UMB FINANCIAL CORP
Form 10-Q
May 08, 2008
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2008

OR

¨ **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 Number)**
1010 Grand Boulevard, Kansas City, Missouri	**64106**
(Address of principal executive offices)	**(ZIP Code)**

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

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. Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, 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 ¨ No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock as of the latest practicable date.

As of April 30, 2008, UMB Financial Corporation had 40,930,481 shares of common stock outstanding.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

UMB FINANCIAL CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, dollars in thousands, except share and per share data)

	March 31, 2008	December 31, 2007
ASSETS		
Loans	$ 4,113,809	$ 3,917,125
Allowance for loan losses	(47,481)	(45,986)
Net loans	4,066,328	3,871,139
Loans held for sale	18,262	12,240
Investment Securities:		
Available for sale	3,002,325	3,385,952
Held to maturity (market value of $43,510 and $41,767, respectively)	39,502	37,658
Federal Reserve Bank stock and other	19,186	19,287
Trading securities	27,133	43,883
Total investment securities	3,088,146	3,486,780
Federal funds sold and securities purchased under agreements to resell	628,857	712,012
Cash and due from banks	682,533	806,600
Bank premises and equipment, net	229,951	235,528
Accrued income	62,410	62,021
Goodwill	94,512	94,512
Other intangibles	15,742	16,463
Other assets	48,676	45,664
Total assets	$ 8,935,417	$ 9,342,959
LIABILITIES		
Deposits:		
Noninterest-bearing demand	$ 2,210,944	$ 2,094,422
Interest-bearing demand and savings	2,857,861	2,959,109
Time deposits under $100,000	908,510	852,837
Time deposits of $100,000 or more	559,617	644,434
Total deposits	6,536,932	6,550,802
Federal funds purchased and repurchase agreements	1,299,752	1,734,749
Short-term debt	15,154	33,753
Long-term debt	35,029	36,032
Accrued expenses and taxes	86,894	76,362
Other liabilities	37,857	20,687
Total liabilities	8,011,618	8,452,385

SHAREHOLDERS EQUITY		
Common stock, $1.00 par value; 80,000,000 shares authorized, 55,056,730 shares issued, 40,932,607 and 41,327,624 shares outstanding, respectively	55,057	55,057
Capital surplus	703,429	702,914
Retained earnings	457,028	430,824
Accumulated other comprehensive income	36,136	12,246
Treasury stock, 14,124,123 and 13,729,106 shares, at cost, respectively	(327,851)	(310,467)
Total shareholders equity	923,799	890,574
Total liabilities and shareholders equity	$ 8,935,417	$ 9,342,959

See Notes to Condensed Consolidated Financial Statements.

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UMB FINANCIAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(unaudited, dollars in thousands, except share and per share data)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
INTEREST INCOME		
Loans	$ 64,638	$ 66,102
Securities:		
Taxable interest	27,463	24,742
Tax-exempt interest	6,614	6,027
Total securities income	34,077	30,769
Federal funds and resell agreements	4,087	7,206
Trading securities and other	312	596
Total interest income	103,114	104,673
INTEREST EXPENSE		
Deposits	27,950	28,818
Federal funds and repurchase agreements	10,282	18,355
Short-term debt	92	103
Long-term debt	416	433
Total interest expense	38,740	47,709
Net interest income	64,374	56,964
Provision for loan losses	3,000	1,500
Net interest income after provision for loan losses	61,374	55,464
NONINTEREST INCOME		
Trust and securities processing	31,231	27,288
Trading and investment banking	5,514	4,838
Service charges on deposits	20,622	18,889
Insurance fees and commissions	1,140	676
Brokerage fees	2,094	2,077
Bankcard fees	10,721	10,146
Gain on sales of securities available for sale	382	10
Gain on mandatory redemption of Visa, Inc. class B common stock	8,875	
Other	4,410	3,515
Total noninterest income	84,989	67,439
NONINTEREST EXPENSE		
Salaries and employee benefits	55,041	51,191
Occupancy, net	7,647	7,114
Equipment	13,282	13,357
Supplies and services	5,862	5,720

