UMB FINANCIAL CORP
Form 10-K
February 24, 2010
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark one)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended: December 31, 2009

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number: 0-4887

UMB FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Missouri	**43-0903811**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1010 Grand Boulevard, Kansas City, Missouri	**64106**
(Address of principal executive offices)	**(ZIP Code)**

(Registrant s telephone number, including area code): **(816) 860-7000**

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $1.00 Par Value	**The NASDAQ Global Select Market**

Securities Registered Pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. x Yes ¨ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ¨ Yes x No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ¨ Yes ¨ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ (Do not check if a smaller reporting company) Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No

As of June 30, 2009, the aggregate market value of common stock outstanding held by nonaffiliates of the registrant was approximately $1,224,460,525 based on the NASDAQ closing price of that date.

Indicate the number of shares outstanding of the registrant s classes of common stock, as of the latest practicable date.

Class	Outstanding at February 19, 2010
Common Stock, $1.00 Par Value	40,486,285

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company s definitive Proxy Statement to be delivered to shareholders in connection with the Annual Meeting of Shareholders to be held on April 27, 2010, are incorporated by reference into Part III of this Form 10-K.

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PART I

ITEM 1. *BUSINESS*

General

UMB Financial Corporation (the Company) was organized as a corporation in 1967 under Missouri law for the purpose of becoming a bank holding company registered under the Bank Holding Company Act of 1956 (BHCA). In 2001, the Company elected to become a financial holding company under the Gramm-Leach-Bliley Act of 1999 (GLB Act). The Company owns all of the outstanding stock of four commercial banks, a brokerage company, a community development corporation, a mutual fund servicing company, and fifteen other subsidiaries.

The four commercial banks are engaged in general commercial banking business. The principal location of each bank is in Missouri, Colorado, Kansas, and Arizona, respectively. The principal subsidiary bank, UMB Bank, n.a., whose principal office is in Missouri, also has branches in Illinois, Kansas, Nebraska and Oklahoma. The banks offer a full range of banking services to commercial, retail, government and correspondent bank customers. In addition to standard banking functions, the principal subsidiary bank, UMB Bank, n.a., provides international banking services, investment and cash management services, data processing services for correspondent banks and a full range of trust activities for individuals, estates, business corporations, governmental bodies and public authorities.

The table below sets forth the names and locations of the Company s affiliate banks, as well as their respective number of locations, total assets, loans, total deposits and shareholders equity as of December 31, 2009.

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SELECTED FINANCIAL DATA OF AFFILIATE BANKS (in thousands)

	December 31, 2009				
	Number of Locations	Total Assets	Loans	Total Deposits	Shareholders Equity
Missouri					
UMB Bank, n.a.	114	$ 10,218,465	$ 3,503,442	$ 7,278,064	$ 615,581
Colorado					
UMB Bank Colorado, n.a.	14	$ 1,045,012	$ 534,398	$ 851,472	$ 154,541
Kansas					
UMB National Bank of America, n.a.	5	$ 862,849	$ 215,633	$ 466,208	$ 61,544
Arizona					
UMB Bank Arizona, n.a.	2	$ 85,924	$ 75,866	$ 44,614	$ 10,456
Other Subsidiaries					
UMB Community Development Corporation					
UMB Banc Leasing Corp.					
UMB Financial Services, Inc.					
UMB Insurance, Inc.					
UMB Capital Corporation					
United Missouri Insurance Company					
UMB South Dakota Trust Company					
Scout Investment Advisors, Inc.					
Scout Distributors, LLC					
UMB Fund Services, Inc.					
UMB Bank and Trust, National Association					
Kansas City Realty Company					
Kansas City Financial Corporation					
UMB Redevelopment Corporation					
UMB Realty Company, LLC					
Grand Distribution Services, LLC					
UMB Distribution Services, LLC					
J.D. Clark & Co., Inc.					

UMB Fund Services, Inc. located in Milwaukee, Wisconsin and Media, Pennsylvania, provides services to 43 mutual fund groups representing 128 funds and administrative and support services for 18 alternative investment groups representing 37 funds. In addition, JD Clark & Co., Inc. in Ogden, Utah, provides services to 61 alternative investment groups, representing 278 funds.

On a full-time equivalent basis at December 31, 2009, the Company and its subsidiaries employed 3,245 persons.

Segment Information. Financial information regarding the Company s six segments is included in Note 13 to the Consolidated Financial Statements provided in Item 8, pages 75 through 78 of this report.

Competition. The Company faces intense competition from hundreds of financial service providers in the markets served. The Company competes with other traditional and non-traditional financial service providers including banks, thrifts, finance companies, mutual funds, mortgage banking companies, brokerage companies, insurance companies, and credit unions. Customers are generally influenced by convenience of location, quality of service, personal contact, price of services, and availability of products. The impact from competition is

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critical not only to pricing, but also to transaction execution, products and services offered, innovation and reputation. Within the Kansas City banking market, the Company ranks second based on the amount of deposits at June 30, 2009, the most recent date for which deposit information is available from the Federal Deposit Insurance Corporation (FDIC). At June 30, 2009, the Company had 10.0 percent of the deposits in its primary market, the Kansas City metropolitan area, compared to 8.5 percent at June 30, 2008.

Monetary Policy and Economic Conditions. The Company s business and earnings are affected significantly by the fiscal and monetary policies of the federal government and its agencies. It is particularly affected by the policies of the Board of Governors of the Federal Reserve System (the Federal Reserve Board or FRB), which regulates the supply of money and credit in the United States. Among the instruments of monetary policy available to the FRB are: conducting open market operations in United States government securities; changing the discount rates of borrowings of depository institutions; imposing or changing reserve requirements against depository institutions deposits; and imposing or changing reserve requirements against certain borrowings by banks and their affiliates. These methods are used in varying degrees and combinations to directly affect the availability of bank loans and deposits, as well as the interest rates charged on loans and paid on deposits. The policies of the FRB have a material effect on the Company s business, results of operations and financial condition.

Supervision and Regulation. As a bank holding company and a financial holding company, the Company (and its subsidiaries) is subject to extensive regulation and is affected by numerous federal and state laws and regulations.

Supervision. The Company is subject to regulation and examination by the FRB. Its four subsidiary banks are subject to regulation and examination by the Office of the Comptroller of the Currency (OCC). UMB Insurance Services, Inc. is regulated by state agencies in the states in which it operates. Scout Investment Advisors, Scout Distributors, and UMB Fund Services are subject to the rules and regulations of the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA) because of the UMB Scout Funds and the servicing of other mutual fund groups and alternative investment products. The FRB possesses cease and desist powers over bank holding companies if their actions represent unsafe or unsound practices or violations of law. In addition, the FRB is empowered to impose civil monetary penalties for violations of banking statutes and regulations. Regulation by the FRB is intended to protect depositors of the Company s banks, not the Company s shareholders. The Company is subject to a number of restrictions and requirements imposed by the Sarbanes-Oxley Act of 2002 relating to internal controls over financial reporting, disclosure controls and procedures, loans to directors or executive officers of the Company and its subsidiaries, the preparation and certification of the Company s consolidated financial statements, the duties of the Company s audit committee, relations with and functions performed by the Company s independent auditors, and various accounting and corporate governance matters. The Company s brokerage affiliate, UMB Financial Services, Inc., is regulated by the SEC, FINRA, and is also subject to certain regulations of the various states in which it transacts business. It is subject to regulations covering all aspects of the securities business, including sales methods, trade practices among broker/dealers, capital structure, uses and safekeeping of customers funds and securities, recordkeeping, and the conduct of directors, officers and employees. The SEC and the organizations to which it has delegated certain regulatory authority may conduct administrative proceedings that can result in censure, fines, suspension or expulsion of a broker/dealer, its directors, officers and employees. The principal purpose of regulation of securities broker/dealers is the protection of customers and the securities market, rather than the protection of stockholders of broker/dealers.

Limitation on Acquisitions and Activities. The Company is subject to the Bank Holding Company Act (BHCA), which requires the Company to obtain the prior approval of the Federal Reserve Board to (i) acquire substantially all the assets of any bank, (ii) acquire more than 5% of any class of voting stock of a bank or bank holding company which is not already majority owned, or (iii) merge or consolidate with another bank holding company. The BHCA also imposes significant limitations on the scope and type of activities in which the Company and its subsidiaries may engage. The activities of bank holding companies are generally limited to the

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business of banking, managing or controlling banks, and other activities that the FRB has determined to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. In addition, under the GLB Act, a bank holding company, all of whose controlled depository institutions are well-capitalized and well-managed (as defined in federal banking regulations) and which obtains satisfactory Community Reinvestment Act (CRA) ratings, may declare itself to be a financial holding company and engage in a broader range of activities.

A financial holding company may affiliate with securities firms and insurance companies and engage in other activities that are financial in nature or incidental or complementary to activities that are financial in nature. Financial in nature activities include:

- securities underwriting, dealing and market making;
- sponsoring mutual funds and investment companies;
- insurance underwriting and insurance agency activities;
- merchant banking; and
- activities that the FRB determines to be financial in nature or incidental to a financial activity, or which are complementary to a financial activity and do not pose a safety and soundness risk.

A financial holding company that desires to engage in activities that are financial in nature or incidental to a financial activity but not previously authorized by the FRB must obtain approval from the FRB before engaging in such activity. Also, a financial holding company may seek FRB approval to engage in an activity that is complementary to a financial activity if it shows that the activity does not pose a substantial risk to the safety and soundness of insured depository institutions or the financial system. Under the GLB Act, subsidiaries of financial holding companies engaged in non-bank activities are supervised and regulated by the federal and state agencies which normally supervise and regulate such functions outside of the financial holding company context.

A financial holding company may acquire a company (other than a bank holding company, bank or savings association) engaged in activities that are financial in nature or incidental to activities that are financial in nature, without prior approval from the FRB. Prior FRB approval is required, however, before the financial holding company may acquire control of more than 5% of the voting shares or substantially all of the assets of a bank holding company, bank or savings association. In addition, under the FRB s merchant banking regulations, a financial holding company is authorized to invest in companies that engage in activities that are not financial in nature, as long as the financial holding company makes its investment with the intention of limiting the duration of the investment, does not manage the company on a day-to-day basis, and the company does not cross market its products or services with any of the financial holding company s controlled depository institutions. If any subsidiary bank of a financial holding company receives a rating under the CRA of less than satisfactory , the financial holding company is limited with respect to its engaging in new activities or acquiring other companies, until the rating is raised to at least satisfactory.

Other Regulatory Restrictions & Requirements. A bank holding company and its subsidiaries are prohibited from engaging in certain tie-in arrangements in connection with the extension of credit, with limited exceptions. There are also various legal restrictions on the extent to which a bank holding company and certain of its non-bank subsidiaries can borrow or otherwise obtain credit from its bank subsidiaries. The Company and its subsidiaries are also subject to certain restrictions on issuance, underwriting and distribution of securities. FRB policy requires a bank holding company to serve as a source of financial and managerial strength to its subsidiary banks. Under this source of strength doctrine, a bank holding company is expected to stand ready to use its available resources to provide adequate capital funds to its subsidiary banks during periods

of financial stress or adversity, and to maintain resources and the capacity to raise capital that it can commit to its subsidiary banks. Furthermore, the FRB has the right to order a bank holding company to terminate any activity that the FRB believes is a serious risk to the financial safety, soundness or stability of any subsidiary bank. Also, under cross-guaranty provisions of the Federal Deposit Insurance Act (FDIA), bank subsidiaries of a bank holding company

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are liable for any loss incurred by the FDIC insurance fund in connection with the failure of any other bank subsidiary of the bank holding company.

The Company s bank subsidiaries are subject to a number of laws regulating depository institutions, including the Federal Deposit Insurance Corporation Improvement Act of 1991, which expanded the regulatory and enforcement powers of the federal bank regulatory agencies. These laws require that such agencies prescribe standards relating to internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, and mandated annual examinations of banks by their primary regulators. The Company s bank subsidiaries are also subject to a number of consumer protection laws and regulations of general applicability, as well as the Bank Secrecy Act and USA Patriot Act, which are designed to identify, prevent and deter international money laundering and terrorist financing.

The rate of interest a bank may charge on certain classes of loans is limited by law. At certain times in the past, such limitations have resulted in reductions of net interest margins on certain classes of loans. Federal laws also impose additional restrictions on the lending activities of banks, including the amount that can be loaned to one borrower or a related group.

All four of the commercial banks owned by the Company are national banks and are subject to supervision and examination by the OCC. In addition, the national banks are subject to examination by The Federal Reserve System. All such banks are members of, and subject to examination by the FDIC.

Payment of dividends by the Company s affiliate banks to the Company is subject to various regulatory restrictions. For national banks, the OCC must approve the declaration of any dividends generally in excess of the sum of net income for that year and retained net income for the preceding two years. At December 31, 2009, approximately $12,963,000 of the equity of the Company s bank and non-bank subsidiaries was available for distribution as dividends to the Company without prior regulatory approval or without reducing the capital of the respective banks below prudent levels.

Each of the Company s subsidiary banks are subject to the CRA and implementing regulations. CRA regulations establish the framework and criteria by which the bank regulatory agencies assess an institution s record of helping to meet the credit needs of its community, including low and moderate-income neighborhoods. CRA ratings are taken into account by regulators in reviewing certain applications made by the Company and its bank subsidiaries.

Regulatory Capital Requirements Applicable to the Company. The FRB has promulgated capital adequacy guidelines for use in its examination and supervision of bank holding companies. If a bank holding company s capital falls below minimum required levels, then the bank holding company must implement a plan to increase its capital, and its ability to pay dividends and make acquisitions of new bank subsidiaries may be restricted or prohibited. The FRB s capital adequacy guidelines provide for the following types of capital:

Tier 1 capital, also referred to as core capital, calculated as:

common stockholders equity;

plus, non-cumulative perpetual preferred stock and any related surplus;

plus, minority interests in the equity accounts of consolidated subsidiaries;

less, all intangible assets (other than certain mortgage servicing assets, non-mortgage servicing assets and purchased credit card relationships);

less, certain credit-enhanced interest-only strips and non-financial equity investments required to be deducted from capital; and

less, certain deferred tax assets.

