

UMPQUA HOLDINGS CORP
Form 8-K
October 21, 2004

**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: October 21, 2004 (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 October 21, 2004, Umpqua Holdings Corporation issued a press release with respect to financial results for the third quarter 2004. 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: October 21, 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 RECORD OPERATING EARNINGS

Strong organic balance sheet growth continues

PORTLAND, Ore. - October 21, 2004 - Umpqua Holdings Corporation (NASDAQ: UMPQ), parent company of Umpqua Bank and Strand, Atkinson, Williams & York, Inc., today announced record third quarter 2004 operating earnings of \$14.8 million, or \$0.34 per diluted share, compared to \$9.3 million, or \$0.32 per diluted share, for the third quarter of

2003. For the nine months ended September 30, 2004, operating earnings were \$32.8 million, or \$0.98 per diluted share compared to \$26.9 million, or \$0.94 per diluted share for the same period in 2003.

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. There were \$1.4 million in merger-related expenses, net of tax, recorded in the third quarter of 2004.

Net income for the third quarter of 2004 was \$13.4 million, or \$0.31 per diluted share, compared to \$9.0 million, or \$0.31 per diluted share, for the third quarter of 2003. For the nine months ended September 30, 2004, net income was \$30.9 million, or \$0.92 per diluted share compared to \$25.5 million, or \$0.89 per diluted share for the same period in 2003.

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

| (Dollars in thousands, except per share data) | Three months ended | | | Nine months ended | |
|---|--------------------|-----------------|-----------------|-------------------|------------------|
| | 9/30/2004 | 6/30/2004 | 9/30/2003 | 9/30/2004 | 9/30/2003 |
| Net Income | \$ 13,368 | \$ 9,131 | \$ 9,015 | \$ 30,897 | \$ 25,500 |
| Add Back: Merger related expenses, net of tax | 1,411 | 346 | 252 | 1,888 | 1,400 |
| Operating Earnings | \$ 14,779 | \$ 9,477 | \$ 9,267 | \$ 32,785 | \$ 26,900 |
| <u>Earnings per diluted share:</u> | 9/30/2004 | 6/30/2004 | 9/30/2003 | 9/30/2004 | 9/30/2003 |
| Net Income | \$ 0.31 | \$ 0.32 | \$ 0.31 | \$ 0.92 | \$ 0.89 |
| Operating Earnings | \$ 0.34 | \$ 0.33 | \$ 0.32 | \$ 0.98 | \$ 0.94 |

- more -

On July 12, 2004, the company announced the completion of its acquisition of Humboldt Bancorp and its principal operating subsidiary, Humboldt Bank. Under the terms of the merger agreement, Humboldt Bancorp shareholders received one share of Umpqua Holdings Corporation common stock for each share of Humboldt Bancorp common stock. Approximately 15.5 million shares of Umpqua Holdings Corporation common stock were issued in connection with the merger. The acquisition was accounted for using the purchase accounting method for business combinations, and accordingly, is first reflected in the Company's third quarter 2004 financial statements.

"It was another quarter of strong financial performance, both in amount and on a diluted per share basis. Organic growth in loans and deposits was \$111 million and \$248 million, respectively, over the second quarter. With the integration of Humboldt Bancorp exceeding our expectations, we continue to strengthen our foundation for future growth," said Ray Davis, President and Chief Executive Officer of Umpqua Holdings Corporation.

Umpqua Bank's net interest margin was 4.92% for the third quarter of 2004, compared to 4.74% for the second quarter of 2004. Net charge-offs were \$1.5 million, or 0.18% of average loans and leases for the third quarter of 2004, compared to \$68 thousand, or 0.01% of average loans and leases for the second quarter of 2004. Non-performing assets were 0.58% of total assets for the third quarter of 2004, up from 0.41% for the second quarter of 2004.

Earnings contribution from the Company's mortgage group was \$0.01 per diluted share in the third quarter of 2004, compared to \$0.02 per diluted share for the second quarter of 2004. For the nine months ended September 30, 2004, the earnings contribution from the mortgage group was \$0.04 per diluted share compared to \$0.13 per diluted share for the same period in 2003. Excluding the impact of the mortgage group, operating earnings increased \$0.13 per diluted share, or 16% for the nine months ended September 30, 2004, compared to the same period in 2003. It is important to note that during the third quarter of 2004, the Company's mortgage group made a strategic decision to terminate its wholesale production operations. The following table presents a reconciliation of operating earnings per share to total:

| <u>Operating Earnings per diluted share:</u> | Nine months ended September 30 | | Increase (Decrease) Variance | |
|--|-----------------------------------|-------------|---------------------------------|----------|
| | <u>2004</u> | <u>2003</u> | <u>Variance \$</u> | <u>%</u> |
| Excluding mortgage group | \$0.94 | \$0.81 | \$0.13 | 16% |
| Mortgage group | 0.04 | 0.13 | (\$0.09) | (69%) |
| Total | \$0.98 | \$0.94 | \$0.04 | |

Umpqua Bank, Umpqua Holdings' largest subsidiary, reported an efficiency ratio before merger-related expenses of 55.4% for the third quarter of 2004, compared to 55.1% for the previous quarter and 55.9% for the same quarter one year ago.