Marketing and business development		3,890		3,537
Processing fees		7,676		6,646
Legal and consulting		1,103		1,525
Bankcard		2,857		3,342
Amortization of other intangibles		721		734
Covered litigation provision		(4,023)		
Other		5,170		4,994
Total noninterest expense		99,226		98,160
Income before income taxes		47,137		24,743
Income tax provision		14,781		7,419
Net Income	$	32,356	$	17,324
PER SHARE DATA				
Net income - basic	$	0.79	$	0.41
Net income - diluted		0.78		0.41
Dividends		0.15		0.14
Weighted average shares outstanding		40,977,349		42,032,581

See Notes to Condensed Consolidated Financial Statements.

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UMB FINANCIAL CORPORATION

STATEMENTS OF CHANGES IN CONSOLIDATED SHAREHOLDERS EQUITY

(unaudited, dollars in thousands, except per share data)

	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance - January 1, 2007	$ 55,057	$ 699,794	$ 380,464	$ (17,259)	$ (269,181)	$ 848,875
Comprehensive income						
Net income			17,324			17,324
Change in unrealized gains on securities				7,420		7,420
Total comprehensive income						24,744
Cash dividends ($0.14 per share)			(5,908)			(5,908)
Purchase of treasury stock					(9,702)	(9,702)
Issuance of equity awards		(455)			592	137
Recognition of equity based compensation		645				645
Sale of treasury stock		71			44	115
Exercise of stock options		106			240	346
Balance - March 31, 2007	$ 55,057	$ 700,161	$ 391,880	$ (9,839)	$ (278,007)	$ 859,252
Balance - January 1, 2008	$ 55,057	$ 702,914	$ 430,824	$ 12,246	$ (310,467)	$ 890,574
Comprehensive income						
Net income			32,356			32,356
Change in unrealized gains on securities				23,890		23,890
Total comprehensive income						56,246
Cash dividends ($0.15 per share)			(6,152)			(6,152)
Purchase of treasury stock					(18,594)	(18,594)
Issuance of equity awards		(729)			869	140
Recognition of equity based compensation		922				922
Net tax benefit related to equity compensation plans		142				142
Sale of treasury stock		82			45	127
Exercise of stock options		98			296	394
Balance - March 31, 2008	$ 55,057	703,429	457,028	36,136	(327,851)	923,799

See Notes to Condensed Consolidated Financial Statements.

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UMB FINANCIAL CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, dollars in thousands)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Operating Activities		
Net Income	$ 32,356	$ 17,324
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	3,000	1,500
Depreciation and amortization	9,287	9,412
Deferred income tax expense (benefit)	410	(123)
Net decrease (increase) in trading securities and other earning assets	16,750	(23,437)
Gains on sale of securities available for sale	(382)	(10)
Gains on sale of assets	(287)	
Amortization of securities premiums, net of discount accretion	(747)	(2,245)
Net increase in loans held for sale	(6,022)	(2,084)
Issuance of equity awards	140	137
Equity based compensation	922	645
Decrease in covered litigation provision	(4,023)	
Changes in:		
Accrued income	(389)	12
Accrued expenses and taxes	(3,720)	(4,147)
Other assets and liabilities, net	18,365	(12,287)
Net cash provided by (used in) operating activities	65,660	(15,303)
Investing Activities		
Proceeds from maturities of securities held to maturity	5,240	3,247
Proceeds from sales of securities available for sale	10,480	19
Proceeds from maturities of securities available for sale	1,228,352	962,818
Purchases of securities held to maturity	(6,812)	(231)
Purchases of securities available for sale	(816,515)	(366,475)
Net increase in loans	(198,418)	(142,375)
Net decrease in fed funds and resell agreements	83,155	418,553
Net change in unsettled securities transactions	39	(5,339)
Purchases of bank premises and equipment	(3,074)	(2,866)
Net cash paid for acquisition and branch sales		(689)
Proceeds from sales of bank premises and equipment	372	121
Net cash provided by investing activities	302,819	866,783
Financing Activities		
Net increase (decrease) in demand and savings deposits	15,274	(513,695)
Net decrease in time deposits	(29,144)	(162,305)
Net decrease in fed funds and repurchase agreements	(434,997)	(224,454)
Net change in short-term debt	(18,599)	(15,745)
Proceeds from long-term debt	1,200	
Repayment of long-term debt	(2,203)	(816)
Cash dividends	(6,146)	(5,521)
Net tax benefit related to equity compensation plans	142	

