

UMPQUA HOLDINGS CORP
Form 8-K
April 15, 2004

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of
1934**

Date of Report (Date of earliest event reported): April 15, 2004

Umpqua Holdings Corporation
(Exact Name of Registrant as Specified in Its Charter)

| | | |
|--|---|---|
| OREGON (State or Other Jurisdiction of Incorporation or Organization) | 000-25597 (Commission File Number) | 93-1261319 (I.R.S. Employer Identification Number) |
|--|---|---|

**200 SW Market Street, Suite 1900
Portland, Oregon 97201**
(address of Principal Executive Offices)(Zip Code)

(503) 546-2499
(Registrant's Telephone Number, Including Area Code)

(Former name or former address, if changed since last report)

Item 7. Financial Statements and Exhibits

(c) Exhibits.

The following exhibits are being filed herewith and this list shall constitute the exhibit index:

Exhibit

- 99.1 Earnings Press Release
- 99.2 Statistical Supplement

Item 12. Results of Operations and Financial Condition

On April 15, 2004, Umpqua issued a press release with respect to financial results for the first quarter 2004. A copy of the press release is attached as Exhibit 99.1.

Attached as Exhibit 99.2 is a Statistical Supplement for the first quarter of 2004 and the three years ended December 31, 2003, which is being provided to shareholders and others who have requested additional financial and statistical information from the Company that is not included in the Company's earnings release. This information is being furnished to satisfy Regulation FD, but is not deemed filed under the Securities Exchange Act of 1934.

The press release filed as an exhibit to this report discloses operating earnings (and related per share amounts), which is a non-GAAP financial measure. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles (GAAP). We believe our disclosure of operating earnings provides useful information to both management and investors by excluding merger-related expenses because merger-related expenses are difficult to predict. Management believes presentation of financial measures excluding the impact of such expenses is useful information because it provides information about ongoing business operations.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UMPQUA HOLDINGS CORPORATION
(Registrant)

Dated: April 15, 2004

By: /s/ Kenneth E. Roberts
Kenneth E. Roberts
Assistant Secretary

EXHIBIT 99.1

FOR IMMEDIATE RELEASE

Contacts:

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**UMPQUA HOLDINGS REPORTS OPERATING EARNINGS PER SHARE IN LINE
WITH TARGETS AND STRONG BALANCE SHEET GROWTH**

Core operating earnings growth offsets decline in mortgage banking results

PORTLAND, Ore. - April 15, 2004 - Umpqua Holdings Corporation (NASDAQ: UMPQ), parent company of Umpqua Bank and Strand, Atkinson, Williams & York, Inc., today announced first quarter 2004 operating earnings of \$8.5 million, or \$0.30 per diluted share, compared to \$8.8 million, or \$0.31 per diluted share for the first quarter of 2003.

Operating earnings are defined as the Company's earnings before deduction of merger-related expenses, which are reported in periods with merger-related costs. Net income is operating earnings minus merger-related expenses. There were \$131,000 in merger-related expenses, after tax, recorded in the first quarter of 2004.

Net income for the first quarter of 2004 was \$8.4 million or \$0.29 per diluted share consistent with the first quarter of 2003.

The following table presents a reconciliation of net income to operating earnings, with merger-related expenses displayed for each period presented:

| (Dollars in thousands, except per share data) | Q1 2004 | Q4 2003 | Q1 2003 |
|---|-------------------|-------------------|-------------------|
| Net Income | \$ 8,398 | \$ 8,591 | \$ 8,380 |
| Add Back: Merger related expense, net of tax | 131 | -- | 409 |
| | <u> </u> | <u> </u> | <u> </u> |
| Operating Earnings | \$ 8,529 | \$ 8,591 | \$ 8,789 |
| | <u> </u> | <u> </u> | <u> </u> |
| | | | |
| Earnings per diluted share: | Q1 2004 | Q4 2003 | Q1 2003 |
| Net Income | \$ 0.29 | \$ 0.30 | \$ 0.29 |
| Operating Earnings | \$ 0.30 | \$ 0.30 | \$ 0.31 |

"Earnings contribution from the Company's mortgage group was \$0.01 per diluted share in the first quarter of 2004, down from \$0.05 per share for the first quarter of 2003," said Ray Davis, president and chief executive officer of Umpqua Holdings Corporation. "Excluding the impact of the mortgage group, core operating earnings increased by \$0.03 per diluted share, or 12% from the same period a year ago." The following table presents a reconciliation of core operating earnings per share to total:

| Operating Earnings per diluted share: | Q1 2004 | Q1 2003 | Variance |
|---------------------------------------|-------------------|-------------------|-------------------|
| Core excluding mortgage group | \$ 0.29 | \$ 0.26 | \$ 0.03 |
| Mortgage group | 0.01 | 0.05 | (0.04) |
| | <u> </u> | <u> </u> | <u> </u> |
| Total | \$ 0.30 | \$ 0.31 | \$ (0.01) |

Total non-interest income for the first quarter of 2004 decreased \$1.7 million, or 17% when compared to the first quarter of 2003. This resulted from the reduction in mortgage banking revenue of \$2.6 million, which was partially offset by growth in other categories of the Company of \$0.9 million.

The Company's brokerage subsidiary, Strand, Atkinson, Williams & York, Inc., reported gross revenue of \$3.0 million, an increase of 49% for the quarter compared with the first quarter of 2003.