"We track the success of acquisitions on two fronts," remarked Davis, "first is organic growth after the deal is completed, and second is achievement of targeted synergies." Since closing the Humboldt Bancorp acquisition on July 9, 2004, the California division's annualized deposit growth has more than doubled, from 5% to 11%. In addition, the combined Bank's efficiency ratio in the third quarter of 2004 of 55.4% is consistent with that reported by Umpqua Bank in the second quarter prior to the acquisition.

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Total consolidated assets of Umpqua Holdings as of September 30, 2004 were \$4.9 billion, compared to \$3.2 billion at June 30, 2004 and \$2.8 billion at September 30, 2003. Total gross loans and deposits were \$3.3 billion and \$3.9 billion, respectively, as of September 30, 2004, compared to \$2.2 billion and \$2.5 billion, respectively, as of June 30, 2004.

The following table presents the year-to-date September 2004 annualized organic growth rates, excluding the impact of acquisitions:

| <u>Sep 30.</u> | <u>July 2004 Acquired</u> | <u>Dec 31.</u> | <u>Organic Growth</u> |
|----------------|-------------------------------|----------------|---------------------------|
|----------------|-------------------------------|----------------|---------------------------|

| (Dollars in thousands) | <u>2004</u> | <u>Growth</u> | <u>2003</u> | <u>Rate</u> |
|------------------------|-------------|---------------|-------------|-------------|
| Loans | \$3,323,137 | \$1,059,760 | \$2,003,587 | 17% |
| Deposits | \$3,919,271 | \$1,192,258 | \$2,378,192 | 20% |
| Assets | \$4,944,340 | \$1,645,908 | \$2,963,815 | 15% |

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 92 stores throughout Oregon, Northern California 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 14 locations throughout Oregon and Southwest Washington and offers brokerage services within Umpqua Bank stores. Additionally, 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, October 21, 2004, at 10:00 a.m. PDT where management will discuss operating results for the third 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 888-791-5525 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 888-562-6192, or by visiting that website.

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Umpqua Holdings Corporation Consolidated Statements of Income (unaudited)

| <i>Dollars in thousands, except per share data</i> | Quarter ended: | | |
|--|---------------------------|----------------------|---------------------------|
| | September 30, 2004 | June 30, 2004 | September 30, 2003 |
| Interest income | | | |
| Loans and leases | \$50,718 | \$32,791 | \$32,615 |
| Investments taxable | 7,433 | 5,415 | 2,720 |
| Investments tax exempt | 749 | 396 | 486 |
| Temporary investments | 194 | 29 | 82 |
| Other interest and dividends | 14 | 15 | 24 |
| Total interest income | 59,108 | 38,646 | 35,927 |

| | | | |
|--|------------|------------|------------|
| Interest expense | | | |
| Deposits | 8,927 | 5,785 | 5,455 |
| Repurchase agreements and fed funds purchased | 207 | 185 | 154 |
| Trust preferred securities | 1,979 | 1,120 | 936 |
| Other borrowings | 731 | 467 | 294 |
| Total interest expense | 11,844 | 7,557 | 6,839 |
| Net interest income | 47,264 | 31,089 | 29,088 |
| Provision for loan losses | 1,479 | 1,100 | 1,050 |
| Non-interest income | | | |
| Service charges | 5,323 | 3,273 | 3,256 |
| Brokerage fees | 2,787 | 3,014 | 2,635 |
| Mortgage banking revenue | 1,836 | 2,399 | 3,160 |
| Gain on sale of securities | 13 | 6 | 10 |
| Other income | 1,863 | 716 | 455 |
| Total non-interest income | 11,822 | 9,408 | 9,516 |
| Non-interest expense | | | |
| Salaries and benefits | 19,744 | 13,753 | 13,438 |
| Occupancy and equipment | 5,746 | 4,153 | 3,534 |
| Other | 10,037 | 6,550 | 6,333 |
| Merger related expenses | 2,176 | 549 | 393 |
| Total non-interest expense | 37,703 | 25,005 | 23,698 |
| Income before income taxes | 19,904 | 14,392 | 13,856 |
| Provision for income tax | 6,536 | 5,261 | 4,841 |
| Net income | \$13,368 | \$9,131 | \$9,015 |
| Weighted average shares outstanding | 42,149,082 | 28,339,080 | 28,343,696 |
| Weighted average diluted shares outstanding | 42,889,713 | 28,664,279 | 28,702,888 |
| Basic earnings per share | \$0.32 | \$0.32 | \$0.32 |
| Diluted earnings per share | \$0.31 | \$0.32 | \$0.31 |

