

UMPQUA HOLDINGS CORP
Form 8-K
April 21, 2005

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934

Date of Report: April 21, 2005
(Date of earliest event reported)

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) 546-2491
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02 Results of Operations and Financial Condition.

On April 21, 2005, Umpqua Holdings Corporation issued a press release with respect to financial results for the first quarter 2005. A copy of the press release is attached as Exhibit 99.1. Attached as Exhibit 99.2 is a Statistical Supplement that 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.

Item 9.01 Financial Statements and Exhibits.

- (a) Not applicable.
- (b) Not applicable.
- (c) Exhibits.
 - (99.1) Press Release with Quarterly Earnings
 - (99.2) Statistical Supplement

SIGNATURES

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

UMPQUA HOLDINGS CORPORATION
(Registrant)

Dated: April 21, 2005

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

FOR IMMEDIATE RELEASE

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UMPQUA HOLDINGS REPORTS 13% INCREASE IN OPERATING EARNINGS

Annualized deposit growth of 17%, Net Interest Margin Expansion

PORTLAND, Ore. - April 21, 2005 - Umpqua Holdings Corporation (NASDAQ: UMPQ), parent company of Umpqua Bank and Strand, Atkinson, Williams & York, Inc., today announced first quarter 2005 operating earnings of \$15.1 million, or \$0.34 per diluted share, compared to \$8.5 million, or \$0.30 per diluted share for the first quarter of 2004, an increase of 13% on a per share basis.

Operating earnings are defined as the Company's net income before deduction of merger-related expenses, net of tax, which are reported in periods with merger-related costs.

Including merger related expenses, the Company reports first quarter 2005 net income of \$15.0 million, or \$0.33 per diluted share, compared to \$8.4 million, or \$0.29 per diluted share, for the first quarter of 2004. These results reflect earnings per share growth of 14% compared to the same period a year ago.

Umpqua Bank's net interest margin increased to 5.06% for the first quarter of 2005, compared to 4.80% for the same quarter one year ago, and 4.96% for the fourth quarter of 2004, principally resulting from recent increases in short-term market interest rates.

Umpqua Bank, Umpqua Holdings' largest subsidiary, reported an efficiency ratio before merger-related expenses of 53.6% for the first quarter of 2005, compared to 58.2% for the same quarter one year ago. The Company incurred approximately \$0.4 million in additional professional fee expense during the first quarter of 2005 as compared to the fourth quarter of 2004.

Total consolidated assets of Umpqua Holdings as of March 31, 2005 were \$4.98 billion, compared to \$4.87 billion at December 31, 2004. Total gross loans and deposits were \$3.53 billion and \$3.95 billion, respectively, as of March 31, 2005, compared to \$3.47 billion and \$3.80 billion, respectively, as of December 31, 2004.

Umpqua Holdings Corporation Announces First Quarter 2005 Results
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Strong loan growth, net of scheduled and accelerated pay-downs, resulted in net loans increasing \$64 million during the first quarter of 2005. Deposits increased \$155 million during the same period. These represent annualized organic growth rates for loans and deposits of 8% and 17%, respectively. Organic growth is defined as growth excluding the increase related to acquisitions on the Company's balance sheet, with all growth subsequent to the acquisition date included as organic.

"As expected, our net interest margin expanded and our efficiency ratio remained low, which led to a strong quarter for operating earnings per share in spite of additional costs related to Sarbanes-Oxley compliance," said Ray Davis, President and Chief Executive Officer of Umpqua Holdings Corporation. "In addition, we had 17% annualized deposit growth, realized expected synergies from the Humboldt acquisition and continue to experience strong loan production," Davis added.

As previously announced, the Company completed the sale of its merchant card processing portfolio during the fourth quarter of 2004. In accordance with generally accepted

accounting principles, the financial results related to the merchant card processing operations, including the gain on sale, have been classified as a discontinued operation.

At March 31, 2005 total shareholders equity was \$697 million, and tangible book value per share was \$6.51.

About Umpqua Holdings Corporation

About Umpqua Holdings Corporation

Umpqua Holdings Corporation (NASDAQ: UMPQ) is the parent company of Umpqua Bank, an Oregon based community bank recognized for its entrepreneurial approach, innovative use of technology, and distinctive banking solutions. Umpqua Bank has 93 locations between Sacramento, Calif. and Vancouver, Wash., along the Oregon and Northern California Coast and in Central Oregon. In 2004, Umpqua Bank launched the Connect Volunteer Network, an innovative, paid volunteer program focused on youth and education. Bank associates volunteered at more than 100 organizations in the program's first year. Umpqua Holdings also owns retail brokerage subsidiary Strand, Atkinson, Williams & York, Inc., which has locations in Umpqua Bank stores and in dedicated offices throughout Oregon and Southwest Washington. Umpqua Bank's 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 21, 2005, at 10:00 a.m. PDT where management will discuss operating results for the first quarter of 2005. 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 888-791-5525 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 866-361-4938, or by visiting that website.