Umpqua Bank, Umpqua Holdings' largest subsidiary, reports an efficiency ratio before merger-related expenses of 58.16% for the quarter ended March 31, 2004, compared to 56.9% for the quarter ended December 31, 2003 and 54.98% for the quarter ended March 31, 2003.

Total consolidated assets of Umpqua Holdings as of March 31, 2004 were \$3.00 billion, compared to \$2.96 billion at December 31, 2003 and \$2.65 billion at March 31, 2003. Total gross loans and leases, and deposits were \$2.07 billion and \$2.43 billion, respectively, as of March 31, 2004, compared to \$2.00 billion and \$2.38 billion, respectively, as of December 31, 2003.

The following table presents first quarter 2004 annualized growth rates:

| (Dollars in thousands) | March 31, 2004 | Dec. 31, 2003 | Growth Rate |
|------------------------|-----------------------|---------------|--------------------|
| Loans and Leases | \$ 2,073,875 | \$ 2,003,587 | 14% |
| Deposits | \$ 2,428,926 | \$ 2,378,192 | 9% |
| Assets | \$ 2,997,782 | \$ 2,963,815 | 5% |

Total loans increased by \$70.3 million during the quarter, while non-performing assets decreased by \$0.4 million during the same period. The Bank's non-performing assets stand at \$13.5 million at March 31, 2004, representing 0.57% of total loans, compared to 0.98% at March 31, 2003.

About Umpqua Holdings Corporation

Umpqua Holdings Corporation (NASDAQ: UMPQ) is the parent company of Umpqua Bank, an Oregon state-chartered bank recognized for its entrepreneurial approach, innovative use of technology, and distinctive banking solutions. Umpqua Bank has 64 stores throughout Oregon and Southwest Washington. The bank was named #1 on "The 100 Best Companies to Work For in Oregon" large companies list for 2004 by *Oregon Business Magazine*. Umpqua Holdings also owns a retail brokerage subsidiary, Strand, Atkinson, Williams & York, Inc. which has 16 locations throughout Oregon and Southwest Washington and offers brokerage services within Umpqua Bank stores. Additionally, Umpqua Holdings' Private Client Services Division provides tailored financial services and products to individual customers. Umpqua Holdings Corporation is headquartered in Portland, Oregon. For more information, visit www.umpquaholdingscorp.com.

Umpqua Holdings Corporation will conduct a quarterly earnings conference call Thursday, April 15, 2004, at 10:00 a.m. PDT where the Company will discuss operating results for the first quarter of 2004. There will be a question-and-answer session following the presentation. Shareholders, analysts and other interested parties are invited to join the call by dialing 888-282-0171 a few minutes before 10:00 a.m. The password is "UMPQUA." Information to be discussed in the teleconference will be available on the Company's website prior to the call at www.umpquaholdingscorp.com. A rebroadcast can be found approximately one hour after the conference call by dialing 800-873-2158, or by visiting that website.

This press release includes forward-looking statements within the meaning of the "Safe-Harbor" provisions of the Private Securities Litigation Reform Act of 1995, which management believes are a benefit to shareholders. These statements are necessarily subject to risk and uncertainty and actual results could differ materially due to certain risk factors, including those set forth from time to time in the company's filings with the SEC. You should not place undue reliance on forward looking statements and we undertake no obligation to update any such statements. Specific risks in this press release include the company's expected continued growth in 2004.

Umpqua Holdings Corporation

Consolidated Statements of Income

(unaudited)

| <i>Dollars in thousands, except per share data</i> | Quarter ended: | | |
|--|----------------|----------------------|----------------|
| | March 31, 2004 | December 31, 2003 | March 31, 2003 |
| Interest income | | | |
| Loans and leases | \$ 31,865 | \$ 31,940 | \$ 31,383 |
| Investments taxable | 4,590 | 4,166 | 2,967 |
| Investments tax exempt | 413 | 442 | 802 |
| Temporary investments | 23 | 45 | 151 |
| Other interest and dividends | 16 | 15 | 14 |
| | | | |
| Total interest income | 36,907 | 36,608 | 35,317 |
| Interest expense | | | |
| Deposits | 5,889 | 5,405 | 6,480 |
| Repurchase agreements and fed funds purchased | 139 | 130 | 109 |
| Trust preferred securities | 1,123 | 929 | 937 |
| Other borrowings | 241 | 340 | 212 |
| | | | |
| Total interest expense | 7,392 | 6,804 | 7,738 |
| Net interest income | 29,515 | 29,804 | 27,579 |
| Provision for credit losses | 1,075 | 1,075 | 1,475 |
| Non-interest income | | | |
| Service charges | 3,127 | 3,188 | 2,914 |
| Brokerage fees | 2,891 | 2,554 | 1,939 |
| Mortgage banking revenue | 1,649 | 1,200 | 4,279 |
| Gain on sale of securities | - | 2 | 7 |
| Other income | 793 | 760 | 1,045 |
| | | | |
| Total non-interest income | 8,460 | 7,704 | 10,184 |
| Non-interest expense | | | |
| Salaries and benefits | 13,665 | 13,583 | 12,899 |

