

UMPQUA HOLDINGS CORP  
Form 10-Q  
November 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: **September 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: 60,125,141 shares outstanding as of October 31, 2008

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**UMPQUA HOLDINGS CORPORATION**

**FORM 10-Q**

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(in thousands, except shares)

	<b>September 30, 2008</b>	<b>December 31, 2007</b>
<b>ASSETS</b>		
Cash and due from banks	\$ 161,282	\$ 188,782
Temporary investments	5,556	3,288
Total cash and cash equivalents	166,838	192,070
Investment securities		
Trading	1,531	2,837
Available for sale, at fair value	963,714	1,050,756
Held to maturity, at amortized cost	16,609	6,005
Loans held for sale	14,061	13,047
Loans and leases	6,161,541	6,055,635
Allowance for loan and lease losses	(93,982)	(84,904)
Net loans and leases	6,067,559	5,970,731
Restricted equity securities	19,573	15,273
Premises and equipment, net	105,341	106,267
Goodwill and other intangible assets, net	760,252	764,906
Mortgage servicing rights, at fair value	10,738	10,088
Other assets	201,417	208,073
Total assets	\$ 8,327,633	\$ 8,340,053
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Deposits		
Noninterest bearing	\$ 1,263,520	\$ 1,272,872
Interest bearing	5,230,151	5,316,454
Total deposits	6,493,671	6,589,326
Securities sold under agreements to repurchase	52,174	36,294
Federal funds purchased	40,000	69,500
Term debt	206,694	73,927
Junior subordinated debentures, at fair value	101,247	131,686
Junior subordinated debentures, at amortized cost	103,879	104,680
Other liabilities	82,900	94,702
Total liabilities	7,080,565	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: 60,124,192 in 2008 and 59,980,161 in 2007	992,402	988,780
Retained earnings	264,379	251,545
Accumulated other comprehensive loss	(9,713)	(387)
<b>Total shareholders' equity</b>	<b>1,247,068</b>	<b>1,239,938</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 8,327,633</b>	<b>\$ 8,340,053</b>

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)

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>INTEREST INCOME</b>				
Interest and fees on loans	\$ 98,180	\$ 116,111	\$ 300,295	\$ 331,889
Interest and dividends on investment securities				
Taxable	9,725	9,137	29,936	25,376
Exempt from federal income tax	1,644	1,588	5,000	4,151
Dividends	104	96	298	249
Interest on temporary investments	69	929	359	2,439
Total interest income	109,722	127,861	335,888	364,104
<b>INTEREST EXPENSE</b>				
Interest on deposits	30,025	48,138	101,118	133,750
Interest on securities sold under agreements to repurchase and federal funds purchased	714	530	1,958	1,757
Interest on term debt	2,064	874	5,200	1,767
Interest on junior subordinated debentures	3,211	4,444	10,349	12,329
Total interest expense	36,014	53,986	118,625	149,603
Net interest income	73,708	73,875	217,263	214,501
<b>PROVISION FOR LOAN AND LEASE LOSSES</b>	35,454	20,420	75,723	23,916
Net interest income after provision for loan and lease losses	38,254	53,455	141,540	190,585
<b>NON-INTEREST INCOME</b>				
Service charges on deposit accounts	8,911	8,448	26,107	23,648
Brokerage commissions and fees	2,319	2,498	6,564	7,594
Mortgage banking revenue, net	1,027	1,366	2,844	5,772
Net (loss) gain on investment securities	(2,477)	(13)	1,422	(10)
Net loss on other real estate owned	(2,193)	-	(5,655)	-
Gain on junior subordinated debentures carried at fair value	25,311	4,138	30,152	4,746
Proceeds from Visa mandatory partial redemption	-	-	12,633	-
Other income	1,573	2,106	6,515	6,688
Total non-interest income	34,471	18,543	80,582	48,438
<b>NON-INTEREST EXPENSE</b>				
Salaries and employee benefits	29,131	28,005	85,043	85,172
Net occupancy and equipment	9,340	9,166	27,605	26,774
Communications	1,863	1,807	5,251	5,293
Marketing	1,394	1,982	3,302	4,405
Services	4,753	4,864	13,828	14,066
Supplies	808	984	2,203	2,572
FDIC assessments	1,318	181	3,814	527

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Intangible amortization	1,437	1,767	4,419	4,400
Merger related expenses	-	263	-	3,200
Visa litigation	2,085	-	(3,098)	-
Other expenses	4,168	3,874	12,244	10,441
Total non-interest expense	56,297	52,893	154,611	156,850
Income before provision for income taxes	16,428	19,105	67,511	82,173
Provision for income taxes	4,041	5,928	20,297	28,421
Net income	\$ 12,387	\$ 13,177	\$ 47,214	\$ 53,752

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

**(UNAUDITED)**

(in thousands, except per share amounts)

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Earnings per common share:</b>				
Basic	\$ 0.21	\$ 0.22	\$ 0.79	\$ 0.90
Diluted	\$ 0.20	\$ 0.22	\$ 0.78	\$ 0.89
<b>Weighted average number of common shares outstanding:</b>				
Basic	60,097	60,490	60,067	59,790
Diluted	60,444	61,065	60,414	60,450
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		Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount			
<b>BALANCE AT JANUARY 1, 2007</b>	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				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
<b>BALANCE AT JANUARY 1, 2008</b>	59,980,161	\$ 988,780	\$ 251,545	\$ (387)	\$ 1,239,938