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Umpqua Holdings Corporation

Consolidated Statements of Income

(Unaudited)

Quarter ended:

Dollars in thousands, except per share data

| | March 31, 2005 | December 31, 2004 | March 31, 2004 |
|------------------|-------------------|----------------------|-------------------|
| Interest income | | | |
| Loans and leases | \$56,936 | \$55,261 | \$31,865 |

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| | | | |
|--|------------|------------|------------|
| Investments taxable | 6,549 | 6,892 | 4,590 |
| Investments tax exempt | 713 | 768 | 413 |
| Temporary investments | 233 | 296 | 23 |
| Other interest and dividends | 43 | 23 | 16 |
| <hr/> | | | |
| Total interest income | 64,474 | 63,240 | 36,907 |
| | | | |
| Interest expense | | | |
| Deposits | 11,324 | 10,383 | 5,889 |
| Repurchase agreements and fed funds purchased | 501 | 266 | 139 |
| Trust preferred securities | 2,394 | 2,333 | 1,123 |
| Other borrowings | 405 | 584 | 241 |
| <hr/> | | | |
| Total interest expense | 14,624 | 13,566 | 7,392 |
| Net interest income | 49,850 | 49,674 | 29,515 |
| Provision for loan losses | 1,000 | 3,667 | 1,075 |
| | | | |
| Non-interest income | | | |
| Service charges | 4,822 | 5,434 | 3,127 |
| Brokerage fees | 3,129 | 3,188 | 2,891 |
| Mortgage banking revenue | 1,350 | 1,665 | 1,649 |
| Other income | 1,301 | 2,197 | 545 |
| <hr/> | | | |
| Total non-interest income | 10,602 | 12,484 | 8,212 |
| | | | |
| Non-interest expense | | | |
| Salaries and benefits | 20,279 | 20,248 | 13,665 |
| Occupancy and equipment | 6,133 | 5,809 | 4,115 |
| Other | 8,922 | 9,820 | 5,946 |
| Merger related expenses | 101 | 2,656 | 216 |
| <hr/> | | | |
| Total non-interest expense | 35,435 | 38,533 | 23,942 |
| Income before income taxes and discontinued operations | 24,017 | 19,958 | 12,710 |
| Provision for income tax | 8,998 | 7,170 | 4,463 |
| <hr/> | | | |
| Income from continuing operations | 15,019 | 12,788 | 8,247 |
| Gain on sale of discontinued operation, net of tax | -- | 3,375 | -- |
| Income from discontinued operation, net of tax | -- | 106 | 151 |
| <hr/> | | | |
| Net income | \$15,019 | \$16,269 | \$8,398 |
| <hr/> | | | |
| | | | |
| Weighted average shares outstanding | 44,330,626 | 44,121,546 | 28,445,316 |
| Weighted average diluted shares outstanding | 44,962,502 | 44,870,939 | 28,819,200 |

| | | | |
|-------------------------------|--------|--------|--------|
| Earnings per share - Basic: | | | |
| Continuing operations | \$0.34 | \$0.29 | \$0.29 |
| Discontinued operations | \$0.00 | \$0.08 | \$0.01 |
| Net income | \$0.34 | \$0.37 | \$0.30 |
| Earnings per share - Diluted: | | | |
| Continuing operations | \$0.33 | \$0.28 | \$0.29 |
| Discontinued operations | \$0.00 | \$0.08 | \$0.00 |
| Net income | \$0.33 | \$0.36 | \$0.29 |

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Quarter 2005 Results
April 21, 2005
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Umpqua Holdings Corporation

Consolidated Balance Sheets

(Unaudited)

| <i>Dollars in thousands, except per share data</i> | March 31, 2005 | December 31, 2004 | March 31, 2004 |
|--|-----------------------|------------------------------|---------------------------|
| Assets: | | | |
| Cash and cash equivalents | \$203,501 | \$118,207 | \$105,913 |
| Trading account securities | 1,350 | 1,577 | 1,094 |
| Investments available for sale | 639,706 | 675,984 | 502,807 |
| Investments held to maturity | 11,793 | 11,807 | 14,594 |
| Loans held for sale | 12,398 | 20,791 | 31,526 |
| Loans and leases | 3,532,061 | 3,467,904 | 2,073,875 |
| Less: Allowance for loan losses | (45,360) | (44,229) | (26,287) |
| Loans and leases, net | 3,486,701 | 3,423,675 | 2,047,588 |
| Federal Home Loan Bank stock | 14,220 | 14,218 | 7,239 |
| Premises and equipment, net | 87,073 | 85,681 | 67,504 |
| Other real estate owned | 213 | 979 | 1,711 |
| Mortgage servicing rights, net | 11,081 | 11,154 | 10,959 |
| Goodwill and other intangibles | 407,788 | 408,460 | 159,661 |
| Other assets | 105,830 | 100,502 | 47,186 |
| Total assets | \$4,981,654 | \$4,873,035 | \$2,997,782 |