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| | | | |
|---|------------|------------|------------|
| Occupancy and equipment | 4,115 | 3,770 | 3,582 |
| Other | 5,946 | 6,077 | 6,094 |
| Merger related expenses | 216 | - | 638 |
| <hr/> | | | |
| Total non-interest expense | 23,942 | 23,430 | 23,213 |
| Income before income taxes | 12,958 | 13,003 | 13,075 |
| Provision for income tax | 4,560 | 4,412 | 4,695 |
| <hr/> | | | |
| Net income | \$ 8,398 | \$ 8,591 | \$ 8,380 |
| <hr/> | | | |
| Weighted average shares outstanding | 28,445,316 | 28,389,064 | 28,157,475 |
| Weighted average diluted shares outstanding | 28,819,200 | 28,802,165 | 28,570,144 |
| Basic earnings per share | \$0.30 | \$0.30 | \$0.30 |
| Diluted earnings per share | \$0.29 | \$0.30 | \$0.29 |

Umpqua Holdings Corporation Consolidated Balance Sheets

(unaudited)

Dollars in thousands, except per share data

| | March 31, 2004 | December 31, 2003 | March 31, 2003 |
|-----------------------------------|----------------|-------------------|----------------|
| <hr/> | | | |
| Assets: | | | |
| Cash and cash equivalents | \$ 105,913 | \$ 134,006 | \$ 154,274 |
| Trading account securities | 1,094 | 1,265 | 670 |
| Investments available for sale | 502,807 | 501,904 | 355,079 |
| Investments held to maturity | 14,594 | 14,612 | 18,251 |
| Loans held for sale | 31,526 | 37,798 | 42,239 |
| Loans and leases | 2,073,875 | 2,003,587 | 1,823,311 |
| Less: Allowance for credit losses | (26,287) | (25,352) | (24,538) |
| <hr/> | | | |
| Loans and leases, net | 2,047,588 | 1,978,235 | 1,798,773 |
| Federal Home Loan Bank stock | 7,239 | 7,168 | 4,828 |
| Premises and equipment, net | 67,504 | 63,328 | 61,339 |
| Other real estate owned | 1,711 | 2,529 | 3,430 |
| Mortgage servicing rights, net | 10,959 | 10,608 | 10,179 |
| Goodwill and other intangibles | 159,661 | 159,585 | 161,181 |
| Other assets | 47,186 | 52,777 | 35,672 |
| <hr/> | | | |
| | \$ 2,997,782 | \$ 2,963,815 | \$ 2,645,915 |
| <hr/> | | | |

Liabilities:

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| | | | |
|---|---------------------|---------------------|---------------------|
| Deposits | \$ 2,428,926 | \$ 2,378,192 | \$ 2,178,769 |
| Securities sold under agreements to repurchase and fed funds purchased | 58,906 | 83,531 | 34,675 |
| Borrowings | 55,620 | 55,000 | 24,162 |
| Notes payable for Trust preferred securities | 97,941 | 97,941 | 75,000 |
| Other liabilities | 26,152 | 30,182 | 34,840 |
| Total liabilities | 2,667,545 | 2,644,846 | 2,347,446 |
| Shareholders' equity: | | | |
| Common stock | 232,118 | 230,773 | 228,899 |
| Retained earnings | 96,317 | 89,058 | 66,724 |
| Accumulated other comprehensive Income (loss) | 1,802 | (862) | 2,846 |
| Total shareholders' equity | 330,237 | 318,969 | 298,469 |
| Total liabilities and shareholders' equity | \$ 2,997,782 | \$ 2,963,815 | \$ 2,645,915 |
| Common shares outstanding at period end | 28,489,267 | 28,411,816 | 28,234,620 |
| Book value per share | \$11.59 | \$11.23 | \$10.57 |
| Tangible book value per share | \$5.99 | \$5.61 | \$4.86 |
| Tangible equity | \$ 170,576 | \$ 159,384 | \$ 137,288 |

Umpqua Holdings Corporation Loan Portfolio

| <i>Dollars in thousands</i> | March 31, 2004 | December 31, 2003 | March 31, 2003 |
|-------------------------------|-----------------------|--------------------------|-----------------------|
| Loans and leases by purpose: | | | |
| Commercial real estate | \$ 1,121,008 | \$ 1,072,191 | \$ 841,492 |
| Residential real estate | 94,479 | 84,423 | 79,636 |
| Construction | 230,674 | 232,849 | 281,223 |
| Total real estate | 1,446,161 | 1,389,463 | 1,202,351 |
| Commercial | 578,823 | 565,652 | 566,677 |
| Leases | 10,214 | 10,918 | 9,271 |
| Consumer | 37,131 | 36,790 | 44,959 |
| Other | 1,546 | 764 | 53 |
| Total loans and leases | \$ 2,073,875 | \$ 2,003,587 | \$ 1,823,311 |