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Tier 2 capital, also referred to as supplementary capital, calculated as:

allowances for loan and lease losses (limited to 1.25% of risk-weighted assets);

plus, unrealized gains on certain equity securities (limited to 45% of pre-tax net unrealized gains);

plus, cumulative perpetual and long-term preferred stock (original maturity of 20 years or more) and any related surplus;

plus, auction rate and similar preferred stock (both cumulative and non-cumulative);

plus, hybrid capital instruments (including mandatory convertible debt securities); and

plus, term subordinated debt and intermediate-term preferred stock with an original weighted average maturity of five years or more (limited to 50% of Tier 1 capital).

The maximum amount of supplementary capital that qualifies as Tier 2 capital is limited to 100% of Tier 1 capital.

Total capital, calculated as:

Tier 1 capital;

plus, qualifying Tier 2 capital;

less, investments in banking and finance subsidiaries that are not consolidated for regulatory capital purposes;

less, intentional, reciprocal cross-holdings of capital securities issued by banks; and

less, other deductions (such as investments in other subsidiaries and joint ventures) as determined by supervising authority.

The Company is required to maintain minimum amounts of capital to various categories of assets, as defined by the banking regulators. See Table 13 , Risk-Based Capital, on page 40 for additional detail on the computation of risk-based assets and the related capital ratios.

At December 31, 2009, the Company was required to have minimum Tier 1 capital, Total capital, and leverage ratios of 4.00%, 8.00%, and 4.00% respectively. The Company s actual ratios at that date were 13.11%, 14.18%, and 7.87%, respectively.

Regulatory Capital Requirements Applicable to the Company s Subsidiary Banks. In addition to the minimum capital requirements of the FRB applicable to the Company, there are separate minimum capital requirements applicable to its subsidiary national banks.

Federal banking laws classify an insured financial institution in one of the following five categories, depending upon the amount of its regulatory capital:

well-capitalized if it has a total Tier 1 leverage ratio of 5% or greater, a Tier 1 risk-based capital ratio of 6% or greater and a total risk-based capital ratio of 10% or greater (and is not subject to any order or written directive specifying any higher capital ratio);

adequately capitalized if it has a total Tier 1 leverage ratio of 4% or greater (or a Tier 1 leverage ratio of 3% or greater, if the bank has a Capital adequacy, Asset quality, Management, Liquidity, and Sensitivity to market risk (CAMELS) rating of 1), a Tier 1 risk-based capital ratio of 4% or greater, and a total risk-based capital ratio of 8% or greater;

undercapitalized if it has a total Tier 1 leverage ratio that is less than 4% (or a Tier 1 leverage ratio that is less than 3%, if the bank has a CAMELS rating of 1), a Tier 1 risk-based capital ratio that is less than 4% or a total risk-based capital ratio that is less than 8%;

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significantly undercapitalized if it has a total Tier 1 leverage ratio that is less than 3%, a Tier 1 risk based capital ratio that is less than 3% or a total risk-based capital ratio that is less than 6%; and

critically undercapitalized if it has a Tier 1 leverage ratio that is equal to or less than 2%.

Federal banking laws require the federal regulatory agencies to take prompt corrective action against undercapitalized financial institutions. The Company s banks must be well-capitalized and well-managed in order for the Company to remain a financial holding company. The capital ratios and classifications for the Company and each of the Company s four banks as of December 31, 2009, are set forth below:

Bank	Total Tier 1 Leverage Ratio (5% or greater)	Tier 1 Risk Based Capital Ratio (6% or greater)	Total Risk-Based Capital Ratio (10% or greater)
UMB Financial Corporation	7.87%	13.11%	14.18%
UMB Bank, n.a.	6.05%	10.47%	11.55%
UMB Bank Colorado, n.a.	10.14%	12.56%	13.56%
UMB National Bank of America, n.a.	8.52%	16.56%	17.10%
UMB Bank Arizona, n.a.	12.52%	11.89%	13.07%

The Company is required to maintain minimum balances with the FRB for each of its subsidiary banks. These balances are calculated from reports filed with the respective FRB for each affiliate. At December 31, 2009, the Company was required to hold $31,680,000 at the FRB.

Deposit Insurance and Assessments. The deposits of each of the Company s four subsidiary banks are insured by an insurance fund administered by the FDIC, in general up to a maximum of $100,000 per insured deposit ($250,000 for certain retirement plan deposits). Under federal banking regulations, insured banks are required to pay quarterly assessments to the FDIC for deposit insurance. The FDIC s risk-based assessment system requires members to pay varying assessment rates depending upon the level of the institution s capital and the degree of supervisory concern over the institution. As a result of the Federal Deposit Insurance Reform Act of 2005 (FDIRA), signed into law February 8, 2006, the FDIC assessment is now separated into two parts. The first part is the FDIC Insurance, and the second part is the assessment for the Financing Corporation (FICO).

Pursuant to the Emergency Economic Stabilization Act of 2008, the maximum deposit insurance amount was increased from $100,000 to $250,000 until December 31, 2009. On May 22, 2009, the FDIC extended the deposit insurance increase until December 31, 2013. On October 13, 2008, the FDIC established a Temporary Liquidity Guarantee Program (TLGP) under which the FDIC fully guaranteed all non-interest-bearing transaction accounts and all senior unsecured debt of insured depository institutions or their qualified holding companies issued between October 14, 2008, and June 30, 2009. Senior unsecured debt would include federal funds purchased and certificates of deposit outstanding to the credit of the bank. All eligible institutions participated in the program without cost for the first 30 days of the program. After December 5, 2008, institutions were assessed ten basis points for transaction account balances in excess of $250,000 and at the rate of 75 basis points of the amount of debt issued. The Company participated in the transaction guarantee part of the TLGP in 2009, and opted out of the debt guarantee part of the TLGP. On August 26, 2009, the transaction guarantee portion of the TLGP was extended until June 30, 2010. The Company has elected to opt out of the transaction guarantee extension.

In an effort to restore capitalization levels and to ensure the Deposit Insurance Fund (DIF) will adequately cover projected losses from future bank failures, the FDIC, on February 27, 2009, issued a final rule to alter the way in which it differentiates for risk in the risk-based assessment system and to revise deposit insurance assessment rates, including base assessment rates. The risk-based premium system provides for quarterly assessments based on an insured institution s ranking in one of four risk categories based upon supervisory and capital evaluations. The

assessment rate for an individual institution is determined according to a formula based on a weighted average of the institution s individual CAMELS component ratings plus either six financial ratios or, in the case of an institution with assets of $10.0 billion or more, the average ratings of its long-term debt.

Well-capitalized institutions (generally those with CAMELS composite ratings of 1 or 2) are grouped in Risk Category I and their initial base assessment rate for deposit insurance is set at an annual rate of between 12 and 16 basis points. The initial base assessment rate for institutions in Risk Categories II, III and IV is set at annual rates of 22, 32 and 50 basis points, respectively. These initial base assessment rates are adjusted to determine an institution s final assessment rate based on its brokered deposits, secured liabilities and unsecured debt. The adjustments include higher premiums for institutions that rely significantly on excessive amounts of brokered deposits, higher premiums for excessive use of secured liabilities, including Federal Home Loan Bank advances, and adding financial ratios and debt issuer ratings to the premium calculations for banks with over $10 billion in assets, while providing a reduction for all institutions for their unsecured debt. The Company cannot provide any assurance as to the amount of any proposed increase in its deposit insurance premium rate, should such an increase occur, as such changes are dependent upon a variety of factors, some of which are beyond the Company s control.

On May 22, 2009, the FDIC imposed a special assessment equal to five basis points of assets less Tier 1 capital as of June 30, 2009, payable on September 30, 2009, and reserved the right to impose additional special assessments. In lieu of further special assessments, on November 12, 2009 the FDIC approved a final rule to require all insured depository institutions to prepay their estimated risk-based assessments for the fourth quarter of 2009, and for all of 2010, 2011, and 2012 on December 30, 2009. For purposes of estimating future assessments, an institution would assume 5% annual growth in the assessment base and a three basis point increase in the current assessment rate for 2011 and 2012. The prepaid assessment would be applied against the actual assessment until exhausted. Any funds remaining after June 30, 2013, would be returned to the institution.

In addition, all FDIC-insured institutions are required to pay assessments to the FDIC to fund interest payments on bonds issued by FICO, an agency of the Federal government established to recapitalize the predecessor to the Savings Association Insurance Fund (SAIF). The FICO assessment rates, which are determined quarterly, averaged 0.0113% of insured deposits in fiscal 2009. These assessments will continue until the FICO bonds mature in 2017.

Limitations on Transactions with Affiliates. The Company and its non-bank subsidiaries are affiliates within the meaning of Sections 23A and 23B of the Federal Reserve Act (FRA). The amount of loans or extensions of credit which a bank may make to non-bank affiliates, or to third parties secured by securities or obligations of the non-bank affiliates, are substantially limited by the FRA and the FDIA. Such acts further restrict the range of permissible transactions between a bank and an affiliated company. A bank and subsidiaries of a bank may engage in certain transactions, including loans and purchases of assets, with an affiliated company, only if the terms and conditions of the transaction, including credit standards, are substantially the same as, or at least as favorable to the bank as, those prevailing at the time for comparable transactions with non-affiliated companies or, in the absence of comparable transactions, on terms and conditions that would be offered to non-affiliated companies.

Other Banking Activities. The investments and activities of the Company s subsidiary banks are also subject to regulation by federal banking agencies regarding; investments in subsidiaries, investments for their own account (including limitations in investments in junk bonds and equity securities), loans to officers, directors and their affiliates, security requirements, anti-tying limitations, anti-money laundering, financial privacy and customer identity verification requirements, truth-in-lending, types of interest bearing deposit accounts offered, trust department operations, brokered deposits, audit requirements, issuance of securities, branching and mergers and acquisitions.

A discussion of past acquisitions is included in Note 16 to the Consolidated Financial Statements provided in Item 8 on page 81 of this report.

Future Legislation. Various legislation, including proposals to change the financial institution regulatory system, are currently being considered by Congress because of the current economic downturn. In the future, management expects that legislative changes will continue to be introduced from time to time in Congress. This

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legislation may change banking statutes and the Company s (and its subsidiaries) operating environment in substantial and unpredictable ways. If enacted, this legislation could increase or decrease the cost of doing business, limit or expand permissible activities, or affect the competitive balance among banks, savings associations, credit unions and other financial institutions. The Company cannot predict whether any of this potential legislation will be enacted, and if enacted, the effect that it or any implementing regulations could have on the business, results of operations or financial condition of the Company or its subsidiaries.

The references in the foregoing discussion to various aspects of statutes and regulations are merely summaries which do not purport to be complete and which are qualified in their entirety by reference to the actual statutes and regulations.

Statistical Disclosure. The information required by Guide 3, Statistical Disclosure by Bank Holding Companies, has been included in Items 6, 7, and 7A, pages 19 through 50 of this report.

Executive Officers of the Registrants. The following are the executive officers of the Company, each of whom is elected annually, and there are no arrangements or understandings between any of the persons so named and any other person pursuant to which such person was elected as an officer.

Name	Age	Position with Registrant
J. Mariner Kemper	37	Mr. Kemper has served as the Chairman and CEO of the Company since May 2004 and has served as Chairman and CEO of UMB Bank Colorado, n.a. (a subsidiary of the Company) since 2000. He was President of UMB Bank Colorado from 1997 to 2000.
Peter J. deSilva	48	Mr. deSilva has served as President and Chief Operating Officer of the Company since January 2004 and Chairman and Chief Executive Officer of UMB Bank, n.a. since May 2004. Mr. deSilva was previously employed by Fidelity Investments from 1987-2004, the last seven years as Senior Vice President with principal responsibility for brokerage operations.
Peter J. Genovese	63	Mr. Genovese has served as Vice Chairman of the Company since October 2008. He previously served as Vice Chairman of the Eastern Region and CEO of St. Louis of UMB Bank, n.a. from January 2004 to October 2008. He also served as President of the Company from January 2000 to January 2004.
Michael D. Hagedorn	43	Mr. Hagedorn has served as Vice Chairman, Chief Financial Officer, and Chief Administrative Officer of the Company since October 2009. Previously, he served as Executive Vice President and Chief Financial Officer of the Company from March 2005 to October 2009. He previously served as Senior Vice President and Chief Financial Officer of Wells Fargo, Midwest Banking Group from April 2001 to March 2005.
Bradley J. Smith	54	Mr. Smith has served as Executive Vice President of Consumer Services for UMB Bank, n.a. since January 2005. Previously he served as Executive Vice President of Retail and Corporate Services, St. Francis Bank/Mid America Bank, Milwaukee, Wisconsin from 2000 through 2005.
James A. Sangster	55	Mr. Sangster has served as President of UMB Bank, n.a. since 1999.
Douglas F. Page	66	Mr. Page has served as Executive Vice President of the Company since 1984 and Executive Vice President, Loan Administration, of UMB Bank, n.a. since 1989.

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Name	Age	Position with Registrant
Clyde F. Wendel	62	Mr. Wendel has served as Vice Chairman of UMB Bank, n.a. and Chief Executive Officer of Personal Financial Services of UMB Bank, n.a. since October 2009. He previously served as President of the Asset Management Division of UMB Bank, n.a. and Vice Chairman of UMB Bank, n.a. from June 2006.to October 2009. Previously, he served as Regional President, Bank of America Private Bank and Senior Bank Executive for Iowa, Kansas, and Western Missouri from 2000-2006.
Daryl S. Hunt	53	Mr. Hunt joined UMB Bank, n.a. in November 2007, as Executive Vice President of Financial Services and Support. Previously, Mr. Hunt worked at Fidelity Investments where he served as Sr. Vice President for Transfer Operations from 2006 to 2007, Sr. Vice President of Customer Processing Operations from 2003 to 2006, and Sr. Vice President of Outbound Mail Operations from 2001 to 2003.
Lawrence G. Smith	62	Mr. Smith has served as Executive Vice President and Chief Organizational Effectiveness Officer of UMB Bank, n.a. since March 2005. Prior to coming to UMB Bank, n.a., Mr. Smith was Vice President Human Resources for Fidelity Investments in Boston, Massachusetts where he was responsible for Fidelity s business group human resource activities.
Dennis R. Rilinger	62	Mr. Rilinger has served as Executive Vice President and General Counsel of the Company and of UMB Bank, n.a. since 1996.
David D. Kling	63	Mr. Kling has served as Executive Vice President and Chief Risk Officer of the Company since October 2008. He previously served as the Executive Vice President for Enterprise Services of UMB Bank, n.a. since November 2007. He also served as Executive Vice President of Financial Services and Support of UMB Bank, n.a. from 1997 to 2007.
John P. Zader	48	Mr. Zader joined UMB Fund Services in December 2006. He serves as Chief Executive Officer of UMB Fund Services. He previously served as a consultant to Jefferson Wells International in 2006 and served as Senior Vice President and Chief Financial Officer of U.S. Bancorp Fund Services, LLC, a mutual and hedge fund service provider from 1988 to 2006.
Terry W. D Amore	53	Mr. D Amore joined UMB Bank, n.a. in 2006. He serves as Executive Vice President, Director of Payment & Technology Solutions Division where he is responsible for sales, service and product management for the Treasury Management, Healthcare, Foreign Exchange, and Merchant Services. Prior to coming to UMB Bank, n.a., he served as National Sales and Service Manager for Treasury Management s Corporate Finance Division at PNC Bank in Pittsburgh, Pennsylvania.
Brian J. Walker	38	Mr. Walker joined the Company in June 2007 as Senior Vice President and Corporate Controller (Chief Accounting Officer). From July of 2004 to June 2007 he served as a Certified Public Accountant for KPMG where he worked primarily as an auditor for financial institutions. He worked as a Certified Public Accountant for Deloitte & Touche from November 2002 to July of 2004.