| | | | |
|--|--------------------|--------------------|--------------------|
| Liabilities: | | | |
| Deposits | \$3,953,670 | \$3,799,107 | \$2,428,926 |
| Securities sold under agreements to repurchase and fed funds purchased | 55,712 | 88,267 | 58,906 |
| Borrowings | 63,373 | 88,451 | 55,620 |
| Notes payable for Trust preferred securities | 166,134 | 166,256 | 97,941 |
| Other liabilities | 45,818 | 43,341 | 26,152 |
| Total liabilities | 4,284,707 | 4,185,422 | 2,667,545 |
| Shareholders' equity: | | | |
| Common stock | 563,319 | 560,611 | 232,118 |
| Retained earnings | 140,462 | 128,112 | 96,317 |
| Accumulated other comprehensive income (loss) | (6,834) | (1,110) | 1,802 |
| Total shareholders' equity | 696,947 | 687,613 | 330,237 |
| Total liabilities and shareholders' equity | \$4,981,654 | \$4,873,035 | \$2,997,782 |
| Common shares outstanding at period end | | | |
| | 44,434,655 | 44,211,075 | 28,489,267 |
| Book value per share | \$15.68 | \$15.55 | \$11.59 |
| Tangible book value per share | \$6.51 | \$6.31 | \$5.99 |
| Tangible equity | \$289,159 | \$279,153 | \$170,576 |

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Umpqua Holdings Corporation

Loan Portfolio

(Unaudited)

| <i>Dollars in thousands</i> | March 31, 2005 | December 31, 2004 | March 31, 2004 |
|-----------------------------|---------------------------|------------------------------|---------------------------|
|-----------------------------|---------------------------|------------------------------|---------------------------|

Loans and leases by purpose:

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| | | | |
|-------------------------|-------------|-------------|-------------|
| Commercial real estate | \$1,897,234 | \$1,874,646 | \$1,121,008 |
| Residential real estate | 219,951 | 217,990 | 94,479 |
| Construction | 486,277 | 461,096 | 230,674 |
| <hr/> | | | |
| Total real estate | 2,603,462 | 2,553,732 | 1,446,161 |
| Commercial | 842,999 | 823,364 | 578,823 |
| Leases | 17,423 | 18,357 | 10,214 |
| Consumer | 66,916 | 71,174 | 37,131 |
| Other | 1,261 | 1,277 | 1,546 |
| <hr/> | | | |
| Total loans and leases | \$3,532,061 | \$3,467,904 | \$2,073,875 |
| <hr/> | | | |

| <i>Dollars in thousands</i> | Quarter Ended March 31, 2005 | Quarter Ended December 31, 2004 | Quarter Ended March 31, 2004 |
|-----------------------------------|------------------------------------|---------------------------------------|---------------------------------------|
| <hr/> | | | |
| Allowance for credit losses | | | |
| Balance beginning of period | \$44,229 | \$43,374 | \$25,352 |
| Provision for credit losses | 1,000 | 3,667 | 1,075 |
| Charge-offs | (612) | (3,443) | (447) |
| Less: recoveries | <u>743</u> | <u>631</u> | <u>307</u> |
| Net recoveries (charge-offs) | 131 | (2,812) | (140) |
| Total Allowance for loan losses | 45,360 | 44,229 | 26,287 |
| Reserve for unfunded commitments | 1,368 | 1,338 | -- |
| <hr/> | | | |
| Total Allowance for credit losses | \$46,728 | \$45,567 | \$26,287 |
| <hr/> | | | |

| | | | |
|---|---------|-------|-------|
| Net (recoveries) charge-offs to average loans and leases (annualized) | (0.02)% | 0.33% | 0.03% |
| Recoveries to gross charge-offs | 121% | 18% | 69% |
| Allowance for credit losses to loans and leases | 1.32% | 1.31% | 1.27% |
| Allowance for credit losses to nonperforming loans and leases | 197% | 202% | 223% |
| Nonperforming loans and leases To total loans and leases | 0.67% | 0.65% | 0.57% |

| | | | |
|--------------------------------|----------|----------|----------|
| Nonperforming assets | | | |
| Nonperforming loans and leases | \$23,660 | \$22,573 | \$11,800 |
| Real estate owned | 213 | 979 | 1,711 |
| | <hr/> | | |
| Total nonperforming assets | \$23,873 | \$23,552 | \$13,511 |
| | <hr/> | | |