Quarter Ended

Quarter Ended

Quarter Ended

| <i>Dollars in thousands</i> | March 31, 2004 | | December 31, 2003 | | March 31, 2003 | |
|---|-----------------------|--------|--------------------------|---------|-----------------------|---------|
| Allowance for credit losses | | | | | | |
| Balance beginning of period | \$ | 25,352 | \$ | 25,312 | \$ | 24,731 |
| Provision for credit losses | | 1,075 | | 1,075 | | 1,475 |
| Charge-offs | | (447) | | (1,591) | | (1,975) |
| Less: recoveries | | 307 | | 556 | | 307 |
| Net charge-offs | | (140) | | (1,035) | | (1,668) |
| Balance end of period | \$ | 26,287 | \$ | 25,352 | \$ | 24,538 |
| Net charge-offs to average loans and leases (annualized) | | 0.03% | | 0.21% | | 0.38% |
| Recoveries to gross charge-offs | | 68.68% | | 34.95% | | 15.54% |
| Allowance for credit losses to loans and leases | | 1.27% | | 1.27% | | 1.35% |
| Allowance for credit losses to nonperforming loans and leases | | 223% | | 222% | | 138% |
| Nonperforming loans and leases to total loans and leases | | 0.57% | | 0.57% | | 0.98% |
| Nonperforming assets | | | | | | |
| Nonperforming loans and leases | \$ | 11,800 | \$ | 11,425 | \$ | 17,816 |
| Real estate owned | | 1,711 | | 2,529 | | 3,430 |
| Total nonperforming assets | \$ | 13,511 | \$ | 13,954 | \$ | 21,246 |

Deposits by Type

| <i>Dollars in thousands</i> | March 31, 2004 | | December 31, 2003 | | March 31, 2003 | |
|------------------------------|-----------------------|------------|--------------------------|------------|-----------------------|------------|
| | Amount | Mix | Amount | Mix | Amount | Mix |
| Demand, non interest bearing | \$ 592,762 | 24.4% | \$ 589,901 | 24.8% | \$ 543,319 | 24.9% |
| Demand, interest bearing | 1,069,064 | 44.0% | 1,048,733 | 44.1% | 843,187 | 38.7% |
| Savings | 166,481 | 6.9% | 145,960 | 6.1% | 167,715 | 7.7% |
| Time | 600,619 | 24.7% | 593,598 | 25.0% | 624,548 | 28.7% |

| | | | |
|----------------|---------------------|---------------------|---------------------|
| Total Deposits | \$ 2,428,926 100.0% | \$ 2,378,192 100.0% | \$ 2,178,769 100.0% |
|----------------|---------------------|---------------------|---------------------|

Umpqua Holdings Corporation Selected Ratios

| | Quarter ended: | | |
|--|-------------------|-------------------|-------------------|
| | March 31, 2004 | December 31, 2003 | March 31, 2003 |
| Net Interest Spread: | | | |
| Yield on loans and leases | 6.23% | 6.38% | 6.95% |
| Yield on investments (1) | 4.09% | 3.92% | 4.98% |
| Yield on temporary investments | 0.91% | 0.77% | 1.17% |
| Total yield on earning assets | 5.78% | 5.85% | 6.51% |
| Cost of interest bearing deposits | 1.31% | 1.23% | 1.61% |
| Cost of securities sold under agreements to repurchase and fed funds purchased | 1.02% | 1.01% | 1.43% |
| Cost of borrowings | 1.76% | 1.90% | 3.56% |
| Cost of trust preferred | 4.61% | 4.70% | 5.07% |
| Total cost of interest bearing liabilities | 1.47% | 1.39% | 1.78% |
| Net interest spread | 4.31% | 4.45% | 4.73% |
| Net interest margin | 4.63% | 4.77% | 5.10% |
| Before Merger Related Expenses: | | | |
| Return on average assets | 1.17% | 1.19% | 1.38% |

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| | | | |
|-----------------------------------|--------|--------|--------|
| Return on average equity | 10.58% | 10.85% | 12.17% |
| Return on average tangible equity | 20.84% | 22.10% | 27.04% |

After Merger Related Expenses:

| | | | |
|-----------------------------------|--------|--------|--------|
| Return on average assets | 1.15% | 1.19% | 1.32% |
| Return on average equity | 10.42% | 10.85% | 11.61% |
| Return on average tangible equity | 20.52% | 22.10% | 25.78% |

Bank Only Ratios:

| | | | |
|---|--------|--------|--------|
| Umpqua Bank efficiency ratio before merger expenses | 58.16% | 56.89% | 54.98% |
| Umpqua Bank net interest margin | 4.80% | 4.91% | 5.27% |

(1) Tax exempt interest has been adjusted to a taxable equivalent basis using a 35% tax rate.

EXHIBIT 99.2

UMPQUA HOLDINGS CORPORATION
Statistical Supplement
(in thousands, except share data and ratios: unaudited)

