

## UMB Financial (UMBF)

**\$121.43** (Stock Price as of 01/06/2026)

Price Target (6-12 Months): **\$125.50**

Long Term: 6-12 Months

**Zacks Recommendation:**

Neutral

(Since: 11/01/24)

Prior Recommendation: Outperform

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**2-Buy**

Zacks Style Scores:

VGM: C

Value: A

Growth: C

Momentum: F

## Summary

Shares of UMB Financial have outperformed the industry in the past six months. The growing loan and deposit balance will keep aiding its financials in the long term. The recent three Fed rate cuts in 2025 are likely to ease funding costs. Thus, the stabilizing funding costs and revenue-focused investments are expected to support net interest income (NII) and fee income. With solid liquidity and a healthy balance sheet, its capital distribution strategy appears sustainable in the near term. However, elevated expenses primarily driven by merger-related and acquisition costs are likely to hamper bottom-line expansion in the near term. A significant exposure to commercial loans may exert pressure on asset quality and weigh on financials amid a volatile market. While the company is focused on operational improvements, cost headwinds remain a key challenge.

## Price, Consensus & Surprise<sup>(1)</sup>

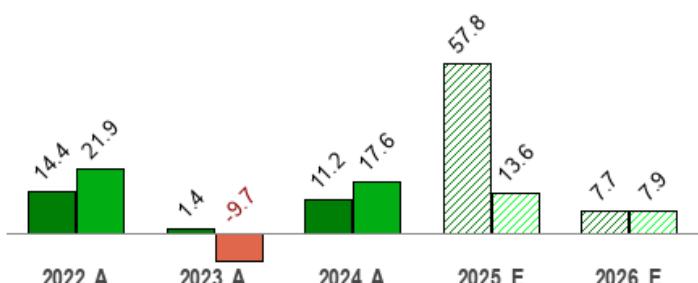


## Data Overview

52 Week High-Low	<b>\$126.14 - \$82.00</b>
20 Day Average Volume (sh)	<b>456,793</b>
Market Cap	<b>\$9.2 B</b>
YTD Price Change	<b>5.6%</b>
Beta	<b>0.78</b>
Dividend / Div Yld	<b>\$1.72 / 1.4%</b>
Industry	<b>Banks - Midwest</b>
Zacks Industry Rank	<b>Top 39% (96 out of 244)</b>

## Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>

Sales        EPS    



Last EPS Surprise	<b>8.9%</b>
Last Sales Surprise	<b>4.2%</b>
EPS F1 Est- 4 week change	<b>0.0%</b>
Expected Report Date	<b>01/27/2026</b>
Earnings ESP	<b>0.0%</b>

## Sales Estimates (millions of \$)<sup>(1)</sup>

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Annual*</b>
2026	683 E	699 E	714 E	729 E	2,814 E
2025	571 A	689 A	687 A	679 E	2,612 E
2024	405 A	396 A	413 A	441 A	1,655 A

## EPS Estimates<sup>(1)</sup>

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Annual*</b>
2026	2.76 E	2.87 E	2.94 E	3.07 E	11.53 E
2025	2.58 A	2.96 A	2.70 A	2.69 E	10.69 E
2024	2.47 A	2.16 A	2.25 A	2.49 A	9.41 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 01/06/2026.

(2) The report's text and the price target are as of 12/17/2025.

## Overview

Headquartered in Kansas City, MO, UMB Financial Corporation provides banking services and asset servicing in the United States. Its banking subsidiary — UMB Bank, National Association — offers banking, asset management, trust, credit card and cash-management services to commercial, retail, government and correspondent-bank customers.

The company has strategically aligned its operations into the following three reportable segments. Firstly, Commercial Banking serves through various products and service such as commercial lending and leasing, capital markets, and treasury management needs of the small to middle-market businesses.

Next is Institutional Banking, which is a combination of banking services, fund services and asset management services and healthcare services provided to institutional clients. This segment also provides fixed income sales, trading and underwriting, corporate trust and escrow services, as well as institutional custody.

