UMPQUA HOLDINGS CORP
Form 10-Q
May 04, 2018
United States
Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-Q
[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended: March 31, 2018
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: 001-34624

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

OREGON	93-1261319
(State or Other Jurisdiction of Incorporation or Organization)	(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.

[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).

[X] Yes [ ] No

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

[X] Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer
[ ] Smaller reporting company [ ] Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the

Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

[ ] Yes [X] 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: 220,171,947 shares outstanding as of April 30, 2018

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements (unaudited)

UMPQUA HOLDINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in thousands, except shares)	March 31, 2018	December 31, 2017
ASSETS		
Cash and due from banks (restricted cash of $30,120 and $27,939)	$304,681	$330,856
Interest bearing cash and temporary investments	264,508	303,424
Total cash and cash equivalents	569,189	634,280
Investment securities		
Equity and other, at fair value	63,295	12,255
Available for sale, at fair value	2,947,414	3,065,769
Held to maturity, at amortized cost	3,667	3,803
Loans held for sale, at fair value	299,739	259,518
Loans and leases	19,314,589	19,080,184
Allowance for loan and lease losses	(141,933)	(140,608)
Net loans and leases	19,172,656	18,939,576
Restricted equity securities	43,501	43,508
Premises and equipment, net	259,354	269,182
Goodwill	1,787,651	1,787,651
Other intangible assets, net	28,589	30,130
Residential mortgage servicing rights, at fair value	164,760	153,151
Other real estate owned	13,055	11,734
Bank owned life insurance	307,745	306,864
Other assets	215,028	224,018
Total assets	$25,875,643	$25,741,439
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Noninterest bearing	$6,699,399	$6,505,628
Interest bearing	13,407,457	13,442,672
Total deposits	20,106,856	19,948,300
Securities sold under agreements to repurchase	291,984	294,299
Term debt	801,868	802,357
Junior subordinated debentures, at fair value	278,410	277,155
Junior subordinated debentures, at amortized cost	88,895	100,609
Deferred tax liability, net	39,277	37,503
Other liabilities	254,471	266,430
Total liabilities	21,861,761	21,726,653
COMMITMENTS AND CONTINGENCIES (NOTE 8)		
SHAREHOLDERS' EQUITY		
Common stock, no par value, shares authorized: 400,000,000 in 2018 and 2017; issued and outstanding: 220,460,836 in 2018 and 220,148,824 in 2017	3,515,506	3,517,258
Retained earnings	546,330	522,520
Accumulated other comprehensive loss	(47,954)	(24,992)
Total shareholders' equity	4,013,882	4,014,786
Total liabilities and shareholders' equity	$25,875,643	$25,741,439

See notes to condensed consolidated financial statements

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UMPQUA HOLDINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(in thousands, except per share amounts)	Three Months Ended March 31, 2018	March 31, 2017
INTEREST INCOME		
Interest and fees on loans and leases	$227,738	$205,996
Interest and dividends on investment securities:		
Taxable	15,699	13,931
Exempt from federal income tax	2,128	2,242
Dividends	468	388
Interest on temporary investments and interest bearing deposits	1,164	1,557
Total interest income	247,197	224,114
INTEREST EXPENSE		
Interest on deposits	15,610	9,648
Interest on securities sold under agreement to repurchase and federal funds purchased	63	30
Interest on term debt	3,361	3,510
Interest on junior subordinated debentures	4,932	4,201
Total interest expense	23,966	17,389
Net interest income	223,231	206,725
PROVISION FOR LOAN AND LEASE LOSSES	13,656	11,672
Net interest income after provision for loan and lease losses	209,575	195,053
NON-INTEREST INCOME		
Service charges on deposits	14,995	14,729
Brokerage revenue	4,194	4,122
Residential mortgage banking revenue, net	38,438	26,834
Loss on sale of investment securities, net	—	(2)
Gain on loan sales, net	1,230	1,754
Loss on junior subordinated debentures carried at fair value	—	(1,555)
BOLI income	2,070	2,069
Other income	17,640	12,274
Total non-interest income	78,567	60,225
NON-INTEREST EXPENSE		
Salaries and employee benefits	106,551	106,473
Occupancy and equipment, net	38,661	38,673
Communications	4,433	5,104
Marketing	1,800	1,733
Services	15,061	11,305
FDIC assessments	4,480	4,087
(Gain) loss on other real estate owned, net	(38)	82
Intangible amortization	1,541	1,689
Merger related expenses	—	1,020
Other expenses	13,624	12,548
Total non-interest expense	186,113	182,714
Income before provision for income taxes	102,029	72,564
Provision for income taxes	24,360	26,561
Net income	$77,669	$46,003