Umpqua Holdings Corporation Consolidated Statements of Income

(unaudited)

Nine months ended:

| <i>Dollars in thousands, except per share data</i> | September 30, 2004 | September 30, 2003 |
|--|--------------------|--------------------|
| Interest income | | |
| Loans and leases | \$115,373 | \$94,961 |
| Investments taxable | 17,438 | 8,088 |
| Investments tax exempt | 1,558 | 2,002 |
| Temporary investments | 247 | 420 |
| Other interest and dividends | 45 | 54 |

| | | |
|---|------------|------------|
| Total interest income | 134,661 | 105,525 |
| Interest expense | | |
| Deposits | 20,601 | 18,202 |
| Repurchase agreements and fed funds purchased | 529 | 313 |
| Trust preferred securities | 4,222 | 2,787 |
| Other borrowings | 1,440 | 754 |
| Total interest expense | 26,792 | 22,056 |
| Net interest income | 107,869 | 83,469 |
| Provision for loan losses | 3,654 | 3,475 |
| Noninterest income | | |
| Service charges | 11,723 | 9,368 |
| Brokerage fees | 8,692 | 6,944 |
| Mortgage banking revenue | 5,884 | 10,273 |
| Gain on sale of securities | 19 | 2,153 |
| Other income | 3,372 | 2,601 |
| Total noninterest income | 29,690 | 31,339 |
| Noninterest expense | | |
| Salaries and benefits | 47,162 | 39,507 |
| Occupancy and equipment | 14,014 | 11,064 |
| Other | 22,534 | 19,187 |
| Merger related expenses | 2,941 | 2,082 |
| Total noninterest expense | 86,651 | 71,840 |
| Income before income taxes | 47,254 | 39,493 |
| Provision for income tax | 16,357 | 13,965 |
| Net income | \$30,897 | \$25,528 |
| Weighted average shares outstanding | 33,011,298 | 28,262,353 |
| Weighted average diluted shares outstanding | 33,515,613 | 28,622,155 |
| Basic earnings per share | \$0.94 | \$0.90 |
| Diluted earnings per share | \$0.92 | \$0.89 |

Umpqua Holdings Corporation Consolidated Balance Sheets

(unaudited)

| <i>Dollars in thousands, except per share data</i> | September 30, 2004 | June 30, 2004 | September 30, 2003 |
|--|--------------------|---------------|--------------------|
| Assets: | | | |
| Cash and cash equivalents | \$245,557 | \$110,804 | \$130,747 |
| Trading account securities | 1,539 | 1,089 | 1,561 |
| Investments available for sale | 738,538 | 559,013 | 404,771 |
| Investments held to maturity | 12,340 | 13,908 | 16,641 |
| Loans held for sale | 29,632 | 37,866 | 51,620 |
| Loans and leases | 3,323,137 | 2,152,417 | 1,935,482 |

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| | | | |
|---|-------------|-------------|-------------|
| Less: Allowance for loan losses | (43,374) | (27,319) | (25,312) |
| Loans and leases, net | 3,279,763 | 2,125,098 | 1,910,170 |
| Federal Home Loan Bank stock | 14,840 | 10,368 | 6,703 |
| Premises and equipment, net | 94,928 | 68,526 | 63,560 |
| Other real estate owned | 641 | 724 | 2,452 |
| Mortgage servicing rights, net | 11,140 | 11,391 | 10,732 |
| Goodwill and other intangibles | 409,516 | 159,575 | 160,012 |
| Other assets | 105,906 | 54,929 | 52,226 |
| | \$4,944,340 | \$3,153,291 | \$2,811,195 |
| Liabilities: | | | |
| Deposits | \$3,919,271 | \$2,479,115 | \$2,263,211 |
| Securities sold under agreements to repurchase and fed funds purchased | 47,752 | 77,615 | 63,553 |
| Borrowings | 88,521 | 145,618 | 72,047 |
| Notes payable for Trust preferred securities | 166,280 | 97,941 | 77,321 |
| Other liabilities | 50,539 | 30,963 | 23,076 |
| Total liabilities | 4,272,363 | 2,831,252 | 2,499,208 |
| Shareholders' equity: | | | |
| Common stock | 556,995 | 226,774 | 230,174 |
| Retained earnings | 114,494 | 103,754 | 81,605 |
| Accumulated other comprehensive Income (loss) | 488 | (8,489) | 208 |
| Total shareholders' equity | 671,977 | 322,039 | 311,987 |
| Total liabilities and shareholders' equity | \$4,944,340 | \$3,153,291 | \$2,811,195 |
| Common shares outstanding at period end | 43,979,674 | 28,219,677 | 28,365,814 |
| Book value per share | \$15.28 | \$11.41 | \$11.00 |
| Tangible book value per share | \$5.97 | \$5.76 | \$5.36 |
| Tangible equity | \$262,461 | \$162,464 | \$151,975 |