| | 1st Qtr 2004 | 4th Qtr 2003 | 3rd Qtr 2003 | 2nd Qtr 2003 | 1st Qtr 2003 | 4th Qtr 2002 | 3rd Qtr 2002 | 2nd Qtr 2002 | 1st Qtr 2002 | 4th Qtr 2001 | 3rd Qtr 2001 | 2nd Qtr 2001 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Income Statement Data | | | | | | | | | | | | |
| Interest income | \$ 36,907 | \$ 36,608 | \$ 35,927 | \$ 34,281 | \$ 35,317 | \$ 30,058 | \$ 24,052 | \$ 23,149 | \$ 23,065 | \$ 21,724 | \$ 22,568 | \$ 21,724 |
| Interest expense | 7,392 | 6,804 | 6,839 | 7,480 | 7,738 | 6,935 | 5,739 | 5,428 | 5,695 | 6,487 | 8,314 | 8,314 |
| Net interest income | 29,515 | 29,804 | 29,088 | 26,801 | 27,579 | 23,123 | 18,313 | 17,721 | 17,370 | 15,237 | 14,254 | 13,410 |
| Provision for credit losses | 1,075 | 1,075 | 1,050 | 950 | 1,475 | 1,384 | 900 | 600 | 1,004 | 1,750 | 617 | 617 |
| Net interest income after provision for credit losses | 28,440 | 28,729 | 28,038 | 25,851 | 26,104 | 21,739 | 17,413 | 17,121 | 16,366 | 13,487 | 13,637 | 12,793 |
| Service fees | 3,127 | 3,188 | 3,256 | 3,198 | 2,914 | 2,541 | 2,138 | 1,877 | 2,084 | 2,066 | 1,871 | 2,066 |
| Brokerage fees & commissions | 2,891 | 2,554 | 2,635 | 2,370 | 1,939 | 2,208 | 2,299 | 2,331 | 2,174 | 2,125 | 2,221 | 2,221 |
| Mortgage banking revenue, net | 1,649 | 1,200 | 3,160 | 2,834 | 4,279 | 3,989 | 1,190 | 2,216 | 1,679 | 2,195 | 861 | 1,679 |
| Gain (loss) on sale of securities | - | 2 | 10 | 2,136 | 7 | 6 | 396 | (901) | 2 | 8 | 26 | 26 |
| Other income | 793 | 760 | 455 | 1,100 | 1,045 | 412 | 682 | 478 | 541 | 732 | 334 | 334 |
| Total noninterest income | 8,460 | 7,704 | 9,516 | 11,638 | 10,184 | 9,156 | 6,705 | 6,001 | 6,480 | 7,126 | 5,313 | 6,001 |
| | 13,665 | 13,583 | 13,438 | 13,171 | 12,899 | 10,877 | 8,963 | 8,568 | 8,709 | 7,997 | 7,660 | 7,660 |