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The Company makes available free of charge on its website at www.umb.com/investor, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports, as soon as reasonably practicable after it electronically files or furnishes such material with or to the SEC.

ITEM 1A. ***RISK FACTORS***

Financial services companies routinely encounter and address risks. Some risks may give rise to occurrences that cause the Company s future results to be materially different than what companies presently anticipate. In the following paragraphs, the Company describes its current view of certain important strategic risks, although the risks below are not the only risks the Company faces. If any such risks actually materialize, the Company s business, results of operations, financial condition and prospects could be affected materially and adversely. These risk factors should be read in conjunction with management s discussion and analysis, beginning on page 19 hereof, and the consolidated financial statements, beginning on page 50 hereof.

General economic conditions, such as the current economic downturn or recession, could materially impair customers ability to repay loans, harm operating results and reduce the volume of new loans. The U.S. and the world economies impact how financial instruments are priced. Profitability depends significantly on economic conditions. Economic downturns or recessions, either nationally, internationally or in the states within the Company s footprint, could materially reduce operating results. An economic downturn could negatively impact demand for loan and deposit products, the demand for insurance and brokerage products and the amount of credit related losses due to customers who cannot pay interest or principal on their loans. To the extent loan charge-offs exceed estimates, an increase to the amount of provision expense related to the allowance for loan losses would reduce income. See Quantitative and Qualitative Disclosures About Market Risk Credit Risk in Part II, Item 7A for a discussion of how the Company monitors and manages credit risk.

General economic conditions, such as a stock market decline, could materially impair the number of investors in the equity and bond markets, the level of assets under management and the demand for other fee-based services. Economic downturns or recessions could affect the volume of income from and demand for other fee-based services. The fee revenue from asset management segments including income from Scout Investment Advisors, Inc. and UMB Fund Services, Inc. subsidiaries, are largely dependent on both inflows to, and the fair value of, assets invested in the UMB Scout Funds and the fund clients to whom the Company provides services. General economic conditions can affect investor sentiment and confidence in the overall securities markets which could adversely affect asset values, net flows to these funds and other assets under management. Bankcard revenues are dependent on transaction volumes from consumer and corporate spending to generate interchange fees. Depressed economic conditions could negatively affect the amount of such fee income. The Company s banking services group is affected by corporate and consumer demand for debt securities which can be adversely affected by changes in general economic conditions.

The Company is subject to extensive regulation in the jurisdictions in which it conducts business. The Company is subject to extensive state and federal regulation, supervision and legislation that govern most aspects of its operations. Laws and regulations, and in particular banking, securities and tax laws, are under intense scrutiny because of the current economic crisis and may change from time to time. For example, current federal law prohibits the payment of interest on corporate demand deposit accounts. Although a change to permit interest on corporate accounts would have a favorable impact on service-charge income, it would adversely affect net interest income as the Company s cost of funds would increase. Changes in laws and regulations, lawsuits or actions by regulatory agencies could require the Company to devote significant time and resources to compliance efforts and could lead to fines, penalties, judgments, settlements, withdrawal of certain products or services offered in the market or other adverse results which could affect the Company s business, financial condition or results of operation, or cause serious reputational harm.

Changes in interest rates could affect results of operations. A significant portion of the Company s net income is based on the difference between interest earned on earning assets (such as loans and investments) and

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interest paid on deposits and borrowings. These rates are sensitive to many factors that are beyond the Company s control, such as general economic conditions and policies of various governmental and regulatory agencies, such as the Federal Reserve Board. For example, policies and regulations of the Federal Reserve Board influence, directly and indirectly, the rate of interest paid by commercial banks on interest-bearing deposits and also may affect the value of financial instruments held by the Company. The actions of the Federal Reserve Board also determine to a significant degree the cost of funds for lending and investing. In addition, these policies and conditions can adversely affect customers and counterparties, which may increase the risk that such customers or counterparties default on their obligations. Changes in interest rates greatly affect the amount of income earned and the amount of interest paid. Changes in interest rates also affect loan demand, the prepayment speed of loans, the purchase and sale of investment bonds and the generation and retention of customer deposits. A rapid increase in interest rates could result in interest expense increasing faster than interest income because of differences in maturities of assets and liabilities. See Quantitative and Qualitative Disclosures About Market Risk Interest Rate Risk in Part II, Item 7A for a discussion of how the Company monitors and manages interest rate risk.

Reliance on systems, employees and certain counterparties, and certain failures could adversely affect operations. The Company is dependent on its ability to process a large number of transactions. If any of the financial, accounting, or other data processing systems fail or have other significant shortcomings, the Company could be adversely affected. The Company is similarly dependent on its employees. The Company could be adversely affected if a significant number of employees are unavailable due to a pandemic, natural disaster, war, act of terrorism, or other reason, or if an employee causes a significant operational break-down or failure, either as a result of human error, purposeful sabotage or fraudulent manipulation of operations or systems. Third parties with which the Company does business could also be sources of operational risk, including break-downs or failures of such parties own systems or employees. Any of these occurrences could result in a diminished ability of the Company to operate, potential liability to clients, reputational damage and regulatory intervention, which could have an adverse impact on the Company. Operational risk also includes the ability to successfully integrate acquisitions into existing charters as an acquired entity will most likely be on a different system. See Quantitative and Qualitative Disclosures About Market Risk Operational Risk in Part II, Item 7A for a discussion of how the Company monitors and manages operational risk.

In a firm as large and complex as the Company, lapses or deficiencies in internal control over financial reporting may occur from time to time, and there is no assurance that significant deficiencies or material weaknesses in internal controls may not occur in the future.

In addition, there is the risk that controls and procedures, as well as business continuity and data security systems, may prove to be inadequate. Any such failure could affect operations and could adversely affect results of operations by requiring the Company to expend significant resources to correct the defect, as well as by exposing the Company to litigation or losses not covered by insurance.

If the Company does not successfully handle issues that may arise in the conduct of its business and operations, the Company s reputation could be damaged, which could in turn negatively affect its business. The Company s ability to attract and retain customers and transact with the Company s counterparties could be adversely affected to the extent its reputation is damaged. The failure of the Company to deal with various issues that could give rise to reputational risk could cause harm to the Company and its business prospects. These issues include, but are not limited to potential conflicts of interest, legal and regulatory requirements, ethical issues, money-laundering, privacy, recordkeeping, sales and trading practices and proper identification of the legal, reputational, credit, liquidity and market risks inherent in its products. The failure to appropriately address these issues could make clients unwilling to do business with the Company, which could adversely affect results.

The Company faces strong competition from other financial services firms, which could lead to pricing pressures that could materially adversely affect revenue and profitability. In addition to the

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challenge of competing against local, regional and national banks in attracting and retaining customers, the Company s competitors also include brokers, mortgage bankers, mutual fund sponsors, securities dealers, investment advisors and specialty finance and insurance companies. The financial services industry is intensely competitive and is expected to remain so. The Company competes on the basis of several factors, including transaction execution, products and services, innovation, reputation and price. The Company may experience pricing pressures as a result of these factors and as some competitors seek to increase market share by reducing prices on products and services or increasing rates paid on deposits.

The shift from paper-based to electronic-based payments may be difficult and negatively affect earnings. In today s payment environment, checks continue to be a payment choice; however, checks as a percent of the total payment volume are declining and the transactions are shifting to electronic alternatives. Check products are serviced regionally due to the physical constraints of paper documents; however, electronic documents are not bound by the same constraints, thus opening geographic markets to all providers of electronic services. To address this shift, new systems are being developed and marketed which involve significant software and hardware costs. It is anticipated that we will encounter new competition, and any competitor that attracts the payments business of existing customers will compete strongly for the remainder of such customers banking business.

The Company s framework for managing risks may not be effective in mitigating risk and loss to the Company. The Company s risk management framework is made up of various processes and strategies to manage risk exposure. Types of risk to which the Company is subject include liquidity risk, credit risk, price risk, interest rate risk, operational risk, compliance and litigation risk, foreign exchange risk, reputation risk, and fiduciary risk, among others. Although management continually monitors, evaluates, and updates the Company s risk management framework and the Board oversees the Company s overall risk management strategy, there can be no assurance that the Company s framework to manage risk, including such framework s underlying assumptions, will be effective under all conditions and circumstances. If the Company s risk management framework proves ineffective, it could suffer unexpected losses and could be materially adversely affected.

Liquidity is essential to the Company s businesses and it relies on the securities market and other external sources to finance a significant portion of its operations. Liquidity affects the Company s ability to meet financial commitments. Liquidity could be negatively affected should the need arise to increase deposits or obtain additional funds through borrowing to augment current liquidity sources. Factors beyond the Company s control, such as disruption of the financial markets or negative views about the general financial services industry, could impair the Company s access to funding. If the Company is unable to raise funding using the methods described above, it would likely need to sell assets, such as its investment and trading portfolios, to meet maturing liabilities. The Company may be unable to sell some of its assets on a timely basis, or it may have to sell assets at a discount from market value, either of which could adversely affect its results of operations. Liquidity and funding policies have been designed to ensure that the Company maintains sufficient liquid financial resources to continue to conduct business for an extended period in a stressed liquidity environment. If the liquidity and funding policies are not adequate, the Company may be unable to access sufficient financing to service its financial obligations when they come due, which could have a material adverse franchise or business impact. See Quantitative and Qualitative Disclosures About Market Risk Liquidity Risk in Part II, Item 7A for a discussion of how the Company monitors and manages liquidity risk.

Inability to hire or retain qualified employees could adversely affect the Company s performance. The Company s people are its most important resource and competition for qualified employees is intense. Employee compensation is the Company s greatest expense. The Company relies on key personnel to manage and operate its business, including major revenue generating functions such as its loan and deposit portfolios. The loss of key staff may adversely affect the Company s ability to maintain and manage these portfolios effectively, which could negatively affect its results of operations. If compensation costs required to attract and retain employees become unreasonably expensive, the Company s performance, including its competitive position, could be adversely affected.

Changes in accounting standards could impact reported earnings. The accounting standard setting bodies, including the Financial Accounting Standards Board and other regulatory bodies periodically change the financial accounting and reporting standards affecting the preparation of the consolidated financial statements. These changes are not within the Company s control and could materially impact the consolidated financial statements.

Future events may be different than those anticipated by management assumptions and estimates, which may cause unexpected losses in the future. Pursuant to current Generally Accepted Accounting Principles, the Company is required to use certain estimates in preparing its financial statements, including accounting estimates to determine allowance for loan losses, and the fair values of certain assets and liabilities, among other items. Should the Company s determined values for such items prove inaccurate, the Company may experience unexpected losses which could be material.

ITEM 1B. ***UNRESOLVED STAFF COMMENTS***

There are no unresolved comments from the staff of the SEC required to be disclosed herein as of the date of this Form 10-K.

ITEM 2. ***PROPERTIES***

The Company s headquarters building, the UMB Bank Building, is located at 1010 Grand Boulevard in downtown Kansas City, Missouri, and opened during July 1986. Of the 250,000 square feet, 227,000 square feet is occupied by departments and customer service functions of UMB Bank, n.a. as well as offices of the parent company, UMB Financial Corporation. The remaining 23,000 square feet of space within the building is leased to a law firm.

Other main facilities of UMB Bank, n.a. in downtown Kansas City, Missouri, are located at 928 Grand Boulevard (185,000 square feet); 906 Grand Boulevard (140,000 square feet); and 1008 Oak Street (180,000 square feet). Both the 928 Grand and 906 Grand buildings house backroom support functions. Additionally, within the 906 Grand building there is 20,000 square feet of space leased to several small tenants. The 928 Grand building underwent a major renovation during 2004/2005. The 928 Grand building is connected to the UMB Bank Building (1010 Grand) by an enclosed elevated pedestrian walkway. The 1008 Oak building, which opened during the second quarter of 1999, houses the Company s operations and data processing functions.

UMB Bank, n.a. leases 41,049 square feet in the Hertz Building located in the heart of the commercial sector of downtown St. Louis, Missouri. This location has a full-service banking center and is home to some operational and administrative support functions.

UMB Bank, Colorado, n.a. leases 9,003 square feet on the first, second, and third floors of the 1670 Broadway building located in the financial district of downtown Denver, Colorado. The location has a full-service banking center and is home to the operational and administrative support functions for UMB Bank, Colorado, n.a.

UMB Fund Services, Inc., a subsidiary of the Company, leases 72,135 square feet in Milwaukee, Wisconsin, at which its fund services operation is headquartered.

As of December 31, 2009, the Company s affiliate banks operated a total of four main banking centers with 135 detached branch facilities, the majority of which are owned by the Company.

Additional information with respect to premises and equipment is presented in Notes 1 and 8 to the Consolidated Financial Statements in Item 8, pages 58, 67 and 68 of this report.

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ITEM 3. ***LEGAL PROCEEDINGS***

In the normal course of business, the Company and its subsidiaries are named defendants in various lawsuits and counter-claims. In the opinion of management, after consultation with legal counsel, none of these lawsuits are expected to have a materially adverse effect on the financial position, results of operations, or cash flows of the Company.

ITEM 4. ***SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS***

No matters were submitted to the shareholders for a vote during the fourth quarter ended December 31, 2009.

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PART II

ITEM 5. ***MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES***

The Company s stock is traded on the NASDAQ Global Select Stock Market under the symbol UMBF. As of February 19, 2010, the Company had 2,543 shareholders of record. Company stock information for each full quarter period within the two most recent fiscal years is set forth in the table below.