Umpqua Holdings Corporation Loan Portfolio

(unaudited)

| <i>Dollars in thousands</i> | September 30, 2004 | June 30, 2004 | September 30, 2003 |
|-------------------------------------|---------------------------|----------------------|---------------------------|
| Loans and leases by purpose: | | | |
| Commercial real estate | \$1,777,832 | \$1,209,975 | \$971,775 |
| Residential real estate | 214,518 | 105,003 | 84,317 |
| Construction | 427,863 | 196,577 | 247,629 |
| Total real estate | 2,420,213 | 1,511,555 | 1,303,721 |
| Commercial | 766,274 | 592,718 | 585,406 |
| Leases | 19,552 | 9,439 | 8,612 |

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| | | | |
|------------------------|-------------|-------------|-------------|
| Consumer | 81,592 | 35,904 | 37,131 |
| Other | 35,506 | 2,801 | 612 |
| Total loans and leases | \$3,323,137 | \$2,152,417 | \$1,935,482 |

| <i>Dollars in thousands</i> | Quarter Ended September 30, 2004 | Quarter Ended June 30, 2004 | Quarter Ended September 30, 2003 |
|-----------------------------------|-------------------------------------|--------------------------------|-------------------------------------|
| Allowance for credit losses | | | |
| Balance beginning of period | \$27,319 | \$26,287 | \$25,316 |
| Provision for credit losses | 1,479 | 1,100 | 1,050 |
| Acquisitions | 17,257 | -- | -- |
| Reclassification | (1,216) | -- | -- |
| Charge-offs | (2,124) | (415) | (2,045) |
| Less: recoveries | 659 | 347 | 991 |
| Net charge-offs | (1,465) | (68) | (1,054) |
| Total Allowance for loan losses | \$43,374 | \$27,319 | \$25,312 |
| Reserve for unfunded commitments | 1,216 | -- | -- |
| Total Allowance for credit losses | \$44,590 | \$27,319 | \$25,312 |
| Net charge-offs to average | | | |
| loans and leases (annualized) | 0.18% | 0.01% | 0.22% |
| Recoveries to gross charge-offs | 31.03% | 83.61% | 48.46% |
| Allowance for credit losses to | | | |
| loans and leases | 1.34% | 1.27% | 1.31% |
| Allowance for credit losses to | | | |
| nonperforming loans and leases | 160% | 221% | 189% |
| Nonperforming loans and leases | | | |
| To total loans and leases | 0.84% | 0.57% | 0.69% |
| Nonperforming assets | | | |
| Nonperforming loans and leases | \$27,796 | \$12,352 | \$13,394 |
| Real estate owned | 641 | 724 | 2,452 |
| Total nonperforming assets | \$28,437 | \$13,076 | \$15,846 |

Umpqua Holdings Corporation Loan Portfolio

(unaudited)

| <i>Dollars in thousands</i> | Year to date September 30, 2004 | Year to date September 30, 2003 |
|-----------------------------|------------------------------------|------------------------------------|
| Allowance for credit losses | | |
| Balance beginning of period | \$25,352 | \$24,731 |
| Provision for credit losses | 3,654 | 3,475 |
| Acquisitions | 17,257 | -- |
| Reclassification | (1,216) | -- |

| | | |
|---|----------|----------|
| Charge-offs | (2,986) | (4,486) |
| Less: recoveries | 1,313 | 1,592 |
| Net charge-offs | (1,673) | (2,894) |
| | | |
| Total Allowance for loan loss | \$43,374 | \$25,312 |
| | | |
| Reserve for unfunded commitments | 1,216 | -- |
| Total Allowance for credit loss | \$44,590 | \$25,312 |
| | | |
| Net charge-offs to average loans and leases (annualized) | 0.09% | 0.21% |
| | | |
| Recoveries to gross charge-offs | 43.97% | 35.49% |