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2005 Results

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Umpqua Holdings Corporation

Selected Ratios

(Unaudited)

| | Quarter ended: | | |
|--|-------------------|----------------------|-------------------|
| | March 31, 2005 | December 31, 2004 | March 31, 2004 |
| Net Interest Spread: | | | |
| Yield on loans and leases | 6.62% | 6.44% | 6.23% |
| Yield on taxable investments | 4.29% | 4.10% | 3.87% |
| Yield on tax-exempt investments (1) | 6.49% | 7.29% | 6.71% |
| Yield on temporary investments | 2.48% | 1.92% | 0.91% |
| | <hr/> | | |
| Total yield on earning assets | 6.24% | 6.02% | 5.78% |
| Cost of interest bearing deposits | 1.57% | 1.41% | 1.31% |
| Cost of securities sold under agreements to repurchase and fed funds purchased | 2.32% | 1.32% | 1.02% |
| Cost of borrowings | 1.99% | 2.63% | 1.77% |
| Cost of trust preferred | 5.84% | 5.58% | 4.61% |
| | <hr/> | | |
| Total cost of interest bearing liabilities | 1.82% | 1.66% | 1.47% |

| | | | |
|---|--------|--------|--------|
| Net interest spread | 4.42% | 4.36% | 4.31% |
| Net interest margin | 4.83% | 4.74% | 4.63% |
| <u>Before Merger Related Expenses: (2)</u> | | | |
| Return on average assets | 1.25% | 1.45% | 1.17% |
| Return on average tangible assets | 1.36% | 1.58% | 1.23% |
| Return on average equity | 8.82% | 10.52% | 10.58% |
| Return on average tangible equity | 21.43% | 26.46% | 20.84% |
| <u>After Merger Related Expenses: (2)</u> | | | |
| Return on average assets | 1.24% | 1.32% | 1.15% |
| Return on average tangible assets | 1.35% | 1.44% | 1.21% |
| Return on average equity | 8.78% | 9.53% | 10.42% |
| Return on average tangible equity | 21.34% | 23.96% | 20.52% |
| <u>Bank Only Ratios:</u> | | | |
| Umpqua Bank efficiency ratio before merger expenses (2) | 53.62% | 48.40% | 58.16% |
| Umpqua Bank net interest margin | 5.06% | 4.96% | 4.80% |

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

(2) Includes the impact of the gain on sale of, and income from, discontinued operations recognized in 2004.

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Deposits by Type
(Unaudited)

| <i>Dollars in thousands</i> | March 31, 2005 | | December 31, 2004 | | March 31, 2004 | |
|------------------------------|-----------------------|------------|--------------------------|------------|-----------------------|------------|
| | Amount | Mix | Amount | Mix | Amount | Mix |
| Demand, non interest bearing | \$962,912 | 24.4% | \$891,731 | 23.5% | \$592,762 | 24.4% |
| Demand, interest bearing | 1,563,394 | 39.5% | 1,504,396 | 39.6% | 1,069,064 | 44.0% |
| Savings | 451,733 | 11.4% | 452,684 | 11.9% | 166,481 | 6.9% |
| Time | 975,631 | 24.7% | 950,296 | 25.0% | 600,619 | 24.7% |

| | | | | | | |
|----------------|-------------|--------|-------------|--------|-------------|--------|
| Total Deposits | \$3,953,670 | 100.0% | \$3,799,107 | 100.0% | \$2,428,926 | 100.0% |
|----------------|-------------|--------|-------------|--------|-------------|--------|

Umpqua Holdings Corporation

Mortgage Banking Statistical Analysis

(unaudited)

| | Quarter ended: | | |
|---|----------------|----------------------|----------------|
| | March 31, 2005 | December 31, 2004 | March 31, 2004 |
| <i>Dollars in thousands</i> | | | |
| <u>Mortgage Servicing Rights (MSR):</u> | | | |
| Mortgage loans serviced for others | \$1,052,910 | \$1,066,905 | \$1,151,714 |
| MSR Asset (gross) | \$12,157 | \$11,946 | \$12,266 |
| Less: Valuation reserve | (1,076) | (792) | (1,307) |
| MSR Asset (net of reserve) | \$11,081 | \$11,154 | \$10,959 |
| MSR as % of serviced portfolio | 1.05% | 1.05% | 0.95% |
| <u>Mortgage Banking Revenue:</u> | | | |
| Origination and sale | \$1,397 | \$1,447 | \$1,273 |
| Servicing | 237 | 250 | (224) |
| MSR valuation reserve change | (284) | (32) | 600 |
| Total Mortgage Banking Revenue | \$1,350 | \$1,665 | \$1,649 |
| Diluted earnings per share contribution of Mortgage Group | \$0.00 | \$0.00 | \$0.01 |

#

UMPQUA HOLDINGS C
Statistical Supp
(in thousands, except share data)