Per Share	Three Months Ended			
2009	March 31	June 30	Sept. 30	Dec. 31
Dividend	$ 0.175	$ 0.175	$ 0.175	$ 0.185
Book value	24.19	24.42	25.08	25.11
Market price:				
High	49.75	48.72	45.50	42.31
Low	33.65	36.52	36.34	37.51
Close	42.49	38.01	40.44	39.35

Per Share 2008	March 31	June 30	Sept. 30	Dec. 31
Dividend	$ 0.150	$ 0.165	$ 0.165	$ 0.175
Book value	22.57	22.40	22.82	23.81
Market price:				
High	44.50	57.89	69.60	60.00
Low	35.76	40.28	45.45	36.59
Close	41.20	51.27	52.52	49.14

Information concerning restrictions on the ability of the Registrant to pay dividends and the Registrant s subsidiaries to transfer funds to the Registrant is presented in Item 1, page 3 and Note 10 to the Consolidated Financial Statements provided in Item 8, pages 69 and 70 of this report. Information concerning securities the Company issued under equity compensation plans is contained in Item 12, pages 92 and 93 and in Note 11 to the Consolidated Financial Statements provided in Item 8, pages 71 through 75 of this report.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information about share repurchase activity by the Company during the quarter ended December 31, 2009:

ISSUER PURCHASE OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 October 31, 2009	8,605	$ 40.77	8,605	1,648,891
November 1 November 30, 2009	2,312	39.79	2,312	1,646,579
December 1 December 31, 2009	3,063	39.36	3,063	1,643,516
Total	13,980	40.30	13,980	

On April 21, 2009, the Company s Board of Directors approved a plan to repurchase up to two million shares of common stock. All open market share purchases under the share repurchase plans are intended to be

within the scope of Rule 10b-18 promulgated under the Exchange Act. Rule 10b-18 provides a safe harbor for purchases in a given day if the Company satisfies the manner, timing and volume conditions of the rule when purchasing its own common shares. This plan will terminate on April 21, 2010. The Company has not made any repurchases other than through this plan.

ITEM 6. *SELECTED FINANCIAL DATA*

For a discussion of factors that may materially affect the comparability of the information below, please see Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, pages 21 through 45, of this report.

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FIVE-YEAR FINANCIAL SUMMARY

(in thousands except per share data)

	2009	2008	2007	2006	2005
EARNINGS					
Interest income	$ 356,217	$ 387,973	$ 414,413	$ 369,083	$ 271,911
Interest expense	53,232	112,922	181,729	151,859	83,621
Net interest income	302,985	275,051	232,684	217,224	188,290
Provision for loan losses	32,100	17,850	9,333	8,734	5,775
Noninterest income	310,176	312,783	288,788	254,945	251,873
Noninterest expense	460,585	430,153	407,164	381,417	358,069
Net income	89,484	98,075	74,213	59,767	56,318
AVERAGE BALANCES					
Assets	$ 10,110,655	$ 8,897,886	$ 7,996,286	$ 7,583,217	$ 7,094,319
Loans, net of unearned interest	4,383,551	4,193,871	3,901,853	3,579,665	3,130,813
Securities	4,382,179	3,421,213	2,846,620	2,797,114	2,918,445
Interest-bearing due from banks	492,915	66,814			
Deposits	7,584,025	6,532,270	5,716,202	5,488,798	5,135,968
Long-term debt	32,067	36,404	36,905	37,570	34,820
Shareholders equity	1,006,591	933,055	874,078	843,097	829,412
YEAR-END BALANCES					
Assets	$ 11,663,355	$ 10,976,596	$ 9,342,959	$ 8,917,765	$ 8,247,789
Loans, net of unearned interest	4,332,228	4,410,034	3,929,365	3,767,565	3,393,404
Securities	5,003,720	4,924,407	3,486,780	3,363,453	3,463,817
Interest-bearing due from banks	1,057,195	575,309			
Deposits	8,534,488	7,725,326	6,550,802	6,308,964	5,920,822
Long-term debt	25,458	35,925	36,032	38,020	38,471
Shareholders equity	1,015,551	974,811	890,574	848,875	833,463
PER SHARE DATA					
Earnings basic	$ 2.22	$ 2.41	$ 1.78	$ 1.40	$ 1.31
Earnings diluted	2.20	2.38	1.77	1.40	1.30
Cash dividends	0.71	0.66	0.57	0.52	0.46
Dividend payout ratio	31.98%	27.18%	32.02%	37.14%	34.73%
Book value	$ 25.11	$ 23.81	$ 21.55	$ 20.08	$ 19.39
Market price					
High	49.75	69.60	47.06	38.04	34.25
Low	33.65	35.76	34.95	31.80	26.45
Close	39.35	49.14	38.36	36.51	31.96
Return on average assets	0.89%	1.10%	0.93%	0.79%	0.79%
Return on average equity	8.89	10.51	8.49	7.09	6.79
Average equity to average assets	9.96	10.49	10.93	11.12	11.69
Total risk-based capital ratio	14.18	14.09	14.58	14.65	16.99

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ITEM 7. ***MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

MANAGEMENT S DISCUSSION AND ANALYSIS

The following presents management s discussion and analysis of the Company s consolidated financial condition, changes in condition, and results of operations. This review highlights the major factors affecting results of operations and any significant changes in financial conditions for the three-year period ended December 31, 2009. It should be read in conjunction with the accompanying Consolidated Financial Statements and other financial statistics appearing elsewhere in the report.

SPECIAL CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

The information included or incorporated by reference in this report contains forward-looking statements of expected future developments within the meaning of and pursuant to the safe harbor provisions established by Section 21E of the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. These forward-looking statements may refer to financial condition, results of operations, plans, objectives, future financial performance and business of the Company, including, without limitation:

Statements that are not historical in nature;

Statements preceded by, followed by or that include the words believes, expects, may, should, could, anticipates, estimates, similar words or expressions; and

Statements regarding the timing of the closing of branch sales and purchases.

Forward-looking statements are not guarantees of future performance or results. You are cautioned not to put undue reliance on any forward-looking statement which speaks only as of the date it was made. Forward-looking statements reflect management s expectations and are based on currently available data; however, they involve risks, uncertainties and assumptions. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the following factors:

General economic and political conditions, either nationally, internationally or in the Company s footprint, may be less favorable than expected;

Legislative or regulatory changes;

Changes in the interest rate environment;

Changes in the securities markets impacting mutual fund performance and flows;

Changes in operations;

Changes in accounting rules;

The ability to successfully and timely integrate acquisitions into existing charters;

Competitive pressures among financial services companies may increase significantly;

Changes in technology may be more difficult or expensive than anticipated;

Changes in the ability of customers to repay loans;

Changes in loan demand may adversely affect liquidity needs; and

Changes in employee costs.

Any forward-looking statements should be read in conjunction with information about risks and uncertainties set forth in this report and in documents incorporated herein by reference. Forward-looking statements speak only as of the date they are made, and the Company does not intend to review or revise any particular forward-looking statement in light of events that occur thereafter or to reflect the occurrence of unanticipated events.

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Results of Operations

Overview

The Company continues to focus on the following five strategies which management believes will improve net income and strengthen the balance sheet.

The first strategy is to grow the Company s fee-based businesses. Despite current economic pressures, the Company continues to emphasize its fee-based operations to help reduce the Company s exposure to changes in interest rates. During 2009, noninterest income decreased $2.6 million, or 0.8 percent, to $310.2 million for the year ended December 31, 2009, as compared to the same period in 2008. Trust and securities processing income decreased $1.7 million, or 1.4 percent, for year-to-date December 31, 2009, as compared to the same period in 2008. Trading and investment banking income was $7.0 million, or 35.4 percent, higher for the year ended December 31, 2009. Service charges on deposits decreased $1.7 million, or 2.0 percent, compared to the same period in 2008. Brokerage fees decreased $1.5 million, or 17.2 percent, for the year ended December 31, 2009. Gains on sales of securities available for sale increased $6.4 million compared to 2008. As a direct result of Visa s Initial Public Offering during the first quarter of 2008, earnings for the year ended December 31, 2008, include a pre-tax gain of $8.9 million from the mandatory redemption of a portion of the company s Class B shares in Visa. A $1.1 million pre-tax gain was recognized in the third quarter of 2008 as a result of the final contingent payment received on the sale of the securities transfer product. The Company continues to focus on its wholesale health savings and flexible spending account strategy by servicing healthcare providers, third-party administrators and large employers. The Company also maintains focus on its wealth management, credit card, health care services, and payments businesses.

The second strategy is a focus on net interest income through loan and deposit growth. During 2009, progress on this strategy was illustrated by an increase in net interest income of $27.9 million, or 10.2 percent, from the previous year. Through the effects of increased volume of average earning assets and a low cost of funds in its balance sheet, the Company has continued to show increased net interest income in a historically low rate environment. Average earning assets increased by $1.3 billion, or 16.4 percent, from 2008. This earning asset growth was primarily funded with a $1.1 billion increase in average deposits, or 16.1 percent, from 2008. Net interest margin, on a tax-equivalent basis, decreased 17 basis points, and net interest spread increased 8 basis points compared to 2008, respectively.

The third strategy is a focus on improving operating efficiencies. At December 31, 2009, the Company had 135 branches. The Company continues to emphasize increasing its primary retail customer base by providing a broad offering of services through our existing branch network. These efforts have resulted in the total deposits growth previously discussed. Throughout 2009, the Company accomplished several cost containment initiatives. These initiatives included courier rationalization and implementation of remote branch capture, which led to approximately $0.7 million in savings and an analysis of telecommunication procedures that led to approximately $2.2 million in savings. The Company will continue to evaluate its cost structure for opportunities to moderate expense growth without sacrificing growth initiatives.

The fourth strategy is a focus on capital management. The Company places a significant emphasis on the maintenance of a strong capital position, which management believes promotes investor confidence, provides access to funding sources under favorable terms, and enhances the Company s ability to capitalize on business growth and acquisition opportunities. The Company continues to maximize shareholder value through a mix of reinvesting in organic growth, investing in acquisitions, evaluating increased dividends over time and properly utilizing a share buy-back strategy. At December 31, 2009, the Company had $1.0 billion in total shareholders equity. This is an increase of $40.7 million, or 4.2 percent, as compared to total shareholders equity at December 31, 2008, of $974.8 million. At December 31, 2009, the Company had a total risk-based capital ratio of 14.18 percent, which is substantially higher than the 10 percent regulatory minimum to be considered well-capitalized. The Company repurchased 703,723 shares at an average price of $38.22 per share during 2009. Further, the Company paid $28.8 million in dividends during 2009, which represents a 7.4 percent increase as compared to 2008.

The fifth strategy is to deliver *the* unparalleled customer experience. The Company delivers products and services through outstanding associates who are focused on a high-touch customer service model. The Company continues to hire key associates within the core segments that are focused on achieving our strategies through a high level of service. The Company s associates exhibit pride, power, and passion each day to enable the Company to retain a strong customer base and focus on growing this base to obtain the financial results noted below.

Earnings Summary

The Company recorded consolidated net income of $89.5 million for the year ended December 31, 2009. This represents an 8.8 percent decrease over 2008. This decrease is explained by the impact of the Visa, Inc. (Visa) transactions and the sale of the securities transfer product transactions, which contributed, on a pre-tax basis, $14.0 million to 2008 results. Net income for 2008 increased 32.2 percent compared to 2007. Basic earnings per share for the year ended December 31, 2009, were $2.22 per share compared to $2.41 per share in 2008 and $1.78 per share in 2007. Basic earnings per share for 2009 decreased 7.9 percent over 2008, which had increased 35.4 percent over 2007. Fully diluted earnings per share for the year ended December 31, 2009, were $2.20 per share compared to $2.38 per share in 2008 and $1.77 per share in 2007.

The Company s net interest income increased to $303.0 million in 2009 compared to $275.1 million in 2008 and $232.7 million in 2007. The $27.9 million increase in net interest income in 2009, compared to 2008, is primarily a result of a favorable volume variance. See Table 1 on page 25. The favorable volume variance was led by a 31.2 percent increase in the average balance of taxable securities, a 19.9 percent increase in tax-exempt securities, and a 4.5 percent increase in the average balance of loans and loans held for sale. Net interest spread improved by 8 basis points in 2009, compared to 2008. The rate variance was slightly negative, but was more than offset by the positive volume variance and continues to benefit from interest-free funds. The impact of this benefit is illustrated on Table 2 on page 26. The $42.4 million increase in net interest income in 2008, compared to 2007, is primarily a result of both a favorable rate and volume variance. The volume variance was mostly driven by a 7.5 percent increase in loans and loans held for sale in 2008, compared to 2007. The net interest spread increased by 58 basis points in 2008, compared to 2007, and the rate variance was positive and benefited from interest-free funds. The current credit environment has made it difficult to anticipate the future of the Company s margins. The magnitude and duration of this impact will be largely dependent upon the Federal Reserve s policy decisions and market movements. See Table 15 on page 46 for an illustration of the impact of a rate increase or decrease on net interest income as of December 31, 2009.

The Company had a decrease of $2.6 million, or 0.8 percent, in noninterest income in 2009, compared to 2008, and a $24.0 million, or 8.3 percent, increase in 2008, compared to 2007. Trust and securities processing income decreased $1.7 million, or 1.4 percent, for the year ended December 31, 2009, as compared to the same period in 2008. Trading and investment banking income increased $7.0 million, or 35.4 percent, for the year ended December 31, 2009. Service charges on deposits decreased $1.7 million, or 2.0 percent, compared to the same period in 2008. Brokerage fees decreased $1.5 million, or 17.2 percent, for the year ended December 31, 2009. Gains on sales of securities available for sale increased $6.4 million compared to 2008. As a direct result of Visa s Initial Public Offering during the first quarter of 2008, earnings for the year ended December 31, 2008, include a pre-tax gain of $8.9 million from the mandatory redemption of a portion of the Company s Class B shares in Visa. A $1.1 million pre-tax gain was recognized in the third quarter of 2008 as a result of the final contingent payment received on the sale of the securities transfer product. The change in noninterest income in 2009 from 2008, and 2008 from 2007 is illustrated on Table 5 on page 29.