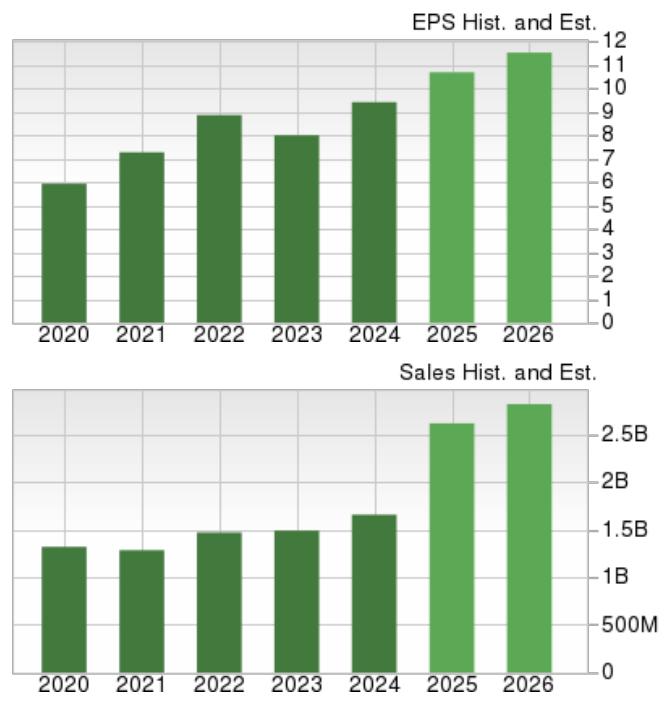
Lastly, Personal Banking combines consumer banking and wealth management services provided to personal clients. Products and services include deposit accounts, retail credit cards, installment loans, home equity lines of credit, residential mortgages, and small business loans in addition to a whole range of investment advisory, trust and custody services.

On Jan. 31, 2025, the company closed the acquisition of Heartland Financial USA, Inc., which increased its total assets by more than 30%.

In 2021, UMB Financial restructured its investment banking division and renamed it Capital Markets Division.

In 2017, the company completed the divestiture of the outstanding stock of Scout, its institutional investment management subsidiary, for \$172.5 million in cash.

As of Sept 30, 2025, UMB Financial had total assets worth \$71.9 billion, total loans of \$37.7 billion, total deposits of \$60.1 billion and shareholders' equity of \$7.4 billion.



As of 01/06/2026



## Reasons To Buy:

- ▲ UMB Financial has a healthy balance sheet position. The company witnessed impressive net loan growth in the last four years (2020-2024), with a compounded annual growth rate (CAGR) of 12.4%. Also, deposits saw a CAGR of 12.6% during the same time frame. In the first nine months of 2025, the rising trend continued for both loans and deposits. This growth was largely driven by organic momentum and the integration benefits from its January 2025 acquisition of Heartland Financial USA. The deal significantly expanded its retail deposit base and loan balance by adding \$9.8 billion of loans and \$14.3 billion of deposits. Going forward, the strong deposit and loan pipeline will likely support the company's balance sheet.
- ▲ The company's NII witnessed a CAGR of 8.2% over the last four years (ended 2024), with the rising trend of NII continuing in the first nine months of 2025. Though the Federal Reserve reduced rates by 75 basis points (bps) this year and by 100 bps in 2024, the company's NII will likely witness modest growth in the upcoming period as funding/ deposit costs continue to stabilize. Also, modest loan demand will support the metric's growth to some extent.
- ▲ UMB Financial has been diversifying operations to non-interest sources to reduce exposure to spread income. Non-interest income saw a CAGR of 2.9% for the four-year period that ended in 2024, with a rising trend continuing in the first nine months of 2025. The company's investment in revenue-producing capabilities is likely to support top-line growth. Going forward, diverse lines of business and verticals will keep aiding UMB Financial's non-interest income.
- ▲ As of Sept. 30, 2025, UMB Financial had debt (comprising short-term and long-term debt) of \$4.71 billion. Cash and due from banks, and interest-bearing due from banks, were \$9 billion as of the same date. The company seems well-placed in terms of its liquidity profile and is expected to continue meeting its debt obligations even if the economic situation worsens.
- ▲ We remain encouraged by UMB Financial's enhanced capital distribution activities. It has been raising dividends annually regularly since 2002, with the latest hike of 7.5% announced in October 2025. Also, the bank has a share repurchase plan in place. In the first quarter of 2024, the company approved the repurchase of up to 1 million shares of its common stock. These can take place at any point in time until its termination, following the 2026 annual meeting of the company's shareholders. The company has not repurchased any of its common shares to date. Given solid liquidity, a favorable debt-to-equity ratio and payout rate compared with the broader industry, the company's capital-distribution activities seem sustainable.
- ▲ UMB Financial's return on equity (ROE) reflects its growth potential. The company's ROE of 12.15% compares favorably with 10.82% of the industry, reflecting its efficiency in using shareholders' funds.
- ▲ Shares of UMB Financial have outperformed the industry in the past six months. The Zacks Consensus Estimate for 2025 earnings have remained unchanged over the past month. Given the solid fundamentals, the company has decent upside potential in the near term.