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|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Salaries and employee benefits | | | | | | | | | | | | |
| Premises and equipment | 4,115 | 3,770 | 3,534 | 3,947 | 3,582 | 2,936 | 2,348 | 2,213 | 2,099 | 2,169 | 2,139 | 2,139 |
| Other non interest expense | 5,946 | 6,077 | 6,332 | 6,760 | 6,093 | 5,221 | 3,810 | 4,108 | 4,109 | 4,385 | 3,927 | 4,385 |
| Total noninterest expense | 23,726 | 23,430 | 23,304 | 23,878 | 22,574 | 19,034 | 15,121 | 14,889 | 14,917 | 14,551 | 13,726 | 13,726 |
| Operating income before income tax & merger expense | 13,174 | 13,003 | 14,250 | 13,611 | 13,714 | 11,861 | 8,997 | 8,233 | 7,929 | 6,062 | 5,224 | 5,224 |
| Provision for income taxes | 4,645 | 4,412 | 4,983 | 4,807 | 4,925 | 4,398 | 2,987 | 2,951 | 2,995 | 2,412 | 1,947 | 1,947 |
| Net income before merger expenses | \$ 8,529 | \$ 8,591 | \$ 9,267 | \$ 8,804 | \$ 8,789 | \$ 7,463 | \$ 6,010 | \$ 5,282 | \$ 4,934 | \$ 3,650 | \$ 3,277 | \$ 3,277 |
| Merger expenses net of tax benefit | 131 | - | 251 | 672 | 409 | 748 | - | - | 973 | 4,241 | - | - |
| Net income | \$ 8,398 | \$ 8,591 | \$ 9,016 | \$ 8,132 | \$ 8,380 | \$ 6,715 | \$ 6,010 | \$ 5,282 | \$ 3,961 | \$ (591) | \$ 3,277 | \$ 3,277 |
| Share Data(1) | | | | | | | | | | | | |
| Before Merger | | | | | | | | | | | | |
| Expenses: | | | | | | | | | | | | |
| Basic earnings per common share | \$ 0.30 | \$ 0.30 | \$ 0.33 | \$ 0.31 | \$ 0.31 | \$ 0.31 | \$ 0.30 | \$ 0.26 | \$ 0.25 | \$ 0.19 | \$ 0.17 | \$ 0.17 |
| Diluted earnings per common share | \$ 0.30 | \$ 0.30 | \$ 0.32 | \$ 0.31 | \$ 0.31 | \$ 0.31 | \$ 0.29 | \$ 0.26 | \$ 0.24 | \$ 0.19 | \$ 0.17 | \$ 0.17 |
| After Merger | | | | | | | | | | | | |
| Expenses: | | | | | | | | | | | | |
| Basic earnings per common share | \$ 0.30 | \$ 0.30 | \$ 0.32 | \$ 0.29 | \$ 0.30 | \$ 0.28 | \$ 0.30 | \$ 0.26 | \$ 0.20 | \$ (0.03) | \$ 0.17 | \$ 0.17 |
| Diluted earnings per common share | \$ 0.29 | \$ 0.30 | \$ 0.31 | \$ 0.28 | \$ 0.29 | \$ 0.28 | \$ 0.29 | \$ 0.26 | \$ 0.20 | \$ (0.03) | \$ 0.17 | \$ 0.17 |
| Tangible book value per common share | \$ 5.99 | \$ 5.61 | \$ 5.36 | \$ 5.10 | \$ 4.86 | \$ 4.55 | \$ 6.21 | \$ 5.93 | \$ 5.60 | \$ 5.49 | \$ 5.83 | \$ 5.83 |
| Book value per common share | \$ 11.59 | \$ 11.23 | \$ 11.00 | \$ 10.77 | \$ 10.57 | \$ 10.30 | \$ 7.51 | \$ 7.23 | \$ 6.91 | \$ 6.78 | \$ 6.49 | \$ 6.49 |
| Cash dividends per common share | \$ 0.04 | \$ 0.04 | \$ 0.04 | \$ 0.04 | \$ 0.04 | \$ 0.04 | \$ 0.04 | \$ 0.04 | \$ 0.04 | \$ 0.04 | \$ 0.03 | \$ 0.03 |
| Ratio of dividends declared to net income | 13.57% | 13.23% | 12.59% | 13.92% | 13.50% | 16.68% | 13.39% | 15.22% | 20.32% | -133.90% | 17.69% | 17.69% |
| Shares outstanding | 28,489,267 | 28,411,816 | 28,365,814 | 28,331,279 | 28,234,620 | 27,980,591 | 20,137,343 | 20,108,342 | 19,970,763 | 19,952,965 | 18,831,406 | 18,769,267 |
| Basic weighted average shares of common stock outstanding | 28,445,316 | 28,389,064 | 28,343,696 | 28,283,843 | 28,157,475 | 24,054,398 | 20,125,583 | 20,041,973 | 19,960,668 | 18,837,665 | 18,791,249 | 18,759,267 |
| Common stock equivalents | 373,883 | 413,101 | 359,195 | 384,083 | 412,669 | 309,762 | 273,213 | 276,731 | 243,474 | 270,288 | 274,579 | 218,750 |
| Fully diluted weighted average shares of common stock outstanding | 28,819,200 | 28,802,165 | 28,702,891 | 28,667,926 | 28,570,144 | 24,364,160 | 20,398,796 | 20,318,704 | 20,204,142 | 19,107,953 | 19,065,828 | 18,977,997 |
| Balance Sheet Data (at period end) | | | | | | | | | | | | |
| Investment securities | \$ 518,496 | \$ 517,781 | \$ 422,973 | \$ 370,878 | \$ 374,000 | \$ 349,615 | \$ 272,007 | \$ 197,320 | \$ 191,189 | \$ 212,722 | \$ 210,829 | \$ 186,488 |
| Loans & leases, gross (excl held-for-sale) | 2,073,875 | 2,003,587 | 1,935,482 | 1,877,238 | 1,823,311 | 1,778,315 | 1,076,521 | 1,051,008 | 1,041,553 | 1,016,142 | 869,397 | 840,397 |
| Less: Allowance for credit losses | 26,287 | 25,352 | 25,312 | 25,316 | 24,538 | 24,731 | 15,038 | 14,698 | 14,271 | 13,221 | 10,831 | 10,831 |
| Loans & leases, net (excl held-for-sale) | 2,047,588 | 1,978,235 | 1,910,170 | 1,851,922 | 1,798,773 | 1,753,584 | 1,061,483 | 1,036,310 | 1,027,282 | 1,002,921 | 858,566 | 829,566 |
| Intangible assets | 159,661 | 159,585 | 160,012 | 160,547 | 161,181 | 160,967 | 26,105 | 26,117 | 26,169 | 25,841 | 12,463 | 10,463 |
| Total assets | 2,997,782 | 2,963,815 | 2,811,195 | 2,747,057 | 2,645,915 | 2,555,964 | 1,586,955 | 1,489,711 | 1,437,172 | 1,428,711 | 1,298,936 | 1,230,936 |
| Total deposits | 2,428,926 | 2,378,192 | 2,263,211 | 2,282,909 | 2,178,769 | 2,103,790 | 1,347,494 | 1,278,086 | 1,207,513 | 1,204,893 | 1,108,964 | 1,048,964 |
| Total shareholders' equity | 330,237 | 318,969 | 311,987 | 305,104 | 298,469 | 288,159 | 151,214 | 145,377 | 137,913 | 135,301 | 122,214 | 117,971 |
| Balance Sheet Data (averages) | | | | | | | | | | | | |
| Loans & leases, gross (excl held-for-sale) | \$ 2,033,357 | \$ 1,945,568 | \$ 1,900,862 | \$ 1,827,360 | \$ 1,796,875 | \$ 1,410,341 | \$ 1,063,939 | \$ 1,041,251 | \$ 1,020,288 | \$ 901,767 | \$ 860,076 | \$ 825,076 |
| Loans held for sale | 25,100 | 39,868 | 72,831 | 40,678 | 34,298 | 38,708 | 21,727 | 16,816 | 12,841 | 10,809 | 10,900 | 10,900 |
| Earning assets | 2,581,349 | 2,499,933 | 2,412,628 | 2,296,639 | 2,223,745 | 1,829,405 | 1,406,057 | 1,286,561 | 1,269,298 | 1,160,424 | 1,153,474 | 1,081,374 |
| Total assets | 2,941,964 | 2,863,045 | 2,759,590 | 2,636,203 | 2,579,051 | 2,071,194 | 1,539,335 | 1,431,889 | 1,410,246 | 1,277,199 | 1,269,272 | 1,189,272 |
| | 571,131 | 585,655 | 583,422 | 531,779 | 473,501 | 400,737 | 302,983 | 275,125 | 257,663 | 246,393 | 237,544 | 220,544 |