Noninterest expense increased in 2009 by $30.4 million, or 7.1 percent, compared to 2008 and increased in 2008 by $23.0 million, or 5.7 percent, compared to 2007. Salaries and employee benefits expense increased by $12.9 million, or 5.7 percent, mostly due to higher employee base salaries, higher commissions and bonuses and higher cost of benefits. Regulatory fees increased $12.9 million, or 473.1 percent, primarily due to increased deposit insurance assessments from the FDIC and a $4.8 million special assessment paid to the FDIC in the third

quarter of 2009. Equipment expense decreased $5.4 million, or 10.2 percent, from the same period in 2008, due to lower depreciation and amortization expense of equipment and software. Amortization of other intangibles increased by $3.1 million, or 98.7 percent, primarily due to increased amortization from the acquisition of J.D. Clark & Co., Inc. during the second quarter of 2009. Noninterest expense in 2008 was impacted by a reduction of the covered litigation provision of $4.0 million related to the Visa-covered litigation escrow established due to the Visa IPO during the first quarter of 2008. The increase in noninterest expense in 2009 from 2008, and 2008 from 2007 is illustrated on Table 6 on page 31.

Net Interest Income

Net interest income is a significant source of the Company s earnings and represents the amount by which interest income on earning assets exceeds the interest expense paid on liabilities. The volume of interest earning assets and the related funding sources, the overall mix of these assets and liabilities, and the rates paid on each affect net interest income. Table 1 summarizes the change in net interest income resulting from changes in volume and rates for 2009, 2008 and 2007.

Net interest margin is calculated as net interest income on a fully tax equivalent basis (FTE) as a percentage of average earning assets. A critical component of net interest income and related net interest margin is the percentage of earning assets funded by interest-free sources. Table 2 analyzes net interest margin for the three years ended December 31, 2009, 2008 and 2007. Net interest income, average balance sheet amounts and the corresponding yields earned and rates paid for the years 2005 through 2009 are presented in a table following Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operation on pages 44 and 45. Net interest income is presented on a tax-equivalent basis to adjust for the tax-exempt status of earnings from certain loans and investments, which are primarily obligations of state and local governments.

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Table 1

RATE-VOLUME ANALYSIS *(in thousands)*

This analysis attributes changes in net interest income either to changes in average balances or to changes in average rates for earning assets and interest-bearing liabilities. The change in net interest income is due jointly to both volume and rate and has been allocated to volume and rate in proportion to the relationship of the absolute dollar amount of the change in each. All rates are presented on a tax-equivalent basis and give effect to the disallowance of interest expense for federal income tax purposes, related to certain tax-free assets. The loan average balances and rates include nonaccrual loans.

Average Volume		Average Rate		2009 vs. 2008	Increase (Decrease)		
2009	2008	2009	2008		Volume	Rate	Total
				Change in interest earned on:			
$4,383,551	$ 4,193,871	4.92%	5.77%	Loans	$ 9,315	$ (35,737)	$ (26,422)
				Securities:			
3,432,373	2,614,787	3.10	4.22	Taxable	25,362	(29,267)	(3,905)
916,302	764,070	4.98	5.20	Tax-exempt	5,321	(2,191)	3,130
54,069	321,757	0.49	2.42	Federal funds sold and resell agreements	(1,302)	(6,234)	(7,536)
492,915	68,548	0.83	0.68	Interest-bearing due from banks	3,535	102	3,637
33,503	40,622	2.39	3.69	Other	(161)	(499)	(660)
9,312,713	8,003,655	4.00	5.02	Total	42,070	(73,826)	(31,756)
				Change in interest incurred on:			
5,211,569	4,596,100	0.96	1.95	Interest-bearing deposits	5,895	(45,720)	(39,825)
1,351,206	1,288,901	0.15	1.65	Federal funds purchased and repurchase agreements	92	(19,397)	(19,305)
51,857	53,735	2.53	3.48	Other	(48)	(513)	(561)
$6,614,632	$ 5,938,736	0.80%	1.90%	Total	5,939	(65,630)	(59,691)
				Net interest income	$ 36,131	$ (8,196)	$ 27,935

Average Volume		Average Rate		2008 vs. 2007	Increase (Decrease)		
2008	2007	2008	2007		Volume	Rate	Total
				Change in interest earned on:			
$4,193,871	$ 3,901,853	5.77%	6.94%	Loans	$ 16,842	$ (45,753)	$ (28,911)
				Securities:			
2,614,787	2,061,994	4.22	4.73	Taxable	23,330	(10,553)	12,777
764,070	725,765	5.20	5.12	Tax-exempt	737	240	977
321,757	360,288	2.42	5.18	Federal funds sold and resell agreements	(934)	(9,926)	(10,860)
68,548		0.68		Interest-bearing due from banks	467		467
40,622	58,862	3.69	4.03	Other	(688)	(202)	(890)

8,003,655	7,108,762	5.02	6.00	Total	39,754	(66,194)	(26,440)
				Change in interest incurred on:			
4,596,100	3,936,104	1.95	3.05	Interest-bearing deposits	12,887	(43,360)	(30,473)
1,288,901	1,272,699	1.65	4.66	Federal funds purchased and repurchase agreements	268	(38,212)	(37,944)
53,735	49,777	3.48	4.54	Other	138	(528)	(390)
$5,938,736	$ 5,258,580	1.90%	3.46%	Total	13,293	(82,100)	(68,807)
				Net interest income	$ 26,461	$ 15,906	$ 42,367

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Table 2

ANALYSIS OF NET INTEREST MARGIN ***(in thousands)***

	2009	2008	2007
Average earning assets	$ 9,312,713	$ 8,003,655	$ 7,109,235
Interest-bearing liabilities	6,614,632	5,938,736	5,258,580
Interest-free funds	$ 2,698,081	$ 2,064,919	$ 1,850,655
Free funds ratio (free funds to earning assets)	28.97%	25.80%	26.03%
Tax-equivalent yield on earning assets	4.00%	5.02%	6.00%
Cost of interest-bearing liabilities	0.80	1.90	3.46
Net interest spread	3.20%	3.12%	2.54%
Benefit of interest-free funds	0.23	0.48	0.90
Net interest margin	3.43%	3.60%	3.44%

The Company experienced an increase in net interest income of $27.9 million, or 10.2 percent, for the year 2009, compared to 2008. This follows an increase of $42.4 million, or 18.2 percent, for the year 2008, compared to 2007. As illustrated in Table 1, the 2009 increase is due to a favorable volume variance. The most significant portion of this favorable volume variance is associated with higher securities balances, coupled with continued growth in the loan balances in 2009 and 2008, respectively. In 2009, the favorable volume variances for earning assets were outpaced by the rate variances. However, the Company reduced the average cost of interest-bearing liabilities by 110 basis points during 2009, resulting in the positive increase in net interest income.

The decrease in the cost of funds has led to a declining beneficial impact from interest-free funds. However, the Company still maintains a significant portion of its deposit funding with noninterest-bearing demand deposits. Noninterest-bearing demand deposits represented 32.5 percent, 30.9 percent and 32.0 percent of total outstanding deposits at December 31, 2009, 2008 and 2007, respectively. As illustrated in Table 2, the impact from these interest-free funds was 23 basis points in 2009, compared to 48 basis points in 2008 and 90 basis points in 2007.

The 2008 increase in net interest income over 2007 is due to both a favorable volume and a favorable rate variance. In addition to the significant favorable volume variance associated with higher loan and securities balances in 2008, the reduction of the average cost of interest-bearing liabilities during the year had a favorable impact on the total rate variance.

The Company has experienced a repricing of its earning assets and interest-bearing liabilities during the 2009 interest rate cycle. The average rate on earning assets during 2009 has decreased by 102 basis points, while the average rate on interest-bearing liabilities decreased by 110 basis points, resulting in an 8 basis point improvement in spread. The volume of loans has increased from an average of $4.2 billion in 2008 to an average of $4.4 billion in 2009. Loan-related earning assets tend to generate a higher spread than those earned in the Company s investment portfolio. By design, the Company s investment portfolio is relatively short in duration and liquid in its composition of assets. If the Federal

Reserve s Open Market Committee maintains rates at current levels, the Company anticipates a negative impact to interest income as a result. The magnitude of this impact will be largely dependent upon the Federal Reserve s policy decisions, market movements and the duration of this rate environment.

During 2010, approximately $2.3 billion of securities are expected to mature and be reinvested. This includes approximately $705 million which will mature during the first quarter of 2010. The total investment portfolio had an average life of 22.9 months and 17.5 months as of December 31, 2009 and 2008, respectively. It should be noted that the Company also has a significant portfolio of short-term investments as of the end of both

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2009 and 2008. These securities are held due to the seasonal fluctuation related to public fund deposits, which are expected to flow out of the bank in a relatively short period. At December 31, 2009, the amount of such investments was approximately $1.1 billion, and without these investments, the average life of the investment portfolio would have been 27.5 months. At December 31, 2008, the amount of such short-term investments was approximately $1.7 billion, and without these short-term investments, the average life of the investment portfolio would have been 25.3 months.

Provision and Allowance for Loan Losses

The allowance for loan losses (ALL) represents management s judgment of the losses inherent in the Company s loan portfolio as of the balance sheet date. An analysis is performed quarterly to determine the appropriate balance of the ALL. This analysis considers items such as historical loss trends, a review of individual loans, migration analysis, current economic conditions, loan growth and characteristics, industry or segment concentration and other factors. This analysis is performed separately for each bank as regulatory agencies require that the adequacy of the ALL be maintained on a bank-by-bank basis. After the balance sheet analysis is performed for the ALL, the provision for loan losses is computed as the amount required to adjust the ALL to the appropriate level.

As shown in Table 3, the ALL has been allocated to various loan portfolio segments. The Company manages the ALL against the risk in the entire loan portfolio and therefore, the allocation of the ALL to a particular loan segment may change in the future. Management of the Company believes the present ALL is adequate considering the Company s loss experience, delinquency trends and current economic conditions. Future economic conditions and borrowers ability to meet their obligations, however, are uncertainties which could affect the Company s ALL and/or need to change its current level of provision.

Table 3

ALLOCATION OF ALLOWANCE FOR LOAN LOSSES *(in thousands)*

This table presents an allocation of the allowance for loan losses by loan categories. The breakdown is based on a number of qualitative factors; therefore, the amounts presented are not necessarily indicative of actual future charge-offs in any particular category.

	December 31				
Loan Category	**2009**	**2008**	**2007**	**2006**	**2005**
Commercial	$ 40,420	$ 31,617	$ 30,656	$ 31,136	$ 28,445
Consumer	10,128	10,893	9,743	10,387	10,726
Real estate	13,311	9,678	5,520	3,333	1,572
Agricultural	10	59	17	20	32
Leases	270	50	50	50	50
Total allowance	$ 64,139	$ 52,297	$ 45,986	$ 44,926	$ 40,825

Table 4 presents a five-year summary of the Company s ALL. Also, please see Quantitative and Qualitative Disclosures About Market Risk Credit Risk on pages 45 through 49 in this report for information relating to nonaccrual, past due, restructured loans, and other credit risk matters.

As illustrated in Table 4 below, the ALL increased as a percentage of total loans to 1.49 percent as of December 31, 2009, compared to 1.19 percent as of December 31, 2008. Based on the factors above, management of the Company expensed an additional $14.3 million, or 79.8 percent, related to the provision for loan losses in 2009, compared to 2008. This growth is primarily attributable to an increased inherent risk within the loan portfolio and includes an increased qualitative impact of the current economic condition during 2009. This compares to an $8.5 million, or 91.3 percent, increase in the provision for loan losses in 2008, compared to 2007.

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Table 4

ANALYSIS OF ALLOWANCE FOR LOAN LOSSES ***(in thousands)***

	2009	2008	2007	2006	2005
Allowance-beginning of year	$ 52,297	$ 45,986	$ 44,926	$ 40,825	$ 42,723
Provision for loan losses	32,100	17,850	9,333	8,734	5,775
Allowance of banks and loans acquired		216		2,359	
Charge-offs:					
Commercial	(5,532)	(4,281)	(2,615)	(5,861)	(2,261)
Consumer					
Bankcard	(13,625)	(8,092)	(5,684)	(4,522)	(5,925)
Other	(4,911)	(4,147)	(3,857)	(2,554)	(1,918)
Real estate	(881)	(61)	(318)		(3)
Total charge-offs	(24,949)	(16,581)	(12,474)	(12,937)	(10,107)
Recoveries:					
Commercial	1,419	1,338	1,046	3,494	443
Consumer					
Bankcard	1,334	1,253	1,107	1,073	1,008
Other	1,936	2,220	2,032	1,376	981
Real estate	2	15	16	2	2
Total recoveries	4,691	4,826	4,201	5,945	2,434
Net charge-offs	(20,258)	(11,755)	(8,273)	(6,992)	(7,673)
Allowance-end of year	$ 64,139	$ 52,297	$ 45,986	$ 44,926	$ 40,825
Average loans, net of unearned interest	$ 4,356,187	$ 4,175,658	$ 3,888,149	$ 3,562,038	$ 3,109,774
Loans at end of year, net of unearned interest	4,314,705	4,388,148	3,917,125	3,753,445	3,373,944
Allowance to loans at year-end	1.49%	1.19%	1.17%	1.20%	1.21%
Allowance as a multiple of net charge-offs	3.17x	4.45x	5.56x	6.43x	5.32x
Net charge-offs to:					
Provision for loan losses	63.11%	65.86%	88.64%	80.04%	132.87%
Average loans	0.47	0.28	0.21	0.20	0.25

Noninterest Income

A key objective of the Company is the growth of noninterest income to enhance profitability and provide steady income, as fee-based services are typically non-credit related and are not generally affected by fluctuations in interest rates. Noninterest income decreased $2.6 million, or 0.8 percent, to $310.2 million for the year ended December 31, 2009, as compared to the same period in 2008. Trust and securities processing income decreased $1.7 million, or 1.4 percent, for year-to-date December 31, 2009, as compared to the same period in 2008. Trading and investment banking income increased $7.0 million, or 35.4 percent, for the year ended December 31, 2009. Service charges on deposits decreased $1.7 million, or 2.0 percent, compared to the same period in 2008. Bankcard fees increased $2.0 million, or 4.6 percent, for the year ended December 31, 2009. Gains on sales of securities available for sale increased $6.4 million compared to 2008. As a direct result of Visa s Initial Public Offering during the first quarter of 2008, earnings for the year ended December 31, 2008, include a pre-tax gain of $8.9 million

from the mandatory redemption of a portion of the company s Class B shares in Visa. A $1.1 million pre-tax gain was recognized in the third quarter of 2008 as a result of the final contingent payment received on the sale of the securities transfer product.