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UMPQUA HOLDINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Continued)
(UNAUDITED)

(in thousands, except per share amounts)	Three Months Ended	
	March 31, 2018	March 31, 2017
Net income	$77,669	$ 46,003
Dividends and undistributed earnings allocated to participating securities	6	12
Net earnings available to common shareholders	$77,663	$ 45,991
Earnings per common share:		
Basic	$0.35	$0.21
Diluted	$0.35	$0.21
Weighted average number of common shares outstanding:		
Basic	220,370	220,287
Diluted	220,825	220,779

See notes to condensed consolidated financial statements

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UMPQUA HOLDINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(in thousands)	Three Months Ended	
	March 31, 2018	March 31, 2017
Net income	$77,669	$46,003
Available for sale securities:		
Unrealized (losses) gains arising during the period	(42,190)	4,142
Income tax benefit (expense) related to unrealized (losses) gains	10,771	(1,604)
Reclassification adjustment for net realized losses in earnings	—	2
Income tax benefit related to realized losses	—	(1)
Net change in unrealized (losses) gains for available for sale securities	(31,419)	2,539
Junior subordinated debentures, at fair value:		
Unrealized losses arising during the period	(1,683)	—
Income tax benefit related to unrealized losses	430	—
Net change in unrealized losses for junior subordinated debentures, at fair value	(1,253)	—
Other comprehensive (loss) income, net of tax	(32,672)	2,539
Comprehensive income	$44,997	$48,542

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

(in thousands, except shares)	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount			
Balance at January 1, 2017	220,177,030	$3,515,299	$422,839	$ (21,343)	$3,916,795
Net income			246,019		246,019
Other comprehensive income, net of tax				781	781
Stock-based compensation		9,612			9,612
Stock repurchased and retired	(468,555)	(8,614)			(8,614)
Issuances of common stock under stock plans	440,349	961			961
Cash dividends on common stock ($0.68 per share)			(150,768)		(150,768)
Tax rate effect reclassification (1)			4,430	(4,430)	—
Balance at December 31, 2017	220,148,824	$3,517,258	$522,520	$ (24,992)	$4,014,786
Balance at January 1, 2018	220,148,824	$3,517,258	$522,520	$ (24,992)	$4,014,786
Net income			77,669		77,669
Other comprehensive loss, net of tax				(32,672)	(32,672)
Stock-based compensation		1,829			1,829
Stock repurchased and retired	(201,473)	(4,340)			(4,340)
Issuances of common stock under stock plans	513,485	759			759
Cash dividends on common stock ($0.20 per share)			(44,149)		(44,149)
Junior subordinated debentures, at fair value, cumulative effect adjustment (2)			(9,710)	9,710	—
Balance at March 31, 2018	220,460,836	$3,515,506	$546,330	$ (47,954)	$4,013,882

(1) The reclassification adjustment from accumulated other comprehensive income (loss) to retained earnings relating to the effects from the application of the Tax Cuts and Jobs Act of 2017.

(2) The cumulative effect adjustment from retained earnings to accumulated other comprehensive income (loss) relating to the implementation of new accounting guidance for the junior subordinated debentures that the Company previously elected to fair value on a recurring basis. Refer to Note 1 for discussion of the new accounting guidance.