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|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|----------|---------|---------|
| Non interest bearing demand deposits | | | | | | | | | | | | |
| Interest bearing demand deposits | 1,055,453 | 1,002,358 | 908,981 | 859,844 | 831,054 | 645,869 | 475,317 | 443,176 | 444,495 | 368,212 | 362,697 | 333,000 |
| Interest bearing liabilities | 2,021,050 | 1,937,556 | 1,843,889 | 1,772,521 | 1,760,894 | 1,433,604 | 1,074,087 | 991,649 | 995,415 | 898,710 | 899,602 | 842,000 |
| Total shareholders' equity | 324,191 | 314,184 | 305,751 | 301,314 | 292,767 | 215,557 | 149,350 | 143,008 | 138,473 | 123,205 | 120,381 | 116,000 |
| Other Financial Data | | | | | | | | | | | | |
| Total loan charge-offs | \$ 447 | \$ 1,591 | \$ 2,045 | \$ 466 | \$ 1,975 | \$ 1,760 | \$ 669 | \$ 234 | \$ 129 | \$ 1,346 | \$ 487 | \$ 487 |
| Total loan recoveries | 307 | 556 | 991 | 294 | 307 | 212 | 109 | 61 | 176 | 121 | 235 | 235 |
| Net loan charge-offs (recoveries) | 140 | 1,035 | 1,054 | 172 | 1,668 | 1,548 | 560 | 173 | (47) | 1,225 | 251 | 251 |
| Loans 90 days past due and still accruing | 1,246 | 927 | 533 | 1,112 | 963 | 3,243 | 520 | 2,559 | 2,166 | 311 | 398 | 398 |
| Non-accrual loans | 10,554 | 10,498 | 12,861 | 20,767 | 16,853 | 15,152 | 4,803 | 4,140 | 2,527 | 3,055 | 745 | 1,000 |
| Total nonperforming loans | 11,800 | 11,425 | 13,394 | 21,879 | 17,816 | 18,395 | 5,323 | 6,699 | 4,693 | 3,366 | 1,143 | 1,000 |
| Other real estate owned | 1,711 | 2,529 | 2,452 | 2,504 | 3,430 | 2,209 | 756 | 1,384 | 1,430 | 1,061 | 108 | 108 |
| Nonperforming assets | 13,511 | 13,954 | 15,846 | 24,383 | 21,246 | 20,604 | 6,079 | 8,083 | 6,123 | 4,427 | 1,251 | 1,000 |
| Selected Ratios Before Merger | | | | | | | | | | | | |
| Expenses: | | | | | | | | | | | | |
| Return on average total assets (annualized) | 1.17% | 1.19% | 1.33% | 1.34% | 1.38% | 1.43% | 1.55% | 1.48% | 1.42% | 1.13% | 1.02% | 1.10% |
| Return on average total shareholders' equity (annualized) | 10.58% | 10.85% | 12.02% | 11.72% | 12.17% | 13.74% | 15.97% | 14.82% | 14.45% | 11.75% | 10.80% | 11.60% |
| Return on average tangible shareholders' equity (annualized) | 20.84% | 22.10% | 25.31% | 25.19% | 27.04% | 23.76% | 19.35% | 18.14% | 17.79% | 13.92% | 11.96% | 12.80% |
| Efficiency ratio (3) - Umpqua Bank only | 58.16% | 56.89% | 55.94% | 57.51% | 54.98% | 52.88% | 55.08% | 57.22% | 58.35% | 60.19% | 60.78% | 59.80% |
| Efficiency ratio (3) | 62.13% | 62.10% | 59.98% | 61.55% | 59.16% | 58.23% | 59.58% | 61.83% | 61.64% | 64.16% | 68.87% | 69.30% |
| Non interest revenue to Total revenue (TE) | 22.16% | 20.42% | 24.49% | 30.00% | 26.69% | 28.01% | 26.42% | 24.92% | 26.78% | 31.42% | 26.66% | 30.40% |
| Effective tax rate | 35.26% | 33.93% | 34.97% | 35.32% | 35.91% | 37.08% | 33.20% | 35.84% | 37.77% | 39.79% | 37.27% | 35.10% |
| After Merger | | | | | | | | | | | | |
| Expenses: | | | | | | | | | | | | |
| Return on average total assets (annualized) | 1.15% | 1.19% | 1.30% | 1.24% | 1.32% | 1.29% | 1.55% | 1.48% | 1.14% | -0.18% | 1.02% | 1.10% |
| Return on average total shareholders' equity (annualized) | 10.42% | 10.85% | 11.70% | 10.83% | 11.61% | 12.36% | 15.97% | 14.82% | 11.60% | -1.90% | 10.80% | 11.20% |
| Return on average tangible shareholders' equity (annualized) | 20.52% | 22.10% | 24.63% | 23.27% | 25.78% | 21.38% | 19.35% | 18.14% | 14.28% | -2.25% | 11.96% | 12.40% |
| Average yield on earning assets (2) (annualized) | 5.78% | 5.85% | 5.95% | 6.05% | 6.51% | 6.61% | 6.89% | 7.33% | 7.48% | 7.54% | 7.89% | 8.20% |
| Interest expense to interest bearing liabilities(2)(annualized) | 1.47% | 1.39% | 1.47% | 1.69% | 1.78% | 1.92% | 2.12% | 2.19% | 2.32% | 2.86% | 3.67% | 4.00% |
| Net interest spread (2) | 4.31% | 4.45% | 4.48% | 4.36% | 4.73% | 4.69% | 4.77% | 5.14% | 5.16% | 4.67% | 4.22% | 4.10% |
| Interest expense to earning assets (annualized) | 1.15% | 1.08% | 1.12% | 1.31% | 1.41% | 1.50% | 1.62% | 1.69% | 1.82% | 2.22% | 2.86% | 3.10% |
| Net interest margin (2) (annualized) | 4.63% | 4.77% | 4.82% | 4.74% | 5.10% | 5.10% | 5.27% | 5.63% | 5.66% | 5.32% | 5.03% | 5.00% |
| Net interest margin (2) (annualized) - Umpqua Bank only | 4.80% | 4.91% | 4.98% | 4.90% | 5.27% | 5.28% | 5.27% | 5.63% | 5.66% | 5.32% | 5.03% | 5.00% |
| Asset Quality Ratios | | | | | | | | | | | | |
| Allowance for possible loan and lease losses to ending total loans and leases | 1.27% | 1.27% | 1.31% | 1.35% | 1.35% | 1.39% | 1.40% | 1.40% | 1.37% | 1.30% | 1.25% | 1.20% |
| Nonperforming loans to ending total loans and leases | 0.57% | 0.57% | 0.69% | 1.17% | 0.98% | 1.03% | 0.49% | 0.64% | 0.45% | 0.33% | 0.13% | 0.20% |
| | 0.45% | 0.47% | 0.56% | 0.89% | 0.80% | 0.81% | 0.38% | 0.54% | 0.43% | 0.31% | 0.10% | 0.10% |