UMB Financial benefits from revenue strength aided by rising loan and deposit balances along with diversified fee income. Also, steady capital distributions are backed by a decent liquidity position.

## Reasons To Sell:

- ▼ The rising cost base remains a key concern for UMB Financial. The non-interest expenses flared up, seeing a CAGR of 9.2% over the last four years (2020-2024). The rising trend continued in the first nine months of 2025, primarily due to higher salaries and employee benefits from additional associates added as part of the Heartland Financial acquisition, along with increased occupancy expenses and processing fees. Though the company is focusing on improving its operating leverage, a rise in expenses based on higher salaries and employee benefits costs is likely to impede bottom-line growth in the upcoming period.
- ▼ The majority of UMB Financial's loan portfolio, 83.9% of the total average loans, as of Sept. 30, 2025, comprises total commercial loans (commercial and industrial as well as commercial real estate). The current rapidly changing macroeconomic backdrop is affecting commercial lending activity and the asset quality of the loan category. The provisions for credit losses on commercial loans accounted for 91.5% of the total loans as of Sept. 30, 2025. Thus, the lack of loan portfolio diversification is likely to hurt its financials if the economic situation worsens.
- ▼ The company faces intense competition in its business operations. The growing market share of FinTech companies and online service providers remains a key threat to traditional banks like UMB Financial. Also, these new entrants are not subject to the same level of regulations and supervision.

Escalating operating expenses is a major concern for UMB Financial, restraining bottom-line expansion. Additionally, intense competition and significant exposure to commercial loans remain headwinds.

## Last Earnings Report

### UMB Financial Beats Q3 Earnings on Strong NII & Fee Income

UMB Financial's third-quarter 2025 operating earnings per share of \$2.70 beat the Zacks Consensus Estimate of \$2.48. The bottom line also compared favorably with \$2.25 in the year-ago quarter.

The company delivered a strong quarterly performance, supported by organic growth within its legacy UMBF operations and the integration benefits of its January 2025 acquisition of Heartland Financial USA, Inc. The results were further bolstered by increases in net NII and non-interest income. However, the overall performance was partially offset by deteriorating asset quality and elevated non-interest expenses.

Net income (GAAP basis) for UMB Financial was \$180.4 million in the third quarter, soaring 64.5% from the year-ago quarter.

#### Revenues & Expenses Rise

Quarterly revenues (FTE) were \$686.7 million, surging 66.4% year over year. Also, the top line beat the Zacks Consensus Estimate by 4.2%.

NII on an FTE basis was \$483.4 million, a jump of 90.3% from the prior-year quarter. On an FTE basis, the net interest margin was 3.04%, up 58 bps year over year. The increase was primarily driven by a rise in average earning assets due to rate and mix changes related to the acquisition of Heartland Financial.

Non-interest income was \$203.3 million, up 28.1% year over year. The rise was primarily driven by an increase in trust and securities processing, and service charges on deposit accounts.

Non-interest expenses were \$419.3 million, surging 66.1% year over year. Third-quarter 2025 expenses included \$35.6 million in total acquisition-related and other non-recurring costs. Operating non-interest expenses (adjusted basis) were \$385 million, up 53% year over year.

The efficiency ratio was 58.1%, up from the prior-year quarter's 61.7%. A decline in the efficiency ratio indicates an increase in profitability.

#### Loans & Deposit Balances Rise

As of Sept. 30, 2025, average loans and leases were \$37.1 billion, up 2% sequentially. Also, average deposits increased 2% year over year to \$56.7 billion.