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UMPQUA HOLDINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in thousands)	Three Months Ended March 31, 2018	March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$77,669	$46,003
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of investment premiums, net	5,907	6,878
Loss on sale of investment securities, net	—	2
(Gain) loss on sale of other real estate owned, net	(43)	15
Valuation adjustment on other real estate owned	5	67
Provision for loan and lease losses	13,656	11,672
Change in cash surrender value of bank owned life insurance	(2,105)	(2,104)
Depreciation, amortization and accretion	13,943	14,862
Gain on sale of premises and equipment	(1,341)	—
Additions to residential mortgage servicing rights carried at fair value	(6,530)	(7,041)
Change in fair value of residential mortgage servicing rights carried at fair value	(5,079)	7,670
Gain on redemption of junior subordinated debentures at amortized cost	(1,043)	—
Change in junior subordinated debentures carried at fair value	—	1,396
Stock-based compensation	1,829	2,804
Net increase in equity and other account assets	(107)	(277)
Gain on sale of loans, net	(14,508)	(22,746)
Change in loans held for sale carried at fair value	306	(4,885)
Origination of loans held for sale	(687,226)	(754,715)
Proceeds from sales of loans held for sale	659,977	795,837
Change in other assets and liabilities:		
Net decrease in other assets	10,116	19,235
Net increase (decrease) in other liabilities	1,814	(54,791)
Net cash provided by operating activities	67,240	59,882
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investment securities available for sale	(89,145)	(672,148)
Proceeds from investment securities available for sale	107,908	127,195
Proceeds from investment securities held to maturity	172	124
Purchases of restricted equity securities	—	(1)
Redemption of restricted equity securities	7	7
Net change in loans and leases	(274,731)	(360,236)
Proceeds from sales of loans	21,629	25,259
Net change in premises and equipment	(462)	(6,937)
Proceeds from sales of other real estate owned	161	927
Net cash used in investing activities	$(234,461)	$(885,810)

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UMPQUA HOLDINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(UNAUDITED)
(in thousands)

	Three Months Ended	
	March 31, 2018	March 31, 2017
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in deposit liabilities	$158,771	$146,619
Net decrease in securities sold under agreements to repurchase	(2,315)	(48,668)
Proceeds from term debt borrowings	50,000	100,000
Repayment of term debt borrowings	(50,513)	(100,000)
Repayment of junior subordinated debentures at amortized cost	(10,598)	—
Dividends paid on common stock	(39,634)	(35,243)
Proceeds from stock options exercised	759	230
Repurchase and retirement of common stock	(4,340)	(1,796)
Net cash provided by financing activities	102,130	61,142
Net decrease in cash and cash equivalents	(65,091)	(764,786)
Cash and cash equivalents, beginning of period	634,280	1,449,432
Cash and cash equivalents, end of period	$569,189	$684,646
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$23,489	$18,161
Income taxes	$11,440	$8,281
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Change in unrealized gains on investment securities available for sale, net of taxes	$(31,419)	$2,539
Change in unrealized gains on junior subordinated debentures carried at fair value, net of taxes	$(1,253)	$—
Junior subordinated debentures, at fair value, cumulative effect adjustment	$9,710	$—
Cash dividend declared on common stock and payable after period-end	$44,016	$35,264
Change in GNMA mortgage loans recognized due to repurchase option	$(6,152)	$(5,603)
Transfer of loans to other real estate owned	$1,444	$789
Receivable from BOLI death benefits	$1,224	$—

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1 – Summary of Significant Accounting Policies

The accounting and financial reporting policies of Umpqua Holdings Corporation conform to accounting principles generally accepted in the United States of America. The accompanying interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material inter-company balances and transactions have been eliminated. The condensed consolidated financial statements have not been audited. A more detailed description of our accounting policies is included in the 2017 Annual Report filed on Form 10-K. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes contained in the 2017 Annual Report filed on Form 10-K. All references in this report to "Umpqua," "we," "our," "us," the "Company" or similar references mean Umpqua Holdings Corporation, and include our consolidated subsidiaries where the context so requires. References to "Bank" refer to our subsidiary Umpqua Bank, an Oregon state-chartered commercial bank, and references to "Umpqua Investments" refer to our subsidiary Umpqua Investments, Inc., a registered broker-dealer and investment adviser. The Bank also has a wholly-owned subsidiary, Financial Pacific Leasing Inc., a commercial equipment leasing company. Pivotus Ventures, Inc., a wholly-owned subsidiary of Umpqua Holdings Corporation, focuses on advancing bank innovation by developing new bank platforms that could have a significant impact on the experience and economics of banking.