| | 1st Qtr | 4th Qtr | 3rd Qtr | 2nd Qtr | 1st Qtr | 4th Qtr | 3rd Qtr | 2nd Qtr |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2005 | 2004 | 2004 | 2004 | 2004 | 2003 | 2003 | 2003 |
| Income Statement Data | | | | | | | | |
| Interest income | \$ 64,474 | \$ 63,240 | \$ 59,265 | \$ 38,646 | \$ 36,907 | \$ 36,608 | \$ 35,927 | \$ 34,281 |
| Interest expense | 14,624 | 13,566 | 11,856 | 7,557 | 7,392 | 6,804 | 6,839 | 7,480 |
| Net interest income | 49,850 | 49,674 | 47,409 | 31,089 | 29,515 | 29,804 | 29,088 | 26,801 |
| Provision for credit losses | 1,000 | 3,667 | 1,479 | 1,100 | 1,075 | 1,075 | 1,050 | 950 |
| Net interest income after provision for credit losses | 48,850 | 46,007 | 45,930 | 29,989 | 28,440 | 28,729 | 28,038 | 25,851 |
| Service fees | 4,822 | 5,434 | 5,570 | 3,273 | 3,127 | 3,188 | 3,256 | 3,198 |
| Brokerage fees & commissions | 3,129 | 3,188 | 2,736 | 3,014 | 2,891 | 2,554 | 2,635 | 2,370 |
| Mortgage banking revenue, net | 1,350 | 1,665 | 1,942 | 2,399 | 1,649 | 1,200 | 3,160 | 2,834 |
| Gain (loss) on sale of securities | - | - | 13 | 6 | - | 2 | 10 | 2,136 |
| Other income (4) | 1,301 | 7,930 | 1,412 | 716 | 793 | 760 | 455 | 1,100 |
| Total noninterest income | 10,602 | 18,217 | 11,673 | 9,408 | 8,460 | 7,704 | 9,516 | 11,638 |
| Salaries and employee benefits | 20,279 | 20,248 | 19,685 | 13,753 | 13,665 | 13,583 | 13,438 | 13,171 |
| Premises and equipment | 6,133 | 5,809 | 5,688 | 4,153 | 4,115 | 3,770 | 3,534 | 3,947 |
| Other non interest expense | 8,922 | 9,820 | 10,150 | 6,550 | 5,946 | 6,077 | 6,332 | 6,760 |
| Total noninterest expense | 35,334 | 35,877 | 35,523 | 24,456 | 23,726 | 23,430 | 23,304 | 23,878 |
| | 24,118 | 28,347 | 22,080 | 14,941 | 13,174 | 13,003 | 14,250 | 13,611 |

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| | | | | | | | | | | |
|---|------------------|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--|--|
| Income before income tax & merger expense | | | | | | | | | | |
| Provision for income taxes | 9,038 | 10,383 | 7,301 | 5,464 | 4,645 | 4,412 | 4,983 | 4,807 | | |
| Net income before merger expenses | \$ 15,080 | \$ 17,964 | \$ 14,779 | \$ 9,477 | \$ 8,529 | \$ 8,591 | \$ 9,267 | \$ 8,804 | | |
| Merger expenses net of tax benefit | 61 | 1,695 | 1,411 | 346 | 131 | - | 251 | 672 | | |
| Net income | \$ 15,019 | \$ 16,269 | \$ 13,368 | \$ 9,131 | \$ 8,398 | \$ 8,591 | \$ 9,016 | \$ 8,132 | | |

Share Data(1)

| | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|------------|--|--|
| Before Merger | | | | | | | | | | |
| Expenses: | | | | | | | | | | |
| Basic earnings per common share | \$ 0.34 | \$ 0.41 | \$ 0.35 | \$ 0.33 | \$ 0.30 | \$ 0.30 | \$ 0.33 | \$ 0.31 | | |
| Diluted earnings per common share | \$ 0.34 | \$ 0.40 | \$ 0.34 | \$ 0.33 | \$ 0.30 | \$ 0.30 | \$ 0.32 | \$ 0.31 | | |
| After Merger | | | | | | | | | | |
| Expenses: | | | | | | | | | | |
| Basic earnings per common share | \$ 0.34 | \$ 0.37 | \$ 0.32 | \$ 0.32 | \$ 0.30 | \$ 0.30 | \$ 0.32 | \$ 0.29 | | |
| Diluted earnings per common share | \$ 0.33 | \$ 0.36 | \$ 0.31 | \$ 0.32 | \$ 0.29 | \$ 0.30 | \$ 0.31 | \$ 0.28 | | |
| Tangible book value per common share | \$ 6.51 | \$ 6.31 | \$ 5.97 | \$ 5.76 | \$ 5.99 | \$ 5.61 | \$ 5.36 | \$ 5.10 | | |
| Book value per common share | \$ 15.68 | \$ 15.55 | \$ 15.28 | \$ 11.41 | \$ 11.59 | \$ 11.23 | \$ 11.00 | \$ 10.77 | | |
| Cash dividends per common share | \$ 0.06 | \$ 0.06 | \$ 0.06 | \$ 0.06 | \$ 0.04 | \$ 0.04 | \$ 0.04 | \$ 0.04 | | |
| Ratio of dividends declared to net income | 17.77% | 16.30% | 19.74% | 18.54% | 13.57% | 13.23% | 12.59% | 13.92% | | |
| Shares outstanding | 44,434,655 | 44,211,075 | 43,979,674 | 28,219,677 | 28,489,267 | 28,411,816 | 28,365,814 | 28,331,279 | | |
| Basic weighted average shares of common stock | 44,330,626 | 44,121,546 | 42,149,082 | 28,339,080 | 28,445,316 | 28,389,064 | 28,343,696 | 28,283,843 | | |
| Common stock equivalents | 631,877 | 749,393 | 740,631 | 325,199 | 373,883 | 413,101 | 359,195 | 384,083 | | |
| Fully diluted weighted average shares of common stock | 44,962,503 | 44,870,939 | 42,889,713 | 28,664,279 | 28,819,200 | 28,802,165 | 28,702,891 | 28,667,926 | | |