Proceeds from exercise of stock options and sales of treasury shares	521	461
Purchases of treasury stock	(18,594)	(9,702)
Net cash used in financing activities	(492,546)	(931,777)
Decrease in cash and due from banks	(124,067)	(80,297)
Cash and due from banks at beginning of period	806,600	531,188
Cash and due from banks at end of period	$ 682,533	$ 450,891
Supplemental Disclosures:		
Income taxes paid	$ 399	$ 925
Total interest paid	40,470	48,120

See Notes to Condensed Consolidated Financial Statements.

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UMB FINANCIAL CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2008 (UNAUDITED)

1. Financial Statement Presentation

The condensed consolidated financial statements include the accounts of UMB Financial Corporation and its subsidiaries (collectively, the Company) after elimination of all material intercompany transactions. In the opinion of management of the Company, all adjustments, which were of a normal recurring nature and necessary for a fair presentation of the financial position and results of operations, have been made. The results of operations and cash flows for the interim periods presented may not be indicative of the results of the full year. The financial statements should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and in conjunction with the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

2. Summary of Accounting Policies

The Company is a multi-bank financial holding company, which offers a wide range of banking and other financial services to its customers through its branches and offices in the states of Missouri, Kansas, Colorado, Illinois, Oklahoma, Arizona, Nebraska and Wisconsin. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. These estimates and assumptions also impact reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. A summary of the significant accounting policies to assist the reader in understanding the financial presentation is listed in the Notes to Consolidated Financial Statements in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

Per Share Data

Basic income per share is computed based on the weighted average number of shares of common stock outstanding during each period. Diluted income per share includes the dilutive effect of 280,845 and 259,194 shares issuable upon the exercise of stock options granted by the Company at March 31, 2008 and 2007, respectively.

Options issued under employee benefit plans to purchase 597,075 and 510,050 shares of common stock were outstanding at March 31, 2008 and 2007, respectively, but were not included in the computation of diluted EPS because the options were anti-dilutive.

3. New Accounting Pronouncements

Fair Value Measurements In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements . The Statement establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure about fair value measurements. This Statement is applicable under other accounting pronouncements that require fair value recognition. It does not create new fair value measurements; however, it provides increased consistency in the application of various fair value measurements. The Company adopted this Statement on January 1, 2008 as discussed further in Note 9 to the consolidated financial statements.

The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115 In February 2007, the FASB issued SFAS No. 159 The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115 . This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The Company s adoption of this Statement on January 1, 2008 did not have a material effect on its consolidated financial statements.

Business Combinations In December 2007, the FASB issued SFAS No. 141 (revised 2007) Business Combinations . The purpose of this statement is to improve the information that a reporting entity provides in its

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UMB FINANCIAL CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE THREE MONTHS ENDED MARCH 31, 2008 (UNAUDITED)

financial reports about a business combination and its effects. This Statement establishes principles and requirements for how the acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. It also retains from the original pronouncement, SFAS 141, the requirement that the acquisition method (purchase method) be used in all business combinations and the guidance for identifying and recognizing intangible assets separately from goodwill. This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply this Statement before that date. The Company does not expect the adoption of this Statement to have a material effect on its consolidated financial statements.

Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51 In December 2007, FASB issued SFAS 160, Noncontrolling Interest in Consolidated Financial Statements an amendment of ARB No. 51 . This statement amends Accounting Research Bulletin (ARB) 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. It eliminates the former minority interest presentation. This statement also requires that the parent recognizes a gain or loss in net income when a subsidiary is deconsolidated. This statement is effective for fiscal years, and interim periods within those years beginning on or after December 15, 2008. Earlier adoption is prohibited. The Company does not expect the adoption of this Statement to have a material effect on its consolidated financial statements.