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|--|---------|---------|---------|---------|---------|---------|---------|-------|--------|--------|---------|------|
| Nonperforming assets to ending total assets | | | | | | | | | | | | |
| Net loan charge-offs (recoveries) to avg loans and leases (annualized) | 0.03% | 0.21% | 0.22% | 0.04% | 0.38% | 0.44% | 0.21% | 0.07% | -0.02% | 0.54% | 0.12% | 0.0 |
| Capital Ratio | | | | | | | | | | | | |
| Average shareholders' equity to average assets | 11.02% | 10.97% | 11.08% | 11.43% | 11.35% | 10.41% | 9.70% | 9.99% | 9.82% | 9.65% | 9.48% | 9.8 |
| Year to Date Growth | | | | | | | | | | | | |
| Loans & leases, gross (excl held-for-sale) | 3.51% | 12.67% | 8.84% | 5.56% | 2.53% | 75.01% | 5.94% | 3.43% | 2.50% | 35.12% | 15.61% | 11.7 |
| Deposits | 2.13% | 13.04% | 7.58% | 8.51% | 3.56% | 74.60% | 11.84% | 6.07% | 0.22% | 21.27% | 11.61% | 5.5 |
| Total assets | 1.15% | 15.96% | 9.99% | 7.48% | 3.52% | 78.90% | 11.08% | 4.27% | 0.59% | 23.26% | 12.06% | 6.1 |
| Mortgage Banking Revenue | | | | | | | | | | | | |
| Gain (loss) on origination and sale | 1,273 | 1,208 | 2,424 | 4,867 | 4,985 | 4,904 | 2,377 | 1,892 | 1,662 | 2,053 | 1,639 | 1, |
| Servicing income before accelerated amortization | 307 | 299 | 318 | 323 | 253 | 227 | 207 | 193 | 177 | 132 | 113 | (1 |
| Accelerated servicing right amortization | (531) | (527) | (1,222) | (1,056) | (709) | (670) | (343) | (169) | (160) | (225) | (117) | (1 |
| Sub total before mortgage servicing right (MSR) valuation change | 1,049 | 980 | 1,520 | 4,134 | 4,529 | 4,461 | 2,241 | 1,916 | 1,679 | 1,960 | 1,635 | 1, |
| MSR valuation change | 600 | 220 | 1,640 | (1,700) | (250) | (471) | (1,050) | 300 | - | 235 | (774) | (2 |
| Total Mortgage Banking Revenue | 1,649 | 1,200 | 3,160 | 2,434 | 4,279 | 3,990 | 1,191 | 2,216 | 1,679 | 2,195 | 861 | 1, |
| Mortgage Servicing Right Asset | | | | | | | | | | | | |
| Gross Mortgage Servicing Right Asset | 12,266 | 12,515 | 12,859 | 13,041 | 12,646 | 11,533 | 8,789 | 7,764 | 6,987 | 5,872 | 4,705 | 3, |
| less: valuation reserve | (1,307) | (1,907) | (2,127) | (3,767) | (2,467) | (2,217) | (1,746) | (696) | (996) | (996) | (1,231) | (4 |
| Net Mortgage Servicing Right Asset | 10,959 | 10,608 | 10,732 | 9,274 | 10,179 | 9,316 | 7,043 | 7,068 | 5,991 | 4,876 | 3,474 | 3, |
| Net Mortgage Servicing Right Asset as % of serviced loan portfolio | 0.95% | 0.91% | 0.91% | 0.77% | 0.90% | 0.91% | 0.87% | 0.98% | 0.94% | 0.91% | 0.79% | 0.9 |

(1) Per share data has been adjusted for subsequent stock dividends and stock splits.

(2) Tax exempt interest income has been adjusted to a tax equivalent basis at a 35% effective tax rate beginning in 2001. Prior years at 34%.

(3) Efficiency ratio is noninterest expense divided by the sum of net interest income (tax equivalent basis) plus noninterest income.