

UMPQUA HOLDINGS CORP
Form 10-Q
August 07, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended: **June 30, 2008**

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: **000-25597**

Umpqua Holdings Corporation

(Exact Name of Registrant as Specified in Its Charter)

OREGON
(State or Other Jurisdiction
of Incorporation or Organization)

93-1261319
(I.R.S. Employer
Identification Number)

One SW Columbia Street, Suite 1200

Portland, Oregon 97258

(Address of Principal Executive Offices)(Zip Code)

(503) 727-4100

(Registrant's Telephone Number, Including Area Code)

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 No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer 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

Indicate the number of shares outstanding for each of the issuer's classes of common stock, as of the latest practical date:

Common stock, no par value: 60,093,235 shares outstanding as of July 31, 2008

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UMPQUA HOLDINGS CORPORATION

FORM 10-Q

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(in thousands, except shares)

	June 30, 2008	December 31, 2007
ASSETS		
Cash and due from banks	\$ 194,458	\$ 188,782
Temporary investments	1,353	3,288
Total cash and cash equivalents	195,811	192,070
Investment securities		
Trading	2,087	2,837
Available for sale, at fair value	998,307	1,050,756
Held to maturity, at amortized cost	5,115	6,005
Loans held for sale	12,694	13,047
Loans and leases	6,111,488	6,055,635
Allowance for loan and lease losses	(73,721)	(84,904)
Net loans and leases	6,037,767	5,970,731
Restricted equity securities	18,892	15,273
Premises and equipment, net	104,861	106,267
Goodwill and other intangible assets, net	761,738	764,906
Mortgage servicing rights, net	11,576	10,088
Other assets	197,141	208,073
Total assets	\$ 8,345,989	\$ 8,340,053
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits		
Noninterest bearing	\$ 1,256,236	\$ 1,272,872
Interest bearing	5,103,673	5,316,454
Total deposits	6,359,909	6,589,326
Securities sold under agreements to repurchase	41,281	36,294
Federal funds purchased	147,945	69,500
Term debt	236,774	73,927
Junior subordinated debentures, at fair value	126,539	131,686
Junior subordinated debentures, at amortized cost	104,146	104,680
Other liabilities	85,161	94,702
Total liabilities	7,101,755	7,100,115

COMMITMENTS AND CONTINGENCIES (NOTE 5)**SHAREHOLDERS EQUITY**

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Preferred stock, no par value, 2,000,000 shares authorized; none issued and outstanding	-	-
Common stock, no par value, 100,000,000 shares authorized; issued and outstanding: 60,087,850 in 2008 and 59,980,161 in 2007	990,952	988,780
Retained earnings	263,446	251,545
Accumulated other comprehensive loss	(10,164)	(387)
Total shareholders' equity	1,244,234	1,239,938
Total liabilities and shareholders' equity	\$ 8,345,989	\$ 8,340,053

See notes to condensed consolidated financial statements

Table of Contents**UMPQUA HOLDINGS CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(UNAUDITED)**

(in thousands, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
INTEREST INCOME				
Interest and fees on loans	\$ 97,963	\$ 111,797	\$ 202,115	\$ 215,778
Interest and dividends on investment securities				
Taxable	10,882	8,720	20,211	16,239
Exempt from federal income tax	1,677	1,335	3,356	2,563
Dividends	116	88	194	153
Interest on temporary investments	87	616	290	1,510
Total interest income	110,725	122,556	226,166	236,243
INTEREST EXPENSE				
Interest on deposits	31,468	44,581	71,093	85,612
Interest on securities sold under agreements to repurchase and federal funds purchased	495	824	1,244	1,227
Interest on term debt	2,011	813	3,136	893
Interest on junior subordinated debentures	3,216	4,022	7,138	7,885
Total interest expense	37,190	50,240	82,611	95,617
Net interest income	73,535	72,316	143,555	140,626
PROVISION FOR LOAN AND LEASE LOSSES	25,137	3,413	40,269	3,496
Net interest income after provision for loan and lease losses	48,398	68,903	103,286	137,130
NON-INTEREST INCOME				
Service charges on deposit accounts	8,819	8,148	17,196	15,200
Brokerage commissions and fees	2,070	2,679	4,245	5,096
Mortgage banking revenue, net	3,687	2,607	1,817	4,406
Net (loss) gain on sale of investment securities	(2)	(2)	3,899	3
Other income	2,554	2,498	18,954	5,190
Total non-interest income	17,128	15,930	46,111	29,895
NON-INTEREST EXPENSE				
Salaries and employee benefits	27,668	28,898	55,912	57,167
Net occupancy and equipment	9,149	8,782	18,265	17,608
Communications	1,610	1,683	3,388	3,486
Marketing	1,137	1,576	1,908	2,423
Services	4,368	4,598	9,075	9,202
Supplies	730	808	1,395	1,588
Intangible amortization	1,491	1,490	2,982	2,633
Merger related expenses	-	2,383	-	2,937
Other expenses	5,285	3,727	5,389	6,913

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Total non-interest expense	51,438	53,945	98,314	103,957
Income before provision for income taxes	14,088	30,888	51,083	63,068
Provision for income taxes	3,932	10,975	16,256	22,493
Net income	\$ 10,156	\$ 19,913	\$ 34,827	\$ 40,575
Basic earnings per share	\$ 0.17	\$ 0.33	\$ 0.58	\$ 0.68
Diluted earnings per share	\$ 0.17	\$ 0.32	\$ 0.58	\$ 0.67
See notes to condensed consolidated financial statements				

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UMPQUA HOLDINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

(in thousands, except shares)

	Common Stock		Accumulated		Total
	Shares	Amount	Retained Earnings	Other Comprehensive Loss	
BALANCE AT JANUARY 1, 2007	58,080,171	\$ 930,867	\$ 234,783	\$ (9,439)	\$ 1,156,211
Adoption of fair value option - junior subordinated debentures			(2,064)		(2,064)
Net income			63,268		63,268
Other comprehensive income, net of tax:					
Unrealized gains on securities arising during the year				9,052	9,052
Comprehensive income					\$ 72,320
Stock-based compensation		2,684			2,684
Stock repurchased and retired	(4,061,439)	(96,291)			(96,291)
Issuances of common stock under stock plans and related tax benefit	797,856	9,408			9,408
Stock issued in connection with acquisition	5,163,573	142,112			142,112
Cash dividends (\$0.74 per share)			(44,442)		(44,442)
Balance at December 31, 2007	59,980,161	\$ 988,780	\$ 251,545	\$ (387)	\$ 1,239,938
BALANCE AT JANUARY 1, 2008	59,980,161	\$ 988,780	\$ 251,545	\$ (387)	\$ 1,239,938
Net income			34,827		34,827
Other comprehensive income, net of tax:					
Unrealized losses on securities arising during the period				(9,777)	(9,777)
Comprehensive income					\$ 25,050
Stock-based compensation		1,745			1,745
Stock repurchased and retired	(6,214)	(100)			(100)
Issuances of common stock under stock plans and related tax benefit	113,903	527			527
Cash dividends (\$0.38 per share)			(22,926)		(22,926)
Balance at June 30, 2008	60,087,850	\$ 990,952	\$ 263,446	\$ (10,164)	\$ 1,244,234

See notes to condensed consolidated financial statements