4. Loans and Allowance for Loan Losses

This table provides a summary of the major categories of loans as of March 31, 2008 and December 31, 2007 *(in thousands)*:

	March 31, 2008	**December 31, 2007**
Commercial, financial, and agricultural	$ 2,009,749	$ 1,769,505
Real estate construction	81,545	83,292
Consumer	714,623	795,826
Real estate	1,301,782	1,262,389
Leases	6,110	6,113
Total loans	4,113,809	3,917,125
Loans held for sale	18,262	12,240
Total loans and loans held for sale	$ 4,132,071	$ 3,929,365

This table is an analysis of the allowance for loan losses for the three months ended March 31, 2008 and 2007 (*in thousands)*:

	Three Months Ended March 31,	
	2008	**2007**
Beginning allowance - January 1	$ 45,986	$ 44,926
Additions (deductions):		

Charge-offs	(2,930)	(2,640)
Recoveries	1,425	977
Net charge-offs	(1,505)	(1,663)
Provision charged to expense	3,000	1,500
Ending allowance - March 31	$ 47,481	$ 44,763

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE THREE MONTHS ENDED MARCH 31, 2008 (UNAUDITED)

Impaired loans under SFAS No. 114. SFAS No. 114, Accounting by Creditors for Impairment of a Loan requires that impaired loans be measured based on the present value of expected future cash flows discounted at the loan s effective interest rate, at the loan s observable market price, or at the fair value of the collateral securing the loan. The summary below provides an analysis of impaired loans under SFAS No. 114 for the three months ended March 31, 2008 and December 31, 2007 *(in thousands)*:

	March 31, 2008	December 31, 2007
Total impaired loans as of March 31 and December 31	$ 4,050	$ 5,617
Amount of impaired loans which have a related allowance	1,383	798
Amount of related allowance	997	433
Remaining impaired loans with no allowance	2,667	4,819
Average recorded investment in impaired loans during the period	4,834	5,798

5. Securities

Investment securities available for sale which are recorded at fair value consist of the following *(in thousands)*:

	March 31, 2008	December 31, 2007
Available for sale		
U.S. Treasuries	$ 414,814	$ 432,032
U.S. Agencies	745,766	1,169,969
State and political subdivisions	737,638	734,507
Mortgage backed	1,104,107	1,049,444
Total available for sale	$ 3,002,325	$ 3,385,952

Investment securities held to maturity which are recorded at amortized cost consist of the following (*in thousands)*:

	March 31, 2008	December 31, 2007
State and political subdivisions	$ 39,502	$ 37,658

6. Other Comprehensive Income

The Company s only component of other comprehensive income for the three months ended March 31, 2008 and 2007 was the net unrealized gains and losses on available for sale securities *(in thousands)*:

	Three Months Ended March 31, 2008	2007
Change in unrealized holding gains (losses), net	$ 38,114	$ 11,744
Less: Reclassification adjustments for gains included in income	(382)	(10)
Net unrealized holding gains	37,732	11,734
Income tax expense	(13,842)	(4,314)
Other comprehensive income	$ 23,890	$ 7,420

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UMB FINANCIAL CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE THREE MONTHS ENDED MARCH 31, 2008 (UNAUDITED)

7. Commitments, Contingencies and Guarantees

In the normal course of business, the Company is a party to financial instruments with off-balance-sheet risk in order to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit, commercial letters of credit, standby letters of credit, and futures contracts. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheet. The contract or notional amount of those instruments reflects the extent of involvement the Company has in particular classes of financial instruments. Many of the commitments expire without being drawn upon, therefore, the total amount of these commitments does not necessarily represent the future cash requirements of the Company.

The Company s exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit, commercial letters of credit, and standby letters of credit is represented by the contract or notional amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

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.

The following table summarizes the Company s off-balance sheet financial instruments.

