent with each other and may be modified from time to time without notice. You should make your own independent investigation of the merits of investing in the securities and the Underlyings.

**POTENTIAL CONFLICTS OF INTEREST** — We and our affiliates play a variety of roles in connection with the issuance of the securities, including acting as calculation agent, hedging our obligations under the securities and determining the Issuer's estimated value of the securities on the Trade Date and the price, if any, at which we or our affiliates would be willing to purchase the securities from you in secondary market transactions. In performing these roles, our economic interests and those of our affiliates are potentially adverse to your interests as an investor in the securities. The calculation agent will determine, among other things, all values, prices and levels

PS-15

required to be determined for the purposes of the securities on any relevant date or time. The calculation agent also has some discretion about certain adjustments to the Stock Adjustment Factor and will be responsible for determining whether a market disruption event has occurred as well as, in some circumstances, the prices or levels related to the Underlyings that affect whether Contingent Coupons are paid and whether the securities are automatically called. Any determination by the calculation agent could adversely affect the return on the securities.

**THERE IS SUBSTANTIAL UNCERTAINTY REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE SECURITIES**

— There is no direct legal authority regarding the proper U.S. federal income tax treatment of the securities, and we do not plan to request a ruling from the IRS. Consequently, significant aspects of the tax treatment of the securities are uncertain, and the IRS or a court might not agree with the treatment of the securities as prepaid financial contracts that are not debt, with associated contingent coupons, as described above under “Tax Consequences.” If the IRS were successful in asserting an alternative treatment for the securities, the tax consequences of ownership and disposition of the securities could be materially affected. In addition, as described above under “Tax Consequences,” in 2007 the U.S. Treasury Department and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. Any Treasury regulations or other guidance promulgated after consideration of these issues could materially affect the tax consequences of an investment in the securities, possibly with retroactive effect. You should review carefully the section of the accompanying product supplement entitled “U.S. Federal Income Tax Consequences,” and consult your tax adviser regarding the U.S. federal tax consequences of an investment in the securities (including possible alternative treatments and the issues presented by the 2007 notice), as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

PS-16



## The Underlyings

All disclosures contained in this pricing supplement regarding the Underlyings are derived from publicly available information. Neither Deutsche Bank AG nor any of its affiliates has participated in the preparation of, or verified, such information about the Underlyings contained in this pricing supplement. You should make your own investigation into the Underlyings.

Included below is a brief description of the issuer of each Underlying. Each Underlying is registered under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). Companies with securities registered under the Exchange Act are required to file certain financial and other information specified by the SEC periodically. Information filed by the issuer of each Underlying with the SEC can be reviewed electronically through a web site maintained by the SEC. The address of the SEC’s web site is <http://www.sec.gov>. Information filed with the SEC by the issuers of the Underlyings under the Exchange Act can be located by reference to its SEC file number provided below.

In addition, information filed with the SEC can be inspected and copied at the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of this material can also be obtained from the Public Reference Section, at prescribed rates.

We obtained the historical closing prices of the Underlyings below from Bloomberg L.P. and we have not participated in the preparation of, or verified, such information. **The historical closing prices of the Underlyings should not be taken as an indication of future performance and no assurance can be given as to the Closing Prices of the Underlyings on any of the Observation Dates (including the Final Valuation Date). We cannot give you assurance that the performance of the Underlyings will result in the return of any of your investment.**

PS-17

**BlackRock, Inc.**

According to publicly available information, BlackRock, Inc. is a publicly traded investment management firm that provides investment and risk management services to institutional and retail clients. Information filed by BlackRock, Inc. with the SEC under the Exchange Act can be located by reference to its SEC file number: 001-33099, or its CIK code: 0001364742. The common stock of BlackRock, Inc. is traded on the New York Stock Exchange under the ticker symbol “BLK.”

*Historical Information*

The following graph sets forth the historical performance of the common stock of BlackRock, Inc. based on its daily closing prices from October 6, 2012 through October 6, 2017. The closing price of the common stock of BlackRock, Inc. on October 6, 2016 was \$463.22. The graph below also indicates by a broken line the Coupon Barrier and Trigger Price for BlackRock, Inc. equal to 70.00% its closing price on October 6, 2017.

PS-18

**Micron Technology, Inc.**

According to publicly available information, Micron Technology, Inc. manufactures advanced semiconductor systems. Information filed by Micron Technology, Inc. with the SEC under the Exchange Act can be located by reference to its SEC file number: 001-10658 or its CIK code: 0000723125. The common stock of Micron Technology, Inc. is traded on the NASDAQ Stock Market under the ticker symbol "MU."

*Historical Information*

The following graph sets forth the historical performance of the common stock of Micron Technology, Inc. based on its daily closing prices from October 6, 2012 through October 6, 2017. The closing price of the common stock of Micron Technology, Inc. on October 6, 2017 was \$39.67. The graph below also indicates by a broken line the Coupon Barrier and Trigger Price for Micron Technology, Inc. equal to 70.00% of its closing price on October 6, 2017.

PS-19

## **The Boeing Company**

According to publicly available information, The Boeing Company is an aerospace firm that operates in three principal segments: commercial airplanes; defense, space and security; and consumer financing. Information filed by The Boeing Company with the SEC under the Exchange Act can be located by reference to its SEC file number: 001-00442, or its CIK code: 0000012927. The common stock of The Boeing Company is traded on the New York Stock Exchange under the ticker symbol “BA.”

### *Historical Information*

The following graph sets forth the historical performance of the common stock of The Boeing Company based on its daily closing prices from October 6, 2012 through October 6, 2017. The closing price of the common stock of The Boeing Company on October 6, 2017 was \$258.58. The graph below also indicates by a broken line the Coupon Barrier and Trigger Price of The Boeing Company equal to 70.00% its closing price on October 6, 2016.

## **Supplemental Plan of Distribution (Conflicts of Interest)**

DBSI, acting as agent for Deutsche Bank AG, will not receive a discount or commission. All sales of the securities will be made to the fee-based advisory accounts for which a dealer is an investment advisor. Such dealer will forgo any discounts and commissions with respect to sales of the securities. DBSI may pay a dealer a structuring fee of \$2.50 per \$1,000 Face Amount of securities with respect to sales of the securities into certain fee-based accounts specified by such dealer.

DBSI, the agent for this offering, is our affiliate. Because DBSI is both our affiliate and a member of the Financial Industry Regulatory Authority, Inc. (“**FINRA**”), the underwriting arrangement for this offering must comply with the requirements of FINRA Rule 5121 regarding a FINRA member firm’s distribution of the securities of an affiliate and related conflicts of interest. In accordance with FINRA Rule 5121, DBSI may not make sales in offerings of the securities to any of its discretionary accounts without the prior written approval of the customer. See “Plan of Distribution (Conflicts of Interest)” in the accompanying product supplement.

## **Settlement**

We expect to deliver the securities against payment for the securities on the Settlement Date indicated above, which is expected to be a day that is greater than two business days following the Trade Date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two business days, unless the parties to a trade expressly agree otherwise. Accordingly, if the Settlement Date is more than two business days after the Trade Date, purchasers who wish to transact in the securities more than two business days prior to the Settlement Date will be required to specify alternative settlement arrangements to prevent a failed settlement.

PS-21