#### Credit Quality Deteriorates

The ratio of net charge-offs to average loans was 0.20% in the reported quarter compared with 0.14% in the prior-year quarter.

Total non-accrual and restructured loans were \$131.9 million compared with \$19.3 million in the prior-year quarter.

The provision for credit losses was \$22.5 million in the third quarter of 2025 compared with \$18 million in the prior-year quarter.

#### Capital Ratios: Mixed Bag

As of Sept. 30, 2025, the Tier 1 risk-based capital ratio was 11.3% compared with 11.2% as of Sept. 30, 2024. The Tier 1 leverage ratio was 8.3% compared with 8.6% in the prior-year quarter. The total risk-based capital ratio was 13.1%, relatively unchanged from the year-ago quarter.

#### Profitability Ratios: Mixed Bag

Return on average assets at the third-quarter end was 1.04% compared with the year-ago quarter's 1.01%.

The operating return on average common equity was 11.6% compared with 12.7% in the year-ago quarter.

#### Outlook

#### 4Q 2025

Operating expenses are expected to be in the range of \$375-\$380 million.

#### 2025

The company expects the tax rate to be between 19% and 22%, broader than the earlier range of 19-21%.

FY Quarter Ending	12/31/2025
Earnings Reporting Date	Oct 28, 2025
Sales Surprise	4.16%
EPS Surprise	8.87%
Quarterly EPS	2.70
Annual EPS (TTM)	10.73

## Recent News

### Dividend Update

On Oct. 28, 2025, UMB Financial declared its common stock quarterly dividend of 43 cents per share, marking an increase of 7.5% from the prior payout. The dividend will be paid out on Jan. 2, 2026, to shareholders of record as of Dec. 10, 2025.

## Valuation

UMB Financial's shares are up 19.6% in the past six months and 4.8% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 12.3% while those in the Zacks Finance sector are up 11.3% in the past six months. Over the past year, the Zacks sub-industry is up 8.7% and the sector is up 18.8%.

The S&P 500 Index is up 16.6% in the past six months and up 18.2% in the trailing 12-month period.

The stock is currently trading at 10.36X forward 12-months earnings, which compares with 10.48X for the Zacks sub-industry, 17.40X for the Zacks sector, and 23.30X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 17.70X and as low as 7.01X with a 5-year median of 10.89X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$125.5 price target reflects 10.92X forward earnings.

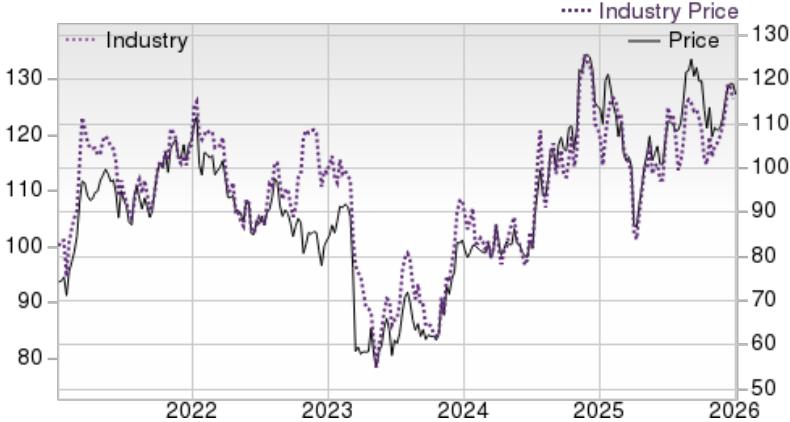
The table below shows the summary of valuation data for UMBF.

Valuation Multiples - UMBF					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	10.36	10.48	17.40	23.30
	5-Year High	17.70	14.34	18.28	23.78
	5-Year Low	7.01	7.61	12.36	15.73
	5-Year Median	10.89	10.53	16.12	21.22
P/TB TTM	Current	1.89	3.02	6.04	12.81
	5-Year High	2.11	4.10	6.05	16.57
	5-Year Low	1.05	2.01	3.44	10.53
	5-Year Median	1.63	3.01	4.74	13.65
P/S F12M	Current	3.22	4.53	9.08	5.25
	5-Year High	4.12	5.42	10.06	5.50
	5-Year Low	1.75	3.18	6.69	3.83
	5-Year Median	2.87	4.47	8.39	5.05