**Net Income
Before
Merger
Expense -
Diluted
Earnings Per
Share
Contribution**

| | | | | | | | | | | | | | | | | | |
|--|----|------|----|------|----|------|----|------|----|------|----|--------|----|------|----|------|----|
| Core company (excluding mortgage group and gain (loss) on sale of securities) | \$ | 0.34 | \$ | 0.32 | \$ | 0.33 | \$ | 0.31 | \$ | 0.28 | \$ | 0.30 | \$ | 0.26 | \$ | 0.22 | \$ |
| Mortgage group Gain (loss) on sale of securities | \$ | - | \$ | - | \$ | 0.01 | \$ | 0.02 | \$ | 0.01 | \$ | (0.01) | \$ | 0.05 | \$ | 0.03 | \$ |
| Gain on sale of discontinued operation Income from discontinued operation | \$ | - | \$ | 0.08 | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - | \$ |
| Net income before merger expense per diluted share | \$ | 0.34 | \$ | 0.40 | \$ | 0.34 | \$ | 0.33 | \$ | 0.30 | \$ | 0.30 | \$ | 0.32 | \$ | 0.31 | \$ |

**Balance
Sheet Data
(at period
end)**

| | | | | | | | | | | | | | | | | |
|--|----|-----------|----|-----------|----|-----------|----|-----------|----|-----------|----|-----------|----|-----------|----|-----------|
| Investment securities | \$ | 652,849 | \$ | 689,368 | \$ | 752,417 | \$ | 574,009 | \$ | 518,496 | \$ | 517,781 | \$ | 422,973 | \$ | 370,878 |
| Loans & leases, gross (excl held-for-sale) | | 3,532,061 | | 3,467,904 | | 3,323,137 | | 2,152,417 | | 2,073,875 | | 2,003,587 | | 1,935,482 | | 1,877,238 |
| Less: Allowance for credit losses | | 45,360 | | 44,229 | | 43,374 | | 27,319 | | 26,287 | | 25,352 | | 25,312 | | 25,316 |
| Loans & leases, net (excl held-for-sale) | | 3,486,701 | | 3,423,675 | | 3,279,763 | | 2,125,098 | | 2,047,588 | | 1,978,235 | | 1,910,170 | | 1,851,922 |
| Intangible assets | | 407,788 | | 408,460 | | 409,516 | | 159,575 | | 159,661 | | 159,585 | | 160,012 | | 160,547 |
| Total assets | | 4,981,654 | | 4,873,035 | | 4,944,340 | | 3,153,291 | | 2,997,782 | | 2,963,815 | | 2,811,195 | | 2,747,057 |
| Total deposits | | 3,953,670 | | 3,799,107 | | 3,919,271 | | 2,479,115 | | 2,428,926 | | 2,378,192 | | 2,263,211 | | 2,282,909 |
| Total shareholders' equity | | 696,947 | | 687,613 | | 671,977 | | 322,039 | | 330,237 | | 318,969 | | 311,987 | | 305,104 |

**Balance
Sheet Data
(averages)**

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| | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----|
| Loans & leases, gross (excl held-for-sale) | \$ 3,475,172 | \$ 3,388,503 | \$ 3,158,363 | \$ 2,125,031 | \$ 2,033,357 | \$ 1,945,568 | \$ 1,900,862 | \$ 1,827,360 | \$ |
| Loans held for sale | 13,735 | 22,831 | 29,915 | 29,245 | 25,100 | 39,868 | 72,831 | 40,678 | |
| Earning assets | 4,215,935 | 4,205,698 | 4,015,604 | 2,751,467 | 2,581,349 | 2,499,933 | 2,412,628 | 2,296,639 | |
| Total assets | 4,908,401 | 4,918,386 | 4,693,725 | 3,106,392 | 2,941,964 | 2,863,045 | 2,759,590 | 2,636,203 | |
| Non interest bearing demand deposits | 894,916 | 935,648 | 875,741 | 607,543 | 571,131 | 585,655 | 583,422 | 531,779 | |
| Interest bearing deposits | 2,927,914 | 2,920,903 | 2,761,381 | 1,861,619 | 1,813,598 | 1,737,365 | 1,658,570 | 1,644,151 | |
| Interest bearing liabilities | 3,264,258 | 3,255,602 | 3,143,938 | 2,145,309 | 2,021,049 | 1,937,556 | 1,843,889 | 1,772,521 | |
| Total shareholders' equity | 693,551 | 679,387 | 628,667 | 327,064 | 324,191 | 314,184 | 305,751 | 301,314 | |