In preparing these condensed consolidated financial statements, the Company has evaluated events and transactions subsequent to March 31, 2018 for potential recognition or disclosure. In management's opinion, all accounting adjustments necessary to accurately reflect the financial position and results of operations on the accompanying financial statements have been made. These adjustments include normal and recurring accruals considered necessary for a fair and accurate presentation. The results for interim periods are not necessarily indicative of results for the full year or any other interim period. Certain reclassifications of prior period amounts have been made to conform to current classifications.

Application of new accounting guidance

As of January 1, 2018, Umpqua adopted the Financial Accounting Standard Board's ("FASB") Accounting Standard Update ("ASU") No. 2014-09, Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively "ASC 606"), which (i) creates a single framework for recognizing revenue from contracts with customers that are within its scope and (ii) revises when it is appropriate to recognize a gain or loss from the transfer of nonfinancial assets such as other real estate owned. The majority of Umpqua's revenues come from interest income and other sources, including loans, leases, securities, and derivatives, that are outside the scope of ASC 606. Umpqua's revenues that are within the scope of ASC 606 are presented within Non-Interest Income and are recognized as revenue as the Company satisfies its obligation to the customer. Revenues within the scope of ASC 606 include service charges on deposits, brokerage revenue, interchange income, and the sale of other real estate owned. Refer to Note 15 - Revenue from Contracts with Customers for further discussion of Umpqua's accounting policies for revenue sources within the scope of ASC 606.

Umpqua adopted ASC 606 using the modified retrospective method applied on all contracts not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under ASC 606 while prior period amounts continue to be reported in accordance with legacy generally accepted accounting principles ("GAAP"). The adoption of ASC 606 did not result in a material change to the accounting for any of the in-scope revenue streams; as such, no cumulative effect adjustment was recorded.

As of January 1, 2018, Umpqua applied FASB ASU No. 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. The new guidance relates to the recognition and measurement of financial instruments. This ASU requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. Upon adoption, certain equity securities were reclassified from available for sale to the equity securities classification on the balance sheet. The ASU was applied prospectively. The amendment also requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes and requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (i.e., securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements. This ASU also eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet. The disclosures in the fair value footnote have been updated accordingly.

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The amendment also requires a reporting organization to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument specific credit risk (also referred to as "own credit") when the organization has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. The Company's junior subordinated debentures are variable-rate instruments based on LIBOR, with the majority reseting quarterly. Applying the updated guidance, the FASB noted that the entire risk in excess of the risk free or benchmark rate could be considered instrument-specific credit risk. The Company has determined that all changes in fair value of the junior subordinated debentures are due to changes in value other than in the benchmark rate, and accordingly are instrument-specific credit risk. As such, the Company calculated the change in the discounted cash flows based on updated market credit spreads since the election of the fair value option for each junior subordinated debenture measured at fair value to be a net gain of $13.0 million. The gain was recorded, net of the tax effect, as a cumulative effect adjustment between retained earnings and accumulated other comprehensive income (loss), resulting in an adjustment of $9.7 million upon adoption.

For the first quarter of 2018, the change in fair value is attributable to the change in the instrument specific credit risk of the junior subordinated debentures, as determined by the application of ASU 2016-01. Accordingly, the loss on fair value of junior subordinated debentures for the quarter ended March 31, 2018 of $1.7 million is recorded in other comprehensive income (loss), net of tax, as an other comprehensive loss of $1.3 million.

Note 2 – Investment Securities

The following tables present the amortized costs, unrealized gains, unrealized losses and approximate fair values of investment securities at March 31, 2018 and December 31, 2017:

(in thousands)	March 31, 2018			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
AVAILABLE FOR SALE:				
U.S. Treasury and agencies	$40,017	$ —	$(499)	$39,518
Obligations of states and political subdivisions	299,855	3,295	(3,599)	299,551
Residential mortgage-backed securities and collateralized mortgage obligations	2,682,266	956	(74,877)	2,608,345
	$3,022,138	$ 4,251	$(78,975)	$2,947,414
HELD TO MATURITY:				
Residential mortgage-backed securities and collateralized mortgage obligations	$3,667	$ 1,002	$—	$4,669
	$3,667	$ 1,002	$—	$4,669