Contract or Notional Amount *(in thousands):*

	March 31, 2008	**December 31, 2007**
Commitments to extend credit for loans (excluding credit card loans)	$ 1,301,992	$ 1,302,101
Commitments to extend credit under credit card loans	1,060,468	1,013,317
Commercial letters of credit	8,146	6,155
Standby letters of credit	297,619	291,661
Futures contracts	6,000	14,900
Forward foreign exchange contracts	7,338	10,295
Spot foreign exchange contracts	7,172	17,475

8. Business Segment Reporting

The Company has strategically aligned its operations into six major segments, as shown below (collectively, Business Segments). The Business Segments are differentiated based on the products and services provided. Business segment financial results produced by the Company s internal management accounting system are evaluated regularly by the Executive Committee in deciding how to allocate resources and assess performance per individual Business Segment. The management accounting system assigns balance sheet and income statement items to each business segment using methodologies that are refined on an ongoing basis. For comparability purposes, amounts in all periods are based on methodologies in effect at March 31, 2008 consistent with SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information .

The following summaries provide information about the activities of each segment:

Commercial Banking and Lending serves the commercial lending and leasing as well as the capital markets needs of the Company s mid-market businesses and governmental entities by offering various products and services. The commercial loan and leasing group provides commercial loans and lines of credit, letters of credit, and loan syndication services. This segment provides consultative services and offers a variety of financing for companies that need non-traditional banking services. The services provided include asset based financing, asset securitization, equity and mezzanine financing, factoring, private and public placement of senior debt, as well as merger and acquisition consulting.

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UMB FINANCIAL CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE THREE MONTHS ENDED MARCH 31, 2008 (UNAUDITED)

Payment and Technology Solutions meets the treasury management and healthcare services needs of our commercial clients. Treasury management products and services include account reconciliation services, automated clearing house, controlled disbursements, lockbox services, foreign exchange, and various card products and services. Healthcare services include health savings account and flexible savings account products for healthcare providers, third-party administrators and large employers.

Banking Services provides products and services mainly to the Company s correspondent bank customer network in the Midwest. Products and services include bond trading transactions, cash letter collections, FiServ account processing, investment portfolio accounting and safekeeping, reporting for asset/liability management, and Fed funds transactions. Banking Services includes the bank dealer function in which competitive and negotiated underwritings of municipal securities as well as underwritings of government agency securities are performed.

Consumer Services delivers products and services through the Company s bank branches, call center, internet banking and ATM network. These services are distributed over a seven state area, as well as through on-line and telephone banking. Consumer Services is a major provider of funds and assets for the Company. This segment offers a variety of consumer products, including deposit accounts, installment loans, credit cards, home equity lines of credit, residential mortgages, small business loans, and insurance services for individuals.

Asset Management provides a full spectrum of investment advisory, trust, and custody services to both personal and institutional clients of the Company focusing on estate planning, trust, retirement planning and investment management and private banking services. The Company s investment advisory services provided to the Company s proprietary funds, the UMB Scout Funds, are also included in this segment. Corporate trust services include serving as corporate and municipal bond trustee, serving as the paying agent/registrar for issued bonds and notes, and providing escrow services.

Fund Services provides a broad array of services for mutual funds, partnerships, funds of funds and commingled funds to a wide range of investment advisors, independent money managers, broker/dealers, banks, third-party administrators, insurance companies and other financial service providers. Services provided include fund administration and accounting, investor services and transfer agency, marketing and distribution, custody, and alternative investment services.

Treasury and Other Adjustments includes asset and liability management activities and miscellaneous other items of a corporate nature not allocated to specific business lines. The assets within this segment include the Company s investment portfolio. Corporate eliminations are also allocated to this segment.

Business Segment Information

Segment financial results were as follows *(in thousands)*:

	Three Months Ended March 31,			
	Commercial Banking and Lending		Payment and Technology Solutions	
	2008	2007	2008	2007
Net interest income	$ 15,290	$ 13,617	$ 20,129	$ 16,173
Provision for loan losses	1,081			