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

| | 1st Qtr | 4th Qtr | 3rd Qtr | 2nd Qtr | 1st Qtr | 4th Qtr | 3rd Qtr | 2nd Qtr | 1st Qtr | 4th Qtr |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2005 | 2004 | 2004 | 2004 | 2004 | 2003 | 2003 | 2003 | 2003 | 2002 |

Other Financial Data

| | | | | | | | | | | |
|--|--------|---------|---------|--------|--------|---------|---------|--------|---------|---------|
| Total loan charge-offs | \$ 612 | \$3,443 | \$2,124 | \$415 | \$ 447 | \$1,591 | \$2,045 | \$466 | \$1,975 | \$1,760 |
| Total loan recoveries | 743 | 631 | 659 | 347 | 307 | 556 | 991 | 294 | 307 | 212 |
| Net loan charge-offs (recoveries) | (131) | 2,812 | 1,465 | 68 | 140 | 1,035 | 1,054 | 172 | 1,668 | 1,548 |
| Loans 90 days past due and still accruing | 2,240 | 737 | 497 | 704 | 1,246 | 927 | 533 | 1,112 | 963 | 3,243 |
| Non-accrual loans | 21,420 | 21,836 | 27,299 | 11,648 | 10,554 | 10,498 | 12,861 | 20,767 | 16,853 | 15,152 |
| Total nonperforming loans | 23,660 | 22,573 | 27,796 | 12,352 | 11,800 | 11,425 | 13,394 | 21,879 | 17,816 | 18,395 |
| Other real estate owned | 213 | 979 | 641 | 724 | 1,711 | 2,529 | 2,452 | 2,504 | 3,430 | 2,209 |
| Nonperforming assets | 23,873 | 23,552 | 28,437 | 13,076 | 13,511 | 13,954 | 15,846 | 24,383 | 21,246 | 20,604 |

Selected Ratios

Net Income Before

Merger Expenses:

| | | | | | | | | | | |
|--|-------|--------|-------|--------|--------|--------|--------|--------|--------|--------|
| Return on average total assets (annualized) | 1.25% | 1.45% | 1.25% | 1.23% | 1.17% | 1.19% | 1.33% | 1.34% | 1.38% | 1.43% |
| Return on average tangible assets (annualized) | 1.36% | 1.58% | 1.36% | 1.29% | 1.23% | 1.28% | 1.43% | 1.43% | 1.46% | 1.52% |
| | 8.82% | 10.52% | 9.35% | 11.65% | 10.58% | 10.85% | 12.02% | 11.72% | 12.17% | 13.74% |

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| | | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Return on average total shareholders' equity (annualized) | | | | | | | | | | |
| Return on average tangible shareholders' equity (annualized) | 21.43% | 26.46% | 24.11% | 22.76% | 20.84% | 22.10% | 25.31% | 25.19% | 27.04% | 23.76% |
| Efficiency ratio (3) - Umpqua Bank only | 53.62% | 48.40% | 55.43% | 55.11% | 58.16% | 56.89% | 55.94% | 57.51% | 54.98% | 52.88% |
| Efficiency ratio (3) Non interest revenue to Total revenue (TE) | 58.11% | 52.55% | 59.74% | 60.09% | 62.14% | 62.10% | 59.98% | 61.55% | 59.16% | 58.23% |
| Effective tax rate | 17.44% | 26.68% | 19.63% | 23.12% | 22.16% | 20.42% | 24.49% | 30.00% | 26.69% | 28.01% |
| | 37.47% | 36.63% | 33.07% | 36.57% | 35.26% | 33.93% | 34.97% | 35.32% | 35.91% | 37.08% |
| Net Income After Merger Expenses: | | | | | | | | | | |
| Return on average total assets (annualized) | 1.24% | 1.32% | 1.13% | 1.18% | 1.15% | 1.19% | 1.30% | 1.24% | 1.32% | 1.29% |
| Return on average tangible assets (annualized) | 1.35% | 1.44% | 1.23% | 1.25% | 1.21% | 1.28% | 1.40% | 1.32% | 1.39% | 1.36% |
| Return on average total shareholders' equity (annualized) | 8.78% | 9.53% | 8.46% | 11.23% | 10.42% | 10.85% | 11.70% | 10.83% | 11.61% | 12.36% |
| Return on average tangible shareholders' equity (annualized) | 21.34% | 23.96% | 21.81% | 21.93% | 20.52% | 22.10% | 24.63% | 23.27% | 25.78% | 21.38% |
| Average yield on earning assets (2) (annualized) | 6.24% | 6.02% | 5.91% | 5.68% | 5.78% | 5.85% | 5.95% | 6.05% | 6.51% | 6.61% |
| Interest expense to interest bearing liabilities(2)(annualized) | 1.82% | 1.66% | 1.50% | 1.42% | 1.47% | 1.39% | 1.47% | 1.69% | 1.78% | 1.92% |
| Net interest spread (2) | 4.42% | 4.36% | 4.41% | 4.26% | 4.31% | 4.45% | 4.48% | 4.36% | 4.73% | 4.69% |
| Interest expense to earning assets (annualized) | 1.41% | 1.28% | 1.17% | 1.10% | 1.15% | 1.08% | 1.12% | 1.31% | 1.41% | 1.51% |
| Net interest margin (2) (annualized) | 4.83% | 4.74% | 4.73% | 4.57% | 4.63% | 4.77% | 4.82% | 4.74% | 5.10% | 5.10% |
| Net interest margin (2) (annualized) - Umpqua Bank only | 5.06% | 4.96% | 4.93% | 4.74% | 4.80% | 4.91% | 4.98% | 4.90% | 5.27% | 5.28% |