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The Company s fee-based services provide the opportunity to offer multiple products and services to customers which management believes will more closely align the customer s product demand with the Company. The Company s ongoing focus is to continue to develop and offer multiple products and services to its customers. The Company is currently emphasizing fee-based services including trust and securities processing, bankcard, securities trading/brokerage and cash/treasury management. Management believes that it can offer these products and services both efficiently and profitably, as most have common platforms and support structures. In 2009, the Company continued on its path to implement an integrated wealth management business model. To this end, the Company s Investment and Wealth Management business had increased sales revenue of 11.9 percent during 2009 to $3.9 million, compared to $3.5 million for 2008. During 2009, the Company invested in this business by hiring seasoned professionals, which management believes will position this business for further growth.

Table 5

SUMMARY OF NONINTEREST INCOME ***(in thousands)***

	Year Ended December 31						
				Dollar Change		Percent Change	
	2009	2008	2007	09-08	08-07	09-08	08-07
Trust and securities processing	$ 120,544	$ 122,255	$ 115,585	$ (1,711)	$ 6,670	(1.4)%	5.8%
Trading and investment banking	26,587	19,636	19,288	6,951	348	35.4	1.8
Service charges on deposit accounts	83,392	85,064	79,880	(1,672)	5,184	(2.0)	6.5
Insurance fees and commissions	4,800	4,564	3,418	236	1,146	5.2	33.5
Brokerage fees	7,172	8,660	8,023	(1,488)	637	(17.2)	7.9
Bankcard fees	45,321	43,348	39,972	1,973	3,376	4.6	8.5
Gain on sale of securities transfer		1,090	7,218	(1,090)	(6,128)	(100.0)	(84.9)
Gains on sales of securities available for sale, net	9,737	3,334	1,010	6,403	2,324	>100.0	>100.0
Gain on mandatory redemption of Visa, Inc. common stock		8,875		(8,875)	8,875	(100.0)	100.0
Other	12,623	15,957	14,394	(3,334)	1,563	(20.9)	10.9
Total noninterest income	$ 310,176	$ 312,783	$ 288,788	(2,607)	$ 23,995	(0.8)%	8.3%

Noninterest income and the year-over-year changes in noninterest income are summarized in Table 5 above. The dollar change and percent change columns highlight the respective net increase or decrease in the categories of noninterest income in 2009 compared to 2008, and in 2008 compared to 2007.

Trust and securities processing income consists of fees earned on personal and corporate trust accounts, custody of securities services, trust investments and money management services, and mutual fund assets servicing. This income category slightly decreased by 1.4 percent in 2009, compared to 2008, whereas this category increased by 5.8 percent in 2008, compared to 2007. The Company increased fund administration fee income by $4.0 million and $6.9 million in 2009 and 2008, respectively. More than half of the increase in 2009 is due to the acquisition of JD Clark & Co., Inc. which closed in the second quarter. However, these increases have been offset by decreases in mutual fund and trust fee income. Both of these categories are highly correlated to the market value of assets and the overall health of the equity and financial markets and thus, have been negatively impacted during 2009. Management continues to emphasize sales of services to both new and existing clients as well as increasing and improving the distribution channels.

Trading and investment banking fees increased by 35.4 percent and 1.8 percent in 2009 and 2008, respectively. This activity is indicative of the dynamic rate environment and is predominately due to market increases in the Company s mutual fund investments.

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Service charges on deposit accounts decreased by 2.0 percent in 2009, compared to 2008, whereas this category increased by 6.5 percent in 2008, compared to 2007. The decrease in 2009 is due to less return item charges, which was a direct result of the current economic environment. The increase in 2008 is due mostly to greater individual overdrafts and return item charges. Pricing increases and changes (such as improved technology) in overdraft and collection procedures have been the primary reasons for this increase.

Bankcard fees increased 4.6 percent and 8.5 percent in 2009 and 2008, respectively. The increase in both years reflects both higher card volume and a greater average transaction dollar amount. Healthcare card volume increased 26.6 percent over 2008. Additionally, credit card rebate programs encourage increased usage by both consumer and commercial customers. To illustrate the continued success of this program, commercial cardholder volume increased 8.4 percent and 15.8 percent in 2009 and 2008, respectively.

Gains on sales of securities available for sale increased $6.4 million in 2009, as compared to 2008, and increased by $2.3 million in 2008, as compared to 2007.

During 2007, the Company sold the security transfer product to a third party for a pre-tax gain of $7.2 million. The agreement included residual contingent payments, which the Company could receive if certain revenue targets were met over the twelve month period after the sale date. In the third quarter of 2008, the Company recorded an additional pre-tax gain of $1.1 million from the final contingent payment.

During the first quarter of 2008, the Company recorded an $8.9 million pre-tax gain on the mandatory partial redemption of Visa, Inc. common stock. This transaction was a direct result of Visa, Inc. s initial public offering, which required the Company to redeem a portion of its holdings of Class B shares.

Noninterest Expense

Noninterest expense increased in both 2009 and 2008 compared to the respective prior years. Noninterest expense increased in 2009 by $30.4 million, or 7.1 percent, compared to 2008 and increased in 2008 by $23.0 million, or 5.7 percent, compared to 2007. The main drivers of this increase in 2009 were salaries and employee benefits expense, regulatory fees, and amortization expense from acquisitions, offset by the decrease in equipment expense. Also contributing to the year-over-year change was 2008 s reversal of the covered litigation provision. Table 6 below summarizes the components of noninterest expense and the respective year-over-year changes for each category.

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Table 6

SUMMARY OF NONINTEREST EXPENSE ***(in thousands)***

	Year Ended December 31						
				Dollar Change		Percent Change	
	2009	2008	2007	09-08	08-07	09-08	08-07
Salaries and employee benefits	$ 240,819	$ 227,938	$ 206,883	$ 12,881	$ 21,055	5.7%	10.2%
Occupancy, net	34,760	32,472	30,255	2,288	2,217	7.0	7.3
Equipment	47,645	53,044	52,711	(5,399)	333	(10.2)	0.6
Supplies and services	20,237	24,221	23,435	(3,984)	786	(16.4)	3.4
Marketing and business development	15,446	19,431	15,443	(3,985)	3,988	(20.5)	25.8
Processing fees	35,465	32,742	29,861	2,723	2,881	8.3	9.6
Legal and consulting	10,254	8,214	8,451	2,040	(237)	24.8	(2.8)
Bankcard	14,251	11,537	11,064	2,714	473	23.5	4.3
Amortization of intangibles	6,169	3,105	2,943	3,064	162	98.7	5.5
Regulatory fees	15,675	2,735	2,190	12,940	544	>100.0	
Covered litigation provision		(4,023)	4,628	4,023	(8,651)	(100.0)	(>100.0)
Other	19,864	18,738	19,300	1,126	(562)	6.0	(2.9)
Total noninterest expense	$ 460,585	$ 430,153	$ 407,164	30,432	$ 22,989	7.0%	5.6%

Salaries and employee benefits expense increased by $12.9 million, or 5.7 percent, and $21.1 million, or 10.2 percent, in 2009 and 2008, respectively. The increase in both 2009 and 2008 is primarily due to higher employee base salaries, higher commissions and bonuses and higher cost of benefits. The Company added several key officers during 2009, including those added as a result of acquisitions. During 2009, included in the higher cost of benefits is a $4.1 million increase in health insurance costs associated with the Company s self-funded insurance plan. During 2008, the Company experienced increases in employee benefits expenses that included a $2.0 million increase in the Company match of the 401(k), a contribution to the Company s profit sharing plan, and a $1.4 million increase in health insurance costs associated with the Company s self-funded insurance plan.

Equipment expense decreased $5.4 million, or 10.2 percent, from the same period in 2008, and was relatively flat during 2008, compared to 2007. Several equipment and software components completed their useful lives during 2008 and 2009, resulting in a lower depreciation and amortization expense.

Amortization of other intangibles increased by $3.1 million, or 98.7 percent, during 2009 and was relatively flat during 2008. The increase in 2009 was primarily due to increased amortization from the acquisition of J.D. Clark & Co., Inc. during the second quarter of 2009.

Regulatory fees increased $12.9 million and $0.5 million in 2009 and 2008, respectively. During 2008, this represented a 24.9 percent increase, as compared to the 2007 results. However, during 2009, these expenses more than quadrupled and were a direct result of increased depository

insurance assessment rates and a special assessment levied during the second quarter by the FDIC.

During the fourth quarter of 2007, the Company, as a member of Visa U.S.A. Inc. (Visa USA), received shares of restricted stock in Visa, Inc. (Visa) as a result of its participation in the global restructuring of Visa USA., Visa Canada Association, and Visa International Service Association, in preparation for an initial public offering. Based on this participation, the Company and other Visa USA member banks became aware of an obligation to provide indemnification to Visa in connection with its potential losses resulting from covered litigation as described in Visa s Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on December 21, 2007. This covered litigation provision contributed to the decrease in noninterest expense in 2008, but had the opposite impact in 2009 s year-over-year change.

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Income Taxes

Income tax expense totaled $31.0 million, $41.8 million and $30.8 million in 2009, 2008, and 2007, respectively. These amounts equate to effective rates of 25.7 percent, 29.9 percent and 29.3 percent for 2009, 2008, and 2007, respectively. The decrease in the effective tax rate from 2008 to 2009 is primarily attributable to (i) tax-exempt income representing a larger percentage of pre-tax net income, (ii) an increase in tax credits received from investments in low-income housing partnerships, and (iii) benefits related to state tax positions taken by the Company. For further information on income taxes refer to Note 17 of the Notes to Consolidated Financial Statements.

Business Segments

The Company s operations are strategically aligned into six major segments: Commercial Banking and Lending, Payment and Technology Solutions, Banking Services, Consumer Services, Asset Management, and Fund Services. The segments are differentiated by both the customers served and the products and services offered. Note 13 to the Consolidated Financial Statements describes how these segments are identified and presents financial results of the segments for the years ended December 31, 2009, 2008, and 2007. The Treasury and Other Adjustments category includes items not directly associated with any other segment.

Commercial Banking and Lending s net income before taxes for 2009 increased $13.2 million to $28.1 million compared to 2008. The increase in net income was driven primarily by an increase in net interest income of $26.5 million which was driven by loan growth of $254.0 million and yield enhancements in this segment during 2009. This increase was partially offset by a $10.4 million increase in provision expense related to loan growth and to ensure the allowance for loan losses is adequately funded for the inherent risk in the loan portfolio. The non-interest expense increase was primarily attributable to an increase in salaries and benefits, primarily from adding sales officers and an increase in incentive expenses due to higher sales volume. Management anticipates a slowly recovering economic environment during 2010 with little movement in interest rates, which will help this segment obtain new customer opportunities and realize line of credit utilization increases.

Payment and Technology Solutions 2009 net income before taxes decreased $9.5 million to $54.2 million compared to 2008. Net interest income decreased by $5.5 million due to decreases in funds transfer prices of demand deposits. Noninterest income increased by $0.8 million due to increases in deposit service charge income from treasury management clients and in credit card services income related to commercial cards and health care solutions. Noninterest expense increased $4.1 million compared to 2008 primarily from an increase in technology development investments and additional sales and product delivery associates. The Company has focused significant resources into creating and enhancing products and services to keep the Company in step with clients changing needs.

Banking Services pre-tax net income was $5.3 million for 2009, which was a $4.4 million increase from 2008 pre-tax income of $1.0 million. For 2009, the increase in pre-tax net income was primarily attributable to an increase in noninterest income of $2.4 million from 2008; an increase in net interest income of $0.8 million and a reduction in expenses of $1.1 million. Noninterest expense decreased primarily from lower allocated costs. The noninterest income increase is attributable to both an increase in volume and margin, particularly in the first four months of 2009 as banks tightened lending practices and increased their investment portfolios. Activity and margins were fairly stable throughout the year. Management believes that economic and regulatory factors will constrain net interest margin, deposit service charges, and trading income in this segment in 2010.

Consumer Services net income before taxes for 2009 decreased by $10.1 million to $3.9 million compared to 2008. Several drivers contributed to this decrease. Noninterest expense increased $2.7 million over 2008, in which the most significant driver was FDIC assessment rate increases and the industry-wide special assessment levied on banks during the year. Provision for loan losses also increased over 2008 by $2.9 million,

reflecting the general industry trend in credit card charge-offs. The Company s credit card charge-offs continue to trend significantly below industry averages. Net interest margin decreased $2.1 million over 2008 from decreased

funds transfer pricing costs on liabilities. Noninterest income was lower with a decrease of $2.4 million from 2008. This decreases was due to a reduction in return item revenue driven by changes in consumer behavior in the current economic environment.

Asset Management s pre-tax net income in 2009 was $16.6 million, which is a decrease of $6.7 million from 2008. The decrease in pre-tax net income was attributable to increases in net interest income offset by increases in noninterest expense and decreases in noninterest income. Noninterest income decreased 8.5 percent, mostly due to fees associated with the Scout Funds, corporate and personal trust income, and brokerage service fees. Fees were significantly affected by the downturn in the equity markets, particularly in the fourth quarter of 2008 and the first quarter of 2009. Over 75 percent of the business unit s noninterest income is based on the market value of the assets it manages and administers. Noninterest income was also affected by historically low interest rates, which greatly reduced revenue from the Scout money market funds and revenue sharing arrangements with third party money funds. Noninterest expense increased $8.8 million mainly from increases in salaries, commissions and benefits. During the first half of the year, staff additions were made to the high net worth sales and service teams. Net flows to the Scout equity and bond funds were $1.0 billion for 2009, compared to $820 million for 2008. Management will continue to focus sales efforts to increase net flows to the Scout Funds during 2010. The ability of the Company to maintain or grow the fee income from this segment is related to the overall health of the equity and financial markets. The assets under management in this segment are diversified across multiple asset classes with approximately 38 percent in the international class, 29 percent in the fixed income class, 17 percent in the U.S. large capitalization class, 8 percent in the short term investment class, and 7 percent in the small and middle capitalization class. Management believes this diversification helps provide protection against significant market changes in any one asset class. The corporate trust business expanded into new territories and grew through acquisitions during the year, although revenue was lower than 2008 due to interest rate pressures, which reduced revenue sharing from money market partners.