Deposits by Type

(unaudited)

| <i>Dollars in thousands</i> | September 30, 2004 | | June 30, 2004 | | September 30, 2003 | |
|------------------------------|--------------------|--------|---------------|--------|--------------------|--------|
| | Amount | Mix | Amount | Mix | Amount | Mix |
| Demand, non interest bearing | \$935,206 | 23.9% | \$624,391 | 25.2% | \$599,939 | 26.5% |
| Demand, interest bearing | 1,502,899 | 38.3% | 1,132,087 | 45.7% | 937,606 | 41.4% |
| Savings | 531,466 | 13.6% | 150,436 | 6.1% | 147,849 | 6.5% |
| Time | 949,700 | 24.2% | 572,201 | 23.1% | 577,817 | 25.5% |
| Total Deposits | \$3,919,271 | 100.0% | \$2,479,115 | 100.0% | \$2,263,211 | 100.0% |

Umpqua Holdings Corporation

Selected Ratios

(unaudited)

| | Quarter ended: | | |
|---|-----------------------|---------------|-----------------------|
| | September 30, 2004 | June 30, 2004 | September 30, 2003 |
| Net Interest Spread: | | | |
| Yield on loans and leases | 6.33% | 6.12% | 6.56% |
| Yield on taxable investments | 4.15% | 3.95% | 2.97% |
| Yield on tax-exempt investments (1) | 6.72% | 6.76% | 6.50% |
| Yield on temporary investments | 1.54% | 0.91% | 1.13% |
| Total yield on earning assets | 5.89% | 5.68% | 5.95% |
| | | | |
| Cost of interest bearing deposits | 1.29% | 1.25% | 1.31% |
| Cost of securities sold under agreements to repurchase and fed funds purchased | 1.37% | 0.85% | 1.03% |
| Cost of borrowings | 1.79% | 1.91% | 2.40% |
| Cost of trust preferred | 4.93% | 4.60% | 4.80% |
| Total cost of interest bearing liabilities | 1.50% | 1.42% | 1.47% |

| | | | |
|---|--------|--------|--------|
| Net interest spread | 4.39% | 4.26% | 4.48% |
| Net interest margin | 4.72% | 4.57% | 4.82% |
| <u>Before Merger Related Expenses:</u> | | | |
| Return on average assets | 1.25% | 1.23% | 1.33% |
| Return on average tangible assets | 1.36% | 1.29% | 1.41% |
| Return on average equity | 9.35% | 11.65% | 12.02% |
| Return on average tangible equity | 24.11% | 22.76% | 25.31% |
| <u>After Merger Related Expenses:</u> | | | |
| Return on average assets | 1.13% | 1.18% | 1.30% |
| Return on average tangible assets | 1.23% | 1.25% | 1.38% |
| Return on average equity | 8.46% | 11.23% | 11.70% |
| Return on average tangible equity | 21.81% | 21.93% | 24.62% |
| <u>Bank Only Ratios:</u> | | | |
| Umpqua Bank efficiency ratio before merger expenses | 55.43% | 55.11% | 55.94% |
| Umpqua Bank net interest margin | 4.92% | 4.74% | 4.98% |

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

Umpqua Holdings Corporation Selected Ratios (unaudited)

| | Nine months ended: | |
|--|---------------------------|---------------------------|
| | September 30, 2004 | September 30, 2003 |
| Net Interest Spread: | | |
| Yield on loans and leases | 6.22% | 6.71% |
| Yield on taxable investments | 4.02% | 3.44% |
| Yield on tax-exempt investments (1) | 6.80% | 6.81% |
| Yield on temporary investments | 1.34% | 1.17% |
| Total yield on earning assets | 5.78% | 6.16% |
| | | |
| Cost of interest bearing deposits | 1.28% | 1.48% |
| Cost of securities sold under agreements to repurchase and fed funds purchased | 1.05% | 1.23% |
| Cost of borrowings | 1.82% | 2.92% |
| Cost of trust preferred | 4.74% | 4.92% |
| Total cost of interest bearing liabilities | 1.46% | 1.64% |
| | | |
| Net interest spread | 4.32% | 4.52% |
| | | |
| Net interest margin | 4.65% | 4.89% |

Before Merger Related Expenses:

| | | |
|-----------------------------------|--------|--------|
| Return on average assets | 1.22% | 1.35% |
| Return on average tangible assets | 1.31% | 1.44% |
| Return on average equity | 10.25% | 11.97% |
| Return on average tangible equity | 22.79% | 25.81% |

After Merger Related Expenses:

| | | |
|-----------------------------------|--------|--------|
| Return on average assets | 1.15% | 1.28% |
| Return on average tangible assets | 1.23% | 1.37% |
| Return on average equity | 9.66% | 11.38% |
| Return on average tangible equity | 21.48% | 24.53% |

Bank Only Ratios:

| | | |
|---|--------|--------|
| Umpqua Bank efficiency ratio before merger expenses | 56.08% | 56.14% |
| Umpqua Bank net interest margin | 4.83% | 5.05% |

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

Umpqua Holdings Corporation Mortgage Banking Statistical Analysis (unaudited)

| | Quarter ended: | | |
|--|--------------------|---------------|--------------------|
| | September 30, 2004 | June 30, 2004 | September 30, 2003 |
| <i>Dollars in thousands</i> | | | |
| <u>Mortgage Servicing Rights (MSR):</u> | | | |
| Mortgage loans serviced for others | \$1,093,460 | \$1,119,351 | \$1,181,034 |
| MSR Asset (gross) | \$11,900 | \$11,832 | \$12,859 |
| Less: Valuation reserve | (760) | (441) | (2,127) |
| MSR Asset (net of reserve) | \$11,140 | \$11,391 | \$10,732 |
| MSR as % of serviced portfolio | 1.02% | 1.02% | 0.91% |
| <u>Mortgage Banking Revenue:</u> | | | |
| Origination and sale | \$1,959 | \$1,903 | \$2,424 |
| Servicing | 196 | (370) | (904) |
| MSR valuation reserve change | (319) | 866 | 1,640 |
| Total Mortgage Banking Revenue | \$1,836 | \$2,399 | \$3,160 |

Nine months ended:
September 30, 2004 September 30, 2003

Dollars in thousands**Mortgage Banking Revenue:**

| | | |
|--------------------------------|---------|----------|
| Origination and sale | \$5,135 | \$12,676 |
| Servicing | (398) | (2,093) |
| MSR valuation reserve change | 1,147 | (310) |
| Total Mortgage Banking Revenue | \$5,884 | \$10,273 |

#

Exhibit 99.2

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

| | 3rd Qtr 2004 | 2ndQtr 2004 | 1stQtr 2004 | 4th 2004 |
|---|------------------|-----------------|-----------------|-----------------|
| Income Statement Data | | | | |
| Interest income | \$ 59,108 | \$ 38,646 | \$ 36,907 | \$ 36,907 |
| Interest expense | 11,844 | 7,557 | 7,392 | 7,392 |
| Net interest income | 47,264 | 31,089 | 29,515 | 29,515 |
| Provision for credit losses | 1,479 | 1,100 | 1,075 | 1,075 |
| Net interest income after provision for credit losses | 45,785 | 29,989 | 28,440 | 28,440 |
| Service fees | 5,323 | 3,273 | 3,127 | 3,127 |
| Brokerage fees & commissions | 2,787 | 3,014 | 2,891 | 2,891 |
| Mortgage banking revenue, net | 1,836 | 2,399 | 1,649 | 1,649 |
| Gain (loss) on sale of securities | 13 | 6 | - | - |
| Other income | 1,863 | 716 | 793 | 793 |
| Total noninterest income | 11,822 | 9,408 | 8,460 | 8,460 |
| Salaries and employee benefits | 19,744 | 13,753 | 13,665 | 13,665 |
| Premises and equipment | 5,746 | 4,153 | 4,115 | 4,115 |
| Other non interest expense | 10,037 | 6,550 | 5,946 | 5,946 |
| Total noninterest expense | 35,527 | 24,456 | 23,726 | 23,726 |
| Operating income before income tax & merger expense | 22,080 | 14,941 | 13,174 | 13,174 |
| Provision for income taxes | 7,301 | 5,464 | 4,645 | 4,645 |
| Net income before merger expenses | \$ 14,779 | \$ 9,477 | \$ 8,529 | \$ 8,529 |
| Merger expenses net of tax benefit | 1,411 | 346 | 131 | 131 |
| Net income | \$ 13,368 | \$ 9,131 | \$ 8,398 | \$ 8,398 |
| Share Data(1) | | | | |
| Before Merger Expenses: | | | | |
| Basic earnings per common share | \$ 0.35 | \$ 0.33 | \$ 0.30 | \$ 0.30 |
| Diluted earnings per common share | \$ 0.34 | \$ 0.33 | \$ 0.30 | \$ 0.30 |
| After Merger Expenses: | | | | |
| Basic earnings per common share | \$ 0.32 | \$ 0.32 | \$ 0.30 | \$ 0.30 |
| Diluted earnings per common share | \$ 0.31 | \$ 0.32 | \$ 0.29 | \$ 0.29 |
| Tangible book value per common share | \$ 5.97 | \$ 5.76 | \$ 5.99 | \$ 5.99 |
| Book value per common share | \$ 15.28 | \$ 11.41 | \$ 11.59 | \$ 11.59 |
| Cash dividends per common share | \$ 0.06 | \$ 0.06 | \$ 0.04 | \$ 0.04 |

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| | | | | | |
|---|----|------------|--------------|--------------|---------|
| Ratio of dividends declared to net income | | 19.74% | 18.54% | 13.57% | 1 |
| Shares outstanding | | 43,979,674 | 28,219,677 | 28,489,267 | 28,4 |
| Basic weighted average shares of common stock outstanding | | 42,149,082 | 28,339,080 | 28,445,316 | 28,38 |
| Common stock equivalents | | 740,631 | 325,199 | 373,883 | 41 |
| Fully diluted weighted average shares of common stock outstanding | | 42,889,713 | 28,664,279 | 28,819,200 | 28,80 |
| Operating Diluted Earnings Per Share Contribution | | | | | |
| Core company (excluding mortgage group and gain (loss) on sale of securities) | \$ | 0.33 | \$ 0.31 | \$ 0.29 | \$ |
| Mortgage group | \$ | 0.01 | \$ 0.02 | \$ 0.01 | \$ |
| Gain (loss) on sale of securities | \$ | 0.00 | \$ 0.00 | \$ - | \$ |
| Operating earnings per diluted share | \$ | 0.34 | \$ 0.33 | \$ 0.30 | \$ |
| Balance Sheet Data (at period end) | | | | | |
| Investment securities | \$ | 752,417 | \$ 574,009 | \$ 518,496 | \$ 51 |
| Loans & leases, gross (excl held-for-sale) | | 3,323,137 | 2,152,417 | 2,073,875 | 2,00 |
| Less: Allowance for credit losses | | 43,374 | 27,319 | 26,287 | 2 |
| Loans & leases, net (excl held-for-sale) | | 3,279,763 | 2,125,098 | 2,047,588 | 1,97 |
| Intangible assets | | 409,516 | 159,575 | 159,661 | 15 |
| Total assets | | 4,944,340 | 3,153,291 | 2,997,782 | 2,96 |
| Total deposits | | 3,919,271 | 2,479,115 | 2,428,926 | 2,37 |
| Total shareholders' equity | | 671,977 | 322,039 | 330,237 | 31 |
| Balance Sheet Data (averages) | | | | | |
| Loans & leases, gross (excl held-for-sale) | \$ | 3,158,363 | \$ 2,125,031 | \$ 2,033,357 | \$ 1,94 |
| Loans held for sale | | 29,915 | 29,245 | 25,100 | 3 |
| Earning assets | | 4,015,604 | 2,751,467 | 2,581,349 | 2,49 |
| Total assets | | 4,693,725 | 3,106,392 | 2,941,964 | 2,86 |
| Non interest bearing demand deposits | | 875,741 | 607,543 | 571,131 | 58 |
| Interest bearing deposits | | 2,761,381 | 1,861,619 | 1,813,598 | 1,73 |
| Interest bearing liabilities | | 3,143,938 | 2,145,309 | 2,021,049 | 1,93 |
| Total shareholders' equity | | 628,667 | 327,064 | 324,191 | 31 |

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

| | 3rd Qtr 2004 | 2nd Qtr 2004 | 1st Qtr 2004 | 4th Qtr 2003 | 3rd Qtr 2003 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Other Financial Data | | | | | |
| Total loan charge-offs | \$ 2,124 | \$ 415 | \$ 447 | \$ 1,591 | \$ 2,00 |
| Total loan recoveries | 659 | 347 | 307 | 556 | 99 |
| Net loan charge-offs (recoveries) | 1,465 | 68 | 140 | 1,035 | 1,05 |
| Loans 90 days past due and still accruing | 497 | 704 | 1,246 | 927 | 53 |
| Non-accrual loans | 27,299 | 11,648 | 10,554 | 10,498 | 12,86 |
| Total nonperforming loans | 27,796 | 12,352 | 11,800 | 11,425 | 13,39 |
| Other real estate owned | 641 | 724 | 1,711 | 2,529 | 2,45 |
| Nonperforming assets | 28,437 | 13,076 | 13,511 | 13,954 | 15,84 |
| Selected Ratios | | | | | |
| Before Merger Expenses : | | | | | |
| Return on average total assets (annualized) | 1.25% | 1.23% | 1.17% | 1.19% | 1.33% |
| Return on average tangible assets (annualized) | 1.36% | 1.29% | 1.23% | 1.28% | 1.43% |
| Return on average total shareholders' equity (annualized) | 9.35% | 11.65% | 10.58% | 10.85% | 12.02% |