As of 12/16/2025

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 39% (96 out of 244)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
Bank of Hawaii Corp... (BOH)	Neutral	2
Cullen/Frost Bankers... (CFR)	Neutral	2
East West Bancorp, I... (EWBC)	Neutral	2
First Horizon Corpor... (FHN)	Neutral	2
Huntington Bancshare... (HBAN)	Neutral	3
Park National Corpor... (PRK)	Neutral	3
Webster Financial Co... (WBS)	Neutral	3
Bank OZK (OZK)	Underperform	4

## Industry Comparison<sup>(1)</sup> Industry: Banks - Midwest

	UMBF	X Industry	S&P 500	BOH	FHN	OZK
<b>Zacks Recommendation (Long Term)</b>	Neutral	-	-	Neutral	Neutral	Underperform
<b>Zacks Rank (Short Term)</b>	2	-	-	2	2	4
<b>VGM Score</b>	C	-	-	F	D	C
Market Cap	9.22 B	820.57 M	40.27 B	2.80 B	12.15 B	5.31 B
# of Analysts	4	3	22	4	8	6
Dividend Yield	1.42%	2.44%	1.35%	3.98%	2.43%	3.79%
<b>Value Score</b>	A	-	-	C	B	B
Cash/Price	1.10	0.29	0.04	0.36	0.42	0.59
EV/EBITDA	0.27	7.74	14.84	10.08	6.66	3.09
PEG Ratio	0.99	0.95	2.06	0.63	0.88	NA
Price/Book (P/B)	1.29	1.14	3.44	1.94	1.41	0.93
Price/Cash Flow (P/CF)	10.59	10.40	15.60	14.27	13.33	6.56
P/E (F1)	10.53	9.89	18.94	13.21	12.39	7.66
Price/Sales (P/S)	2.44	2.13	3.12	2.65	2.48	1.90
Earnings Yield	9.50%	10.12%	5.28%	7.57%	8.07%	13.06%
Debt/Equity	0.07	0.19	0.57	0.39	0.15	0.13
Cash Flow (\$/share)	11.47	3.21	8.98	4.93	1.85	7.23
<b>Growth Score</b>	C	-	-	F	F	D
Hist. EPS Growth (3-5 yrs)	6.33%	2.35%	8.24%	-8.52%	-1.05%	16.95%
Proj. EPS Growth (F1/F0)	13.60%	5.97%	9.18%	27.20%	18.71%	0.81%
Curr. Cash Flow Growth	12.22%	-5.71%	7.00%	-10.04%	4.36%	5.92%
Hist. Cash Flow Growth (3-5 yrs)	10.83%	3.41%	7.49%	-6.68%	10.51%	11.04%
Current Ratio	0.75	0.91	1.19	0.70	0.96	1.03
Debt/Capital	5.95%	15.86%	38.14%	23.76%	12.56%	11.13%
Net Margin	16.01%	18.38%	12.77%	17.41%	18.08%	25.81%
Return on Equity	12.15%	10.82%	17.03%	13.33%	10.93%	13.00%
Sales/Assets	0.06	0.06	0.53	0.04	0.06	0.07
Proj. Sales Growth (F1/F0)	57.80%	7.56%	5.29%	11.70%	6.10%	3.70%
<b>Momentum Score</b>	F	-	-	C	C	D
Daily Price Chg	1.42%	0.06%	0.62%	0.37%	0.41%	0.81%
1 Week Price Chg	-2.04%	-2.04%	0.70%	-2.23%	-1.55%	-0.25%
4 Week Price Chg	6.56%	1.45%	1.52%	4.04%	8.11%	1.80%
12 Week Price Chg	2.54%	5.40%	4.52%	9.52%	7.17%	-7.48%
52 Week Price Chg	10.05%	11.27%	17.53%	1.12%	20.58%	9.38%
20 Day Average Volume	456,793	118,285	2,426,458	332,235	5,129,210	882,910
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	0.66%	2.00%	-0.19%
(F1) EPS Est 12 week change	0.52%	0.66%	0.44%	4.01%	2.73%	-8.26%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	1.62%	2.50%	0.00%

## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	A
Growth Score	C
Momentum Score	F
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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