Fund Services pre-tax net income declined in 2009 to $7.0 million from $12.5 million in 2008. Pre-tax net income decreased $5.4 million in 2009 as a result of lower net interest margin and noninterest expense. Noninterest income increased $3.8 million to $48.9 million. The addition of J.D. Clark & Co., Inc. accounted for most of the increase, offset by declines in asset based fees from existing clients. Net interest income declined $1.8 million from 2008 as a result of lower rates, despite higher average balances. The addition of J.D. Clark & Co., Inc. to UMB Fund Services accounted for a majority of the increase in noninterest expense of $7.4 million from 2008. While pre-tax net income for 2009 declined compared to 2008, income increased in both the third and fourth quarters reflecting both increases in asset and transaction based fees related to overall market performance and the addition of J.D. Clark & Company, Inc.

The net gain before tax for the Treasury and Other Adjustments category was $5.2 million for 2009, compared to $10.4 million for 2008. The gain in 2008 includes the $8.9 million gain on the mandatory redemption of Visa, Inc. class B common stock.

Balance Sheet Analysis

Loans and Loans Held For Sale

Loans represent the Company s largest source of interest income. Loan balances excluding loans held for sale decreased slightly by $73.4 million in 2009. Commercial real estate and residential real estate loans had the most significant growth in outstanding balances in 2009, compared to 2008. This increase was offset by decreases in both consumer and commercial loans.

Included in Table 7 is a five-year breakdown of loans by type. Business-related loans continue to represent the largest segment of the Company s loan portfolio, comprising approximately 74.3 percent and 73.9 percent of total loans and loans held for sale at the end of 2009 and 2008, respectively. The Company targets customers that will utilize multiple banking services and products.

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Table 7

ANALYSIS OF LOANS BY TYPE ***(in thousands)***

	December 31				
	2009	**2008**	**2007**	**2006**	**2005**
Commercial	$ 1,882,776	$ 2,053,675	$ 1,700,789	$ 1,472,113	$ 1,419,723
Agricultural	80,757	74,837	68,716	92,680	77,773
Leases	7,510	9,895	6,113	5,781	6,068
Real estate-construction	106,914	89,960	83,292	84,141	47,403
Real estate-commercial	1,141,447	1,030,227	823,531	752,336	567,062
Total business-related	3,219,404	3,258,594	2,682,441	2,407,051	2,118,029
Bankcard	296,527	254,154	227,216	193,838	183,380
Other consumer installment	144,879	315,725	568,610	788,487	804,390
Real estate residential	653,895	559,675	438,858	364,069	268,145
Total consumer-related	1,095,301	1,129,554	1,234,684	1,346,394	1,255,915
Loans before allowance and loans held for sale	4,314,705	4,388,148	3,917,125	3,753,445	3,373,944
Allowance for loan losses	(64,139)	(52,297)	(45,986)	(44,926)	(40,825)
Net loans before loans held for sale	4,250,566	4,335,851	3,871,139	3,708,519	3,333,119
Loans held for sale	17,523	21,886	12,240	14,120	19,460
Net loans and loans held for sale	$ 4,268,089	$ 4,357,737	$ 3,883,379	$ 3,722,639	$ 3,352,579
As a % of total loans and loans held for sale					
Commercial	43.46%	46.57%	43.28%	39.07%	41.84%
Agricultural	1.86	1.70	1.75	2.46	2.29
Leases	0.17	0.22	0.16	0.15	0.18
Real estate construction	2.47	2.04	2.12	2.23	1.40
Real estate commercial	26.35	23.36	20.96	19.98	16.71
Total business-related	74.31	73.89	68.27	63.89	62.42
Bankcard	6.85	5.76	5.78	5.14	5.40
Other consumer installment	3.34	7.16	14.47	20.93	23.71
Real estate residential	15.09	12.69	11.17	9.67	7.90
Total consumer-related	25.28	25.61	31.42	35.74	37.01
Loans held for sale	0.41	0.50	0.31	0.37	0.57
Total loans and loans held for sale	100.00%	100.00%	100.00%	100.00%	100.00%

Commercial loans represent the largest percent of total loans. Commercial loans decreased slightly as a percentage of total loans and volume compared to 2008. The volume decreased despite an increased capacity to lend through increased commitments over 2008. Commercial line utilization has decreased due to the current economic conditions.

As a percentage of total loans, commercial real estate and real estate construction loans now comprise 28.8 percent of total loans, compared to 25.4 percent at the end of 2008. Generally, these loans are made for working capital or expansion purposes and are primarily secured by real estate with a maximum loan-to-value of 80 percent. Most of these properties are owner-occupied and/or have other collateral or guarantees as security.

Bankcard loans have increased $42.4 million in 2009, compared to 2008. The increase in bankcard loans is due primarily to increased promotional activity and rewards programs. Bankcard loans continue to be an area of emphasis for the Company.

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Other consumer installment loans have decreased in total amount outstanding and as a percentage of loans. During the third quarter of 2007, the Company made the decision to allow the indirect auto loan portfolio to run-off. This is part of a strategy to enhance asset yields. The Company will continue to service existing loans until maturity or payoff.

Real estate residential loans, although low in overall balances, have increased in both volume and as a percentage of the overall loan portfolio over 2008. The growth in these loans was primarily attributable to home equity lines of credit (HELOC). The HELOC growth was a result of the success of multiple promotions, as well as market penetration within the Company s current customer base through its current distribution channels. Continued expansion of this portfolio is anticipated.

Nonaccrual, past due and restructured loans are discussed under Credit Risk within the Quantitative and Qualitative Disclosure about Market Risk in Item 7A on pages 48 and 49 of this report.

Investment Securities

The Company s security portfolio provides liquidity as a result of the composition and average life of the underlying securities. This liquidity can be used to fund loan growth or to offset the outflow of traditional funding sources. In addition to providing a potential source of liquidity, the security portfolio can be used as a tool to manage interest rate sensitivity. The Company s goal in the management of its securities portfolio is to maximize return within the Company s parameters of liquidity goals, interest rate risk and credit risk. The Company maintains high liquidity levels while investing in only high-grade securities. The security portfolio generates the Company s second largest component of interest income.

Securities available for sale and securities held to maturity comprised 46.4 percent of earning assets as of December 31, 2009, compared to 48.2 percent at year-end 2008. Total investment securities totaled $5.0 billion at December 31, 2009, compared to $4.9 billion at year-end 2008. Management expects collateral pledging requirements for public funds, deposit balance changes, and loan demand to be the primary factors impacting changes in the level of security holdings.

Securities available for sale comprised 97.6 percent of the Company s investment securities portfolio at December 31, 2009, compared to 97.8 percent at year-end 2008. Securities available for sale had a net unrealized gain of $63.8 million at year-end, compared to a net unrealized gain of $64.8 million the preceding year. These amounts are reflected, on an after-tax basis, in the Company s other comprehensive income in shareholders equity, as an unrealized gain of $40.5 million at year-end 2009, compared to an unrealized gain of $41.1 million for 2008.

The securities portfolio achieved an average yield on a tax-equivalent basis of 3.5 percent for 2009, compared to 4.4 percent in 2008 and 4.8 percent in 2007. The decrease in yield is due to the replacement of higher yielding securities with lower yielding securities as the investment portfolio is reinvested. The average life of the securities portfolio was 22.9 months at December 31, 2009, compared to 17.5 months at year-end 2008.

Included in Tables 8 and 9 are analyses of the cost, fair value and average yield (tax-equivalent basis) of securities available for sale and securities held to maturity.

The securities portfolio contains securities that have unrealized losses and are not deemed to be other-than-temporarily impaired (see the table of these securities in Note 4 to the Consolidated Financial Statements on page 63 of this document). There are municipal securities that have had unrealized losses for greater than 12 months. Because the Company does not have the intent to sell these securities and it is more likely than not that the Company will not be required to sell these securities before a recovery of fair value, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2009.

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Table 8

SECURITIES AVAILABLE FOR SALE ***(in thousands)***

December 31, 2009	Amortized Cost	Fair Value
U.S. Treasury	$ 596,067	$ 599,077
U.S. Agencies	1,479,784	1,488,760
Mortgage-backed	1,786,899	1,813,658
State and political subdivisions	958,231	984,293
Total	$ 4,820,981	$ 4,885,788

December 31, 2008	Amortized Cost	Fair Value
U.S. Treasury	$ 456,183	$ 467,961
U.S. Agencies	2,216,866	2,240,524
Mortgage-backed	1,283,036	1,299,003
State and political subdivisions	793,171	807,584
Total	$ 4,749,256	$ 4,815,072

	U.S. Treasury Securities		U.S. Agency Securities		Mortgage-backed Securities	
December 31, 2009	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield	Fair Value	Weighted Average Yield
Due in one year or less	$ 246,655	2.40%	$ 365,675	1.68%	$ 173,107	4.80%
Due after 1 year through 5 years	352,422	1.32	1,123,085	1.63	1,472,163	1.21
Due after 5 years through 10 years					110,058	3.82
Due after 10 years					58,330	3.85
Total	$ 599,077	1.77%	$ 1,488,760	1.65%	$ 1,813,658	3.95%

	State and Political Subdivisions		
December 31, 2009	Fair Value	Weighted Average Yield	Total Fair Value
Due in one year or less	$ 161,673	4.26%	$ 947,110

Due after 1 year through 5 years	573,148	4.47	3,520,818
Due after 5 years through 10 years	232,794	5.29	342,852
Due after 10 years	16,678	5.34	75,008
Total	$ 984,293	4.64%	$ 4,885,788

	U.S. Treasury Securities		U.S. Agency Securities		Mortgage-backed Securities	
December 31, 2008	**Fair Value**	**Weighted Average Yield**	**Fair Value**	**Weighted Average Yield**	**Fair Value**	**Weighted Average Yield**
Due in one year or less	$ 329,628	3.05%	$ 1,230,489	1.87%	$ 168,468	4.37%
Due after 1 year through 5 years	138,333	4.91	1,010,035	2.84	1,099,414	2.31
Due after 5 years through 10 years					14,667	4.85
Due after 10 years					16,454	5.68
Total	$ 467,961	3.60%	$ 2,240,524	2.30%	$ 1,299,003	4.67%

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December 31, 2008	State and Political Subdivisions Fair Value	Weighted Average Yield	Total Fair Value
Due in one year or less	$ 125,020	4.56%	$ 1,853,605
Due after 1 year through 5 years	447,774	5.10	2,695,556
Due after 5 years through 10 years	204,659	5.63	219,326
Due after 10 years	30,131	6.04	46,585
Total	$ 807,584	5.18%	$ 4,815,072

Table 9

SECURITIES HELD TO MATURITY ***(in thousands)***

December 31, 2009	Amortized Cost	Fair Value	Weighted Average Yield/Average Maturity
Due in one year or less	$	$	%
Due after 1 year through 5 years	14,808	15,166	5.03%
Due after 5 years through 10 years	12,334	12,633	5.17%
Due over 10 years	29,844	30,567	4.28%
Total	$ 56,986	$ 58,366	13 yr. 6 mo.
December 31, 2008			
Due in one year or less	$	$	%
Due after 1 year through 5 years	11,503	13,270	5.43%
Due after 5 years through 10 years	15,744	18,162	4.82%
Due over 10 years	22,103	25,497	4.36%
Total	$ 49,350	$ 56,929	12 yr. 3 mo.

Other Earning Assets

Federal funds transactions essentially are overnight loans between financial institutions, which allow for either the daily investment of excess funds or the daily borrowing of another institution s funds in order to meet short-term liquidity needs. The net sold position was $9.8 million at December 31, 2009, and $84.9 million at December 31, 2008.

The Company s principal affiliate bank buys and sells federal funds as agent for non-affiliated banks. Because the transactions are pursuant to agency arrangements, these transactions do not appear on the balance sheet and averaged year-to-date $629.9 million in 2009, and $777.2 million in 2008.

At December 31, 2009, the Company held securities bought under agreements to resell of $319.9 million compared to $150.2 million at year end 2008. The Company used these instruments as short-term secured investments, in lieu of selling federal funds, or to acquire securities required for a repurchase agreement. These investments averaged $42.2 million in 2009 and $161.0 million in 2008.

The Company also maintains an active securities trading inventory. The average holdings in the securities trading inventory in 2009 were $33.5 million, compared to $40.6 million in 2008, and were recorded at market value. As discussed in the Quantitative and Qualitative Disclosures About Market Risk Trading Account in Part II, Item 7A on page 48 below, the Company offsets the trading account securities by the sale of exchange-traded financial futures contracts, with both the trading account and futures contracts marked to market daily.

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Deposits and Borrowed Funds

Deposits represent the Company s primary funding source for its asset base. In addition to the core deposits garnered by the Company s retail branch structure, the Company continues to focus on its cash management services, as well as its asset management and mutual fund servicing segments in order to attract and retain additional core deposits. Deposits totaled $8.5 billion at December 31, 2009, and $7.7 billion at year end 2008. Deposits averaged $7.6 billion in 2009 and $6.5 billion in 2008. The Company continually strives to expand, improve and promote its cash management services in order to attract and retain commercial funding customers.

Noninterest bearing demand deposits averaged $2.4 billion in 2009 and $1.9 billion in 2008. These deposits represented 31.3 percent of average deposits in 2009, compared to 29.6 percent in 2008. The Company s large commercial customer base provides a significant source of noninterest bearing deposits. Many of these commercial accounts do not earn interest; however, they receive an earnings credit to offset the cost of other services provided by the Company.

Table 10

MATURITIES OF TIME DEPOSITS OF $100,000 OR MORE ***(in thousands)***

	December 31	
	2009	**2008**
Maturing within 3 months	$ 587,650	$ 378,607
After 3 months but within 6 months	196,192	115,892
After 6 months but within 12 months	173,580	105,816
After 12 months	125,536	72,017
Total	$ 1,082,958	$ 672,332

Table 11

ANALYSIS OF AVERAGE DEPOSITS ***(in thousands)***

	2009	**2008**	**2007**	**2006**	**2005**
Amount					
Noninterest-bearing demand	$ 2,372,456	$ 1,936,170	$ 1,780,098	$ 1,840,640	$ 1,887,273
Interest-bearing demand and savings	3,631,486	3,162,015	2,649,849	2,454,684	2,302,174

Time deposits under $100,000	782,469	833,033	796,528	783,811	658,421
Total core deposits	6,786,411	5,931,218	5,226,475	5,079,135	4,847,868
Time deposits of $100,000 or more	797,614	601,052	489,727	409,663	288,100
Total deposits	$ 7,584,025	$ 6,532,270	$ 5,716,202	$ 5,488,798	$ 5,135,968
As a % of total deposits					
Noninterest-bearing demand	31.28%	29.64%	31.14%	33.53%	36.75%
Interest-bearing demand and savings	47.88	48.41	46.36	44.72	44.82
Time deposits under $100,000	10.32	12.75	13.93	14.29	12.82
Total core deposits	89.48	90.80	91.43	92.54	94.39
Time deposits of $100,000 or more	10.52	9.20	8.57	7.46	5.61
Total deposits	100.00%	100.00%	100.00%	100.00%	100.00%

Repurchase agreements are transactions involving the exchange of investment funds by the customer for securities by the Company, under an agreement to repurchase the same issues at an agreed-upon price and date.