(in thousands)	December 31, 2017			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
AVAILABLE FOR SALE:				
U.S. Treasury and agencies	$40,021	$ —	$(323)	$39,698
Obligations of states and political subdivisions	303,352	6,206	(1,102)	308,456
Residential mortgage-backed securities and collateralized mortgage obligations	2,703,997	2,039	(40,391)	2,665,645
Investments in mutual funds and other securities	51,959	11	—	51,970
	$3,099,329	$ 8,256	$(41,816)	$3,065,769
HELD TO MATURITY:				
Residential mortgage-backed securities and collateralized mortgage obligations	$3,803	$ 1,103	$—	$4,906

$3,803	$ 1,103	$—	$4,906

The above tables reflect that the equity securities are no longer classified as available for sale securities, and instead separately disclosed on the balance sheet. The equity securities were previously reported in investments in mutual funds and other securities within available for sale investment securities.

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Investment securities that were in an unrealized loss position as of March 31, 2018 and December 31, 2017 are presented in the following tables, based on the length of time individual securities have been in an unrealized loss position.

March 31, 2018 (in thousands)	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
AVAILABLE FOR SALE:						
U.S. Treasury and agencies	$39,518	$ 499	$—	$ —	$39,518	$ 499
Obligations of states and political subdivisions	92,400	2,058	24,496	1,541	116,896	3,599
Residential mortgage-backed securities and collateralized mortgage obligations	1,309,122	27,267	1,209,663	47,610	2,518,785	74,877
Total temporarily impaired securities	$1,441,040	$ 29,824	$1,234,159	$ 49,151	$2,675,199	$ 78,975

December 31, 2017 (in thousands)	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
AVAILABLE FOR SALE:						
U.S. Treasury and agencies	$39,699	$ 323	$—	$ —	$39,699	$ 323
Obligations of states and political subdivisions	20,566	322	24,798	780	45,364	1,102
Residential mortgage-backed securities and collateralized mortgage obligations	1,184,000	10,368	1,226,364	30,023	2,410,364	40,391
Total temporarily impaired securities	$1,244,265	$ 11,013	$1,251,162	$ 30,803	$2,495,427	$ 41,816

The unrealized losses on the available for sale securities portfolio were caused by changes in market interest rates or the widening of market spreads subsequent to the initial purchase of these securities and are not due to the underlying credit of the issuers. Management monitors the securities within the portfolio, including the published credit ratings of the obligations of state and political subdivisions securities for material rating or outlook changes. As of March 31, 2018, 97% of the obligations of states and political subdivisions securities were rated A3/A- or higher by rating agencies. Substantially all of the Company's obligations of states and political subdivisions are general obligation issuances. All of the available for sale residential mortgage-backed securities and collateralized mortgage obligations portfolio in an unrealized loss position at March 31, 2018 are issued or guaranteed by government sponsored enterprises. It is expected that the mortgage-backed securities and collateralized mortgage obligations securities will be settled at a price at least equal to the amortized cost of each investment.

Because the decline in fair value of the available for sale securities portfolio is attributable to changes in interest rates or widening market spreads and not credit quality, and because the Bank does not intend to sell the securities and it is not more likely than not that the Bank will be required to sell these securities before recovery of their amortized cost basis, which may include holding each security until maturity, these investments are not considered other-than-temporarily impaired.

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The following table presents the contractual maturities of investment securities at March 31, 2018:

(in thousands)	Available For Sale		Held To Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
AMOUNTS MATURING IN:				
Due within one year	$22,399	$22,267	$—	$—
Due after one year through five years	73,780	73,824	—	—
Due after five years through ten years	435,437	429,274	18	19
Due after ten years	2,490,522	2,422,049	3,649	4,650
	$3,022,138	$2,947,414	$3,667	$4,669

The following table presents, as of March 31, 2018, investment securities which were pledged to secure borrowings, public deposits, and repurchase agreements as permitted or required by law:

(in thousands)	Amortized Cost	Fair Value
To the Federal Home Loan Bank to secure borrowings	$449	$448
To state and local governments to secure public deposits	904,227	887,820
Other securities pledged principally to secure repurchase agreements	435,384	422,762
Total pledged securities	$1,340,060	$1,311,030

Note 3 – Loans and Leases

The following table presents the major types of loans and leases, net of deferred fees and costs, as of March 31, 2018 and December 31, 2017: