

CHICAGO--([BUSINESS WIRE](#))--Fitch Ratings affirms UMB Financial (UMBF) ratings at 'A+'/'F1+'. The Rating Outlook remains Stable. The Stable Outlook incorporates assumptions that the company will continue to report consistent solid operating performance, irrespective of the operating environment. A full list of rating actions is at the end of this rating action commentary.

KEY RATING DRIVERS - IDRS, VRs, AND SENIOR DEBT

The affirmation of the Issuer Default Ratings (IDRs) reflects UMBF's strong operating performance and good credit quality over multiple business cycles, which Fitch expects to continue. Furthermore, UMBF is continuing to invest in growing its suite of businesses, which Fitch believes should help the company maintain its strong operating results over an intermediate term.

UMB's operating performance, as measured through return on assets (ROA), averages around 90 basis points (bps), above peer averages. This performance is driven by its low cost of deposits, as well strong asset quality and a sizable contribution from non-interest income.

UMB continues to maintain an extremely cheap deposit base, with approximately 40% of the company's total deposits being attractive non-interest bearing demand deposits. UMB's cost of funding is well below peer averages.

Fitch's rating action also incorporates UMB's maintenance of strong credit quality over the last several years. Non-performing assets (NPAs) as a percentage of gross loans plus other real estate owned impressively hovered around 60 bps over the last five years and well below most mid-tier peer institutions. This has meant that the company's provision expense has remained low, which has further helped keep operating performance strong.

RATING SENSITIVITIES - IDRS, VRs, AND SENIOR DEBT

Given UMBF ratings are among the highest in the world, upward ratings movement is very unlikely. Conversely, significant changes in the balance sheet profile, earnings quality or changes in management could apply downward ratings pressure. UMBF's ratings are supported by the consistency and conservatism demonstrated by its long-tenured management team, and as such, the very high ratings would likely be under pressure if UMBF were to deviate from its core competencies.

Fitch notes that UMBF has reported above average loan growth over the last 12 months. While this rating action incorporates a view that that loan growth will not result in outsized credit losses, any deterioration in asset quality ratios could pressure UMBF's ratings.

Given UMBF's particularly large securities portfolio, UMBF is more vulnerable to a rapid and unexpected increase in interest rates which could lead adversely impacted its unrealized position and tangible capital ratios. A material erosion in tangible capital ratios could impact investor confidence in UMBF, and ultimately lead to liquidity concerns, although this is viewed as unlikely. UMBF's ratings would also be vulnerable to a large and unforeseen operational loss.

SUBSIDIARY AND AFFILIATED COMPANY KEY RATING DRIVERS

UMB Bank, National Association is a wholly owned subsidiary of UMBF. UMB Bank, National Association's ratings are aligned with UMBF reflecting Fitch's view that the bank subsidiary is core to the franchise.

SUBSIDIARY AND AFFILIATED COMPANY RATING SENSITIVITIES

UMB Bank, National Association's ratings are sensitive to changes to UMBF's Viability Rating (VR) or any changes to Fitch's view of structural subordination between bank subsidiary and holding company. Rating sensitivities for the VR are listed above.

KEY RATING DRIVERS - SUPPORT RATING AND SUPPORT RATING FLOOR

UMBF's Support Rating and Support Rating Floor of '5' and 'NF' reflect Fitch's view that the company is unlikely to procure extraordinary support should such support be needed.

KEY RATING SENSITIVITIES - SUPPORT RATING AND SUPPORT RATING FLOOR

UMBF's Support Rating and Support Rating Floor are sensitive to Fitch's assumption around capacity to procure extraordinary support in case of need.

Fitch reviewed UMBF's ratings as part of the mid-tier regional bank review. The 19 banks in today's review include: Associated Banc-Corp (ASBC), BOK Financial Corp (BOKF), Cathay General Bancorp (CATY), City National Bancorp (CYN), Cullen/Frost Bankers, Inc. (CFR), East West Bancorp, Inc. (EWBC), First Horizon National Corp (FHN), First National of Nebraska, Inc. (FNNI), First Niagara Financial Group, Inc. (FNFG), First Republic Bank (FRC), First Merit (FMER), Fulton Financial Corp. (FULT), Hancock Holding Company (HBHC), People's United Financial, Inc. (PBCT), Synovus Financial Corp. (SNV), TCF Financial Corp. (TCB), UMB Financial Corporation (UMBF), Webster Financial Corp. (WBS), Wintrust (WTFC).

Fitch has affirmed the following ratings with a Stable Outlook:

UMB Financial Corp.

--Long-Term IDR at 'A+';

--Short-Term IDR at 'F1';

--Viability Rating at 'a+';

--Support Floor 'NF'

--Support '5'.

UMB Bank, National Association

--Long-Term IDR at 'A+';

--Long-Term Deposit at 'AA-';

--Short-Term IDR at 'F1';

--Short-Term Deposits at 'F1+';

--Viability Rating at 'a+';

--Support Floor at 'NF';

--Support at '5'.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria and Related Research:

--2014 Outlook: U.S. Banks (Nov. 21, 2013);

--U.S. Banks: Liquidity and Deposit Funding (Aug. 08, 2013);

--U.S. Banks: Interest Rate Risks (What Happens When Rates Rise) (June 18, 2013);

--U.S. Bank Mergers and Acquisitions -- When Will The Catalysts Kick In? (July 11, 2013);

--Global Trading and Universal Banks - Periodic Review (Dec. 12, 2013);

--Fitch Fundamentals Index - U.S.; Index Trend Analysis 4Q13 (Jan. 15, 2013);

--Risk Radar Global - Q313 (Sept. 05, 2013);

--Fitch Global Corporate Rating Activity - Third Quarter 2013 (Dec. 5, 2013);

--U.S. Banking Quarterly Comment: 4Q13 (Earnings Continue to --Tick Up, but Challenges Remain) (Jan. 27, 2014);

--Global Financial Institutions Rating Criteria (Jan. 31, 2014);

--Assessing and Rating Bank Subordinated and Hybrid Securities (Jan. 31, 2014).

Applicable Criteria and Related Research:

2014 Outlook: U.S. Banks

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=723989

U.S. Banks: Liquidity and Deposit Funding

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=714196

U.S. Banks: Interest Rate Risks (What Happens When Rates Rise)

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=710875

U.S. Bank Mergers and Acquisitions -- When Will The Catalysts Kick In?

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=712539

Global Trading and Universal Banks - Periodic Review

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=726150

Fitch Fundamentals Index

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=729196

Risk Radar Global - Q313

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=717023

Fitch Global Corporate Rating Activity – Third-Quarter 2013

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=720480

U.S. Banking Quarterly Comment: 4Q13 (Earnings Continue to Tick Up, but Challenges Remain)

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=732295

Global Financial Institutions Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=732397

Assessing and Rating Bank Subordinated and Hybrid Securities Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=732137

Additional Disclosure

Solicitation Status

http://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=819700

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