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Securities sold under agreements to repurchase and fed funds purchased totaled $1.9 billion at December 31, 2009, and $2.1 billion at December 31, 2008. These agreements averaged $1.4 billion in 2009 and $1.3 billion in 2008. The Company enters into these transactions with its downstream correspondent banks, commercial customers, and various trust, mutual fund and local government relationships.

Table 12

SHORT-TERM DEBT (in thousands)

	2009		2008	
	Amount	**Rate**	**Amount**	**Rate**
At December 31:				
Federal funds purchased	$ 47,334	0.03%	$ 68,807	0.07%
Repurchase agreements	1,880,273	0.17	2,058,546	0.22
Other	29,514	0.00	15,807	0.00
Total	$ 1,957,121	0.16%	$ 2,143,160	0.21%
Average for year:				
Federal funds purchased	$ 99,738	0.11%	$ 91,390	1.38%
Repurchase agreements	1,251,468	0.15	1,197,511	1.67
Other	19,790	0.00	17,331	1.28
Total	$ 1,370,996	0.15%	$ 1,306,232	1.65%
Maximum month-end balance:				
Federal funds purchased	$ 356,510		$ 420,800	
Repurchase agreements	1,880,273		2,058,546	
Other	35,996		215,378	

The Company has six fixed-rate advances at December 31, 2009, from the Federal Home Loan Banks at rates of 3.27 percent to 7.13 percent. These advances, collateralized by the Company s securities, are used to offset interest rate risk of longer-term fixed-rate loans.

Capital Resources and Liquidity

The Company places a significant emphasis on the maintenance of a strong capital position, which promotes investor confidence, provides access to funding sources under favorable terms, and enhances the Company s ability to capitalize on business growth and acquisition opportunities. The Company is not aware of any trends, demands, commitments, events or uncertainties that would materially change its capital position or affect its liquidity in the foreseeable future. Capital is managed for each subsidiary based upon its respective risks and growth opportunities as well as regulatory requirements.

Total shareholders equity was $1,015.6 million at December 31, 2009, compared to $974.8 million one year earlier. During each year, management has the opportunity to repurchase shares of the Company s stock if it concludes that the repurchases would enhance overall shareholder value. During 2009 and 2008, the Company acquired 703,723 and 580,096 shares, respectively, of its common stock.

Risk-based capital guidelines established by regulatory agencies establish minimum capital standards based on the level of risk associated with a financial institution s assets. A financial institution s total capital is required to equal at least 8% of risk-weighted assets. At least half of that 8% must consist of Tier 1 core capital, and the remainder may be Tier 2 supplementary capital. The risk-based capital guidelines indicate the specific risk weightings by type of asset. Certain off-balance-sheet items (such as standby letters of credit and binding loan commitments) are multiplied by credit conversion factors to translate them into balance sheet equivalents before

assigning them specific risk weightings. Due to the Company s high level of core capital and substantial portion of earning assets invested in government securities, the Tier 1 capital ratio of 13.11% and total capital ratio of 14.18% substantially exceed the regulatory minimums.

For further discussion of capital and liquidity, see the Liquidity Risk section of Item 7A, Quantitative and Qualitative Disclosures about Market Risk on pages 49 and 50 of this report.

Table 13

RISK-BASED CAPITAL ***(in thousands)***

This table computes risk-based capital in accordance with current regulatory guidelines. These guidelines as of December 31, 2009, excluded net unrealized gains or losses on securities available for sale from the computation of regulatory capital and the related risk-based capital ratios.

	Risk-Weighted Category				
	0%	**20%**	**50%**	**100%**	**Total**
Risk-Weighted Assets					
Loans held for sale	$	$ 11,302	$ 4,886	$ 1,335	$ 17,523
Loans and leases		30,036	212,630	4,072,039	4,314,705
Securities available for sale	2,104,410	2,681,541	35,030		4,820,981
Securities held to maturity		56,986			56,986
Federal funds and resell agreements		329,765			329,765
Trading securities	899	14,329	9,013	13,973	38,214
Cash and due from banks	830,007	687,128			1,517,135
All other assets	11,505			377,058	388,563
Category totals	2,946,821	3,811,087	261,559	4,464,405	11,483,872
Risk-weighted totals		762,217	130,780	4,464,405	5,357,402
Off-balance-sheet items (risk-weighted)		1,584	1,034	749,668	752,286
Total risk-weighted assets	$	$ 763,801	$ 131,814	$ 5,214,073	$ 6,109,688

	Tier1	**Tier2**	**Total**
Regulatory Capital			
Shareholders equity	$ 1,015,551	$	$ 1,015,551
Accumulated other comprehensive gains	(41,449)		(41,449)
Premium on purchased banks	(172,927)		(172,927)
Allowance for loan losses		65,137	65,137

Total capital	$ 801,175	$ 65,137	$ 866,312

	Company
Capital ratios	
Tier 1 capital to risk-weighted assets	13.11%
Total capital to risk-weighted assets	14.18%
Leverage ratio (Tier 1 to total average assets less premium on purchased banks)	7.87%

For further discussion of regulatory capital requirements, see note 10, Regulatory Requirements with the Notes to Consolidated Financial Statements under Item 8 on pages 69 and 70.

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Commitments, Contractual Obligations and Off-balance Sheet Arrangements

The Company s main off-balance sheet arrangements are loan commitments, commercial and standby letters of credit, futures contracts and forward exchange contracts, which have maturity dates rather than payment due dates. These commitments and contingent liabilities are not required to be recorded on the Company s balance sheet. Since commitments associated with letters of credit and lending and financing arrangements may expire unused, the amounts shown do not necessarily reflect the actual future cash funding requirements. See Table 14 below, as well as Note 15, Commitments, Contingencies and Guarantees in the Notes to Consolidated Financial Statements under Item 8 on pages 79 to 80 for detailed information and further discussion of these arrangements. Management does not anticipate any material losses from its off-balance sheet arrangements.

Table 14

COMMITMENTS, CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS ***(in thousands)***

The table below details the contractual obligations for the Company as of December 31, 2009. The Company has no capital leases or long-term purchase obligations. Includes principal payments only.

	Payments due by period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Contractual Obligations					
Fed funds purchased and repurchase agreements	$ 1,927,607	$ 1,927,607	$	$	$
Short-term debt obligations	29,514	29,514			
Long-term debt obligations	25,458	4,832	8,467	3,239	8,920
Operating lease obligations	54,717	6,004	10,570	9,265	28,878
Time open and C.D. s	1,854,999	1,570,143	234,324	45,428	5,104
Total	$ 3,892,295	$ 3,538,100	$ 253,361	$ 57,932	$ 42,902

As of December 31, 2009, our total liabilities for unrecognized tax benefits were $2.9 million. We cannot reasonably estimate the timing of the future payments of these liabilities. Therefore, these liabilities have been excluded from the table above. See Note 17 to the consolidated financial statements for information regarding the liabilities associated with unrecognized tax benefits.

The table below (a continuation of Table 14 above) details the commitments, contingencies and guarantees for the Company as of December 31, 2009.

	Maturities due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Commitments, Contingencies and Guarantees					
Commitments to extend credit for loans (excluding credit card loans)	$ 1,868,869	$ 471,282	$ 490,986	$ 182,962	$ 723,639
Commitments to extend credit under credit card loans	1,320,416	1,320,416			
Commercial letters of credit	3,538	3,538			
Standby letters of credit	308,866	185,529	118,073	5,264	
Futures contracts	13,300	13,300			
Forward foreign exchange contracts	69,342	69,342			
Spot foreign exchange contracts	5,513	5,513			
Total	$ 3,589,844	$ 2,068,920	$ 609,059	$ 188,226	$ 723,639

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Critical Accounting Policies and Estimates

Management s Discussion and Analysis of financial condition and results of operations discusses the Company s Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to customers and suppliers, allowance for loan losses, bad debts, investments, financing operations, long-lived assets, taxes, other contingencies and litigation. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which have formed the basis for making such judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Under different assumptions or conditions, actual results may differ from the recorded estimates.

Management believes that the Company s critical accounting policies are those relating to: the allowance for loan losses, goodwill and other intangibles, revenue recognition, accounting for stock-based compensation and accounting for uncertainty in income taxes.

Allowance for Loan Losses

The Company s allowance for loan losses represents management s judgment of the loan losses inherent in the loan portfolio. The allowance is maintained and computed for each bank at a level that such individual bank management considers adequate. The allowance is reviewed quarterly, considering both quantitative and qualitative factors such as historical trends, internal ratings, migration analysis, current economic conditions, loan growth and individual impairment testing.

Larger commercial loans are individually reviewed for potential impairment. For these loans, if management deems it probable that the borrower cannot meet its contractual obligations with respect to payment or timing such loans are deemed to be impaired under current accounting standards. Such loans are then reviewed for potential impairment based on management s estimate of the borrower s ability to repay the loan given the availability of cash flows, collateral and other legal options. Any allowance related to the impairment of an individually impaired loan is based on the present value of discounted expected future cash flows, the fair value of the underlying collateral, or the fair value of the loan. Based on this analysis, some loans that are classified as impaired do not have a specific allowance as the discounted expected future cash flows or the fair value of the underlying collateral exceeds the Company s basis in the impaired loan.

The Company also maintains an internal risk grading system for other loans not subject to individual impairment. An estimate of the inherent loan losses on such risk-graded loans is based on a migration analysis which computes the net charge-off experience related to each risk category.

An estimate of inherent losses is computed on remaining loans based on the type of loan. Each type of loan is segregated into a pool based on the nature of such loans. This includes remaining commercial loans that have a low risk grade, as well as other homogenous loans. Homogenous loans include automobile loans, credit card loans and other consumer loans. Allowances are established for each pool based on the loan type using historical loss rates, certain statistical measures and loan growth.

An estimate of the total inherent loss is based on the above three computations. From this an adjustment can be made based on other factors management considers to be important in evaluating the probable losses in the portfolio such as general economic conditions, loan trends, risk management and loan administration and changes in internal policies.

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Goodwill and Other Intangibles

Goodwill is tested annually for impairment. Goodwill is assigned to various reporting units based on which units were expected to benefit from the synergies of the combination at the time of the acquisition. The Company tests impairment at the reporting unit level by estimating the fair value of the reporting unit. If management s estimate of the fair value of the reporting unit exceeds the carrying amount of the reporting unit, there is no impairment. In order to estimate the fair value of the reporting units, management uses multiples of earnings and assets from recent acquisitions of similar banking, asset management, and fund servicing entities as such entities have comparable operations and economic characteristics. As a result of such impairment tests, the Company has not recognized an impairment charge.

For customer-based identifiable intangibles, the Company amortizes the intangibles over their estimated useful lives of up to seventeen years. When facts and circumstances indicate potential impairment of amortizing intangible assets, the Company evaluates the fair value of the asset and compares it to the carrying value for possible impairment.

Revenue Recognition

Revenue recognition includes the recording of interest on loans and securities and is recognized based on rate multiplied by the principal amount outstanding and also includes the impact of the amortization of related premiums and discounts. Interest accrual is discontinued when, in the opinion of management, the likelihood of collection becomes doubtful, or the loan is past due for a period of ninety days or more unless the loan is both well-secured and in the process of collection. Other noninterest income is recognized as services are performed or revenue-generating transactions are executed.

Accounting for Stock-Based Compensation

The amount of compensation recognized is based primarily on the value of the awards on the grant date. To value stock options, the Company uses the Black-Scholes model, which requires the input of several variables. The expected option life is derived from historical exercise patterns and represents the amount of time that options granted are expected to be outstanding. The expected volatility is based on a combination of historical and implied volatilities of the Company s stock. The interest rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The fair value of the stock on the grant date is used to value awards of restricted stock. Forfeitures are estimated at the grant date and reduce the expense recognized. The forfeiture rate is adjusted annually based on experience. The value of the awards, adjusted for forfeitures, is amortized using the straight-line method over the requisite service period. Management of the Company believes that it is probable that all current performance-based awards will achieve the performance target. Please see the discussion of the Accounting for Stock-Based Compensation under Note 1 in the Notes to the Consolidated Financial Statements under Item 8 on page 59.

Accounting for Uncertainty in Income Taxes

Under FASB Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 , or ASC 740, the Company records the financial statement effects of an income tax position when it is more likely than not, based on the technical merits, that it will be sustained upon examination. A tax position that meets the more-likely-than-not recognition threshold is measured and recorded as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement with a taxing authority. Previously recognized tax positions are derecognized in the first period in which it is no longer more likely than not that the tax position will be

sustained. The benefit associated with previously unrecognized tax positions are generally recognized in the first period in which the more-likely-than-not threshold is met at the reporting date, the tax matter is ultimately settled through negotiation or litigation or when the related statute of limitations for the relevant taxing authority to examine and challenge the tax position has expired. The recognition, derecognition and measurement of tax positions are based on

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management s best judgment given the facts, circumstance and information available at the reporting date. See the discussion of Liabilities Associated with Unrecognized Tax Benefits under Note 17 in the Notes to the Consolidated Financial Statements pages 81 to 83.

The following table presents, for the periods indicated, the average earning assets and resulting yields, as well as the average interest-bearing liabilities and resulting yields, expressed in both dollars and rates.

FIVE YEAR AVERAGE BALANCE SHEETS/YIELDS AND RATES ***(tax-equivalent basis) (in millions)***

	2009			2008		
	Average Balance	Interest Income/ Expense (1)	Rate Earned/ Paid (1)	Average Balance	Interest Income/ Expense (1)	Rate Earned/ Paid (1)
ASSETS						
Loans, net of unearned interest (FTE) (2)(3)	$ 4,383.6	$ 215.6	4.92%	$ 4,193.9	$ 242.0	5.77%
Securities:						