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| | | | | | |
|--|--------|--------|---------|---------|---------|
| Return on average tangible shareholders' equity (annualized) | 24.11% | 22.76% | 20.84% | 22.10% | 25.31% |
| Efficiency ratio (3) - Umpqua Bank only | 55.43% | 55.11% | 58.16% | 56.89% | 55.94% |
| Efficiency ratio (3) | 59.74% | 60.09% | 62.13% | 62.10% | 59.98% |
| Non interest revenue to Total revenue (TE) | 19.88% | 23.12% | 22.16% | 20.42% | 24.49% |
| Effective tax rate | 33.07% | 36.57% | 35.26% | 33.93% | 34.97% |
| After Merger Expenses: | | | | | |
| Return on average total assets (annualized) | 1.13% | 1.18% | 1.15% | 1.19% | 1.30% |
| Return on average tangible assets (annualized) | 1.23% | 1.25% | 1.21% | 1.28% | 1.40% |
| Return on average total shareholders' equity (annualized) | 8.46% | 11.23% | 10.42% | 10.85% | 11.70% |
| Return on average tangible shareholders' equity (annualized) | 21.81% | 21.93% | 20.52% | 22.10% | 24.63% |
| Average yield on earning assets (2) (annualized) | 5.89% | 5.68% | 5.78% | 5.85% | 5.95% |
| Interest expense to interest bearing liabilities(2)(annualized) | 1.50% | 1.42% | 1.47% | 1.39% | 1.47% |
| Net interest spread (2) | 4.39% | 4.26% | 4.31% | 4.45% | 4.48% |
| Interest expense to earning assets (annualized) | 1.17% | 1.10% | 1.15% | 1.08% | 1.12% |
| Net interest margin (2) (annualized) | 4.72% | 4.57% | 4.63% | 4.77% | 4.82% |
| Net interest margin (2) (annualized) - Umpqua Bank only | 4.92% | 4.74% | 4.80% | 4.91% | 4.98% |
| Asset Quality Ratios | | | | | |
| Allowance for credit losses to ending total loans and leases | 1.34% | 1.27% | 1.27% | 1.27% | 1.31% |
| Nonperforming loans to ending total loans and leases | 0.84% | 0.57% | 0.57% | 0.57% | 0.69% |
| Nonperforming assets to ending total assets | 0.58% | 0.41% | 0.45% | 0.47% | 0.56% |
| Net loan charge-offs (recoveries) to avg loans and leases (annualized) | 0.18% | 0.01% | 0.03% | 0.21% | 0.22% |
| Capital Ratio | | | | | |
| Average shareholders' equity to average assets | 13.39% | 10.53% | 11.02% | 10.97% | 11.08% |
| Year to Date Growth | | | | | |
| Loans & leases, gross (excl held-for-sale) | 65.86% | 7.43% | 3.51% | 12.67% | 8.84% |
| Deposits | 64.80% | 4.24% | 2.13% | 13.04% | 7.58% |
| Total assets | 66.82% | 6.39% | 1.15% | 15.96% | 9.99% |
| Mortgage Banking Revenue | | | | | |
| Gain (loss) on origination and sale | 1,959 | 1,903 | 1,273 | 1,208 | 2,422 |
| Servicing income before accelerated amortization | 703 | 314 | 307 | 299 | 311 |
| Accelerated servicing right amortization | (507) | (684) | (531) | (527) | (1,222) |
| Sub total before mortgage servicing right (MSR) valuation change | 2,155 | 1,533 | 1,049 | 980 | 1,522 |
| MSR valuation change | (319) | 866 | 600 | 220 | 1,642 |
| Total Mortgage Banking Revenue | 1,836 | 2,399 | 1,649 | 1,200 | 3,164 |
| Mortgage Servicing Right Asset | | | | | |
| Gross Mortgage Servicing Right Asset | 11,900 | 11,832 | 12,266 | 12,515 | 12,852 |
| less: valuation reserve | (760) | (441) | (1,307) | (1,907) | (2,122) |
| Net Mortgage Servicing Right Asset | 11,140 | 11,391 | 10,959 | 10,608 | 10,730 |
| Net Mortgage Servicing Right Asset as % of serviced loan portfolio | 1.02% | 1.02% | 0.95% | 0.91% | 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 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.