Asset Quality Ratios

| | | | | | | | | | | |
|--|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Allowance for credit losses to ending total loans and leases | 1.32% | 1.31% | 1.34% | 1.27% | 1.27% | 1.27% | 1.31% | 1.35% | 1.35% | 1.39% |
| Nonperforming loans to ending total loans and leases | 0.67% | 0.65% | 0.84% | 0.57% | 0.57% | 0.57% | 0.69% | 1.17% | 0.98% | 1.03% |
| Nonperforming assets to ending total assets | 0.48% | 0.48% | 0.58% | 0.41% | 0.45% | 0.47% | 0.56% | 0.89% | 0.80% | 0.81% |
| Net loan charge-offs (recoveries) to avg loans and leases (annualized) | -0.02% | 0.33% | 0.18% | 0.01% | 0.03% | 0.21% | 0.22% | 0.04% | 0.38% | 0.44% |

Capital Ratio

| | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Average shareholders' equity to average assets | 14.13% | 13.81% | 13.39% | 10.53% | 11.02% | 10.97% | 11.08% | 11.43% | 11.35% | 10.41% |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

Year to Date Growth

| | | | | | | | | | | |
|---|-------|--------|--------|-------|-------|--------|-------|-------|-------|--------|
| Loans & leases, gross (excl held-for-sale) | 1.85% | 73.08% | 65.86% | 7.43% | 3.51% | 12.67% | 8.84% | 5.56% | 2.53% | 75.01% |
| Deposits | 4.07% | 59.75% | 64.80% | 4.24% | 2.13% | 13.04% | 7.58% | 8.51% | 3.56% | 74.60% |
| Total assets | 2.23% | 64.42% | 66.82% | 6.39% | 1.15% | 15.96% | 9.99% | 7.48% | 3.52% | 78.90% |

**Mortgage Banking
Revenue**

| | | | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|---------|---------|-------|-------|
| Gain (loss) on origination and sale | 1,397 | 1,447 | 2,065 | 1,903 | 1,273 | 1,208 | 2,424 | 4,867 | 4,985 | 4,904 |
| Servicing income before accelerated amortization | 683 | 693 | 703 | 314 | 307 | 299 | 318 | 323 | 253 | 227 |
| Accelerated servicing right amortization | (446) | (443) | (507) | (684) | (531) | (527) | (1,222) | (1,056) | (709) | (670) |
| Sub total before mortgage servicing right (MSR) valuation change | 1,634 | 1,697 | 2,261 | 1,533 | 1,049 | 980 | 1,520 | 4,134 | 4,529 | 4,461 |
| MSR valuation change | (284) | (32) | (319) | 866 | 600 | 220 | 1,640 | (1,700) | (250) | (471) |
| Total Mortgage Banking Revenue | 1,350 | 1,665 | 1,942 | 2,399 | 1,649 | 1,200 | 3,160 | 2,434 | 4,279 | 3,990 |

**Mortgage Servicing
Right Asset**

| | | | | | | | | | | |
|--|---------|--------|--------|--------|---------|---------|---------|---------|---------|---------|
| Gross Mortgage Servicing Right Asset | 12,157 | 11,946 | 11,900 | 11,832 | 12,266 | 12,515 | 12,859 | 13,041 | 12,646 | 11,533 |
| less: valuation reserve | (1,076) | (792) | (760) | (441) | (1,307) | (1,907) | (2,127) | (3,767) | (2,467) | (2,217) |
| Net Mortgage Servicing Right Asset | 11,081 | 11,154 | 11,140 | 11,391 | 10,959 | 10,608 | 10,732 | 9,274 | 10,179 | 9,316 |
| Net Mortgage Servicing Right Asset as % of serviced loan portfolio | 1.05% | 1.05% | 1.02% | 1.02% | 0.95% | 0.91% | 0.91% | 0.77% | 0.90% | 0.91% |

- (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.
- (3) Efficiency ratio is noninterest expense divided by the sum of net interest income (tax equivalent basis) plus noninterest income.
- (4) The gain on sale of, and income from, the merchant bankcard operation, which is disclosed as a discontinued operation on the Company's financial statements, is included in other non-interest income above.