

UMPQUA HOLDINGS CORP
Form 8-K
July 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: July 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)

One SW Columbia, Suite 1200
Portland, Oregon 97258 (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))
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Item 2.02 Results of Operations and Financial Condition.

On July 21, 2005, Umpqua Holdings Corporation issued a press release announcing financial results for the second quarter of 2005. A copy of the press release is attached as Exhibit 99.1.

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Attached as Exhibit 99.2 is a Statistical Supplement that the Company provides to shareholders and others who request additional financial and statistical information not included in the press 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 Earnings Press Release
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: July 21, 2005

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

EXHIBIT 99.1

FOR IMMEDIATE RELEASE

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UMPQUA HOLDINGS REPORTS 13% INCREASE IN NET INCOME

PORTLAND, Ore. - July 21, 2005 - Umpqua Holdings Corporation (NASDAQ: UMPQ),

parent company of Umpqua Bank and Strand, Atkinson, Williams & York, Inc., today announced second quarter 2005 net income of \$16.0 million, or \$0.36 per diluted share, compared to \$9.1 million, or \$0.32 per diluted share, for the second quarter of 2004. These results reflect earnings per share growth of 13% compared to the same period a year ago.

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. Excluding merger related expenses, the Company reports second quarter 2005 operating earnings of \$16.1 million, or \$0.36 per diluted share, compared to \$9.5 million, or \$0.33 per diluted share for the second quarter of 2004, an increase of 9% on a per share basis.

Umpqua Bank's net interest margin increased to 5.05% for the second quarter of 2005, compared to 4.74% for the same quarter one year ago, principally resulting from recent increases in short-term market interest rates.

During the second quarter of 2005, the Company recorded a \$2.1 million impairment to the value of our mortgage servicing right portfolio. This impairment resulted from a decline in mortgage interest rates, and is included as a charge in mortgage banking revenue on the Company's consolidated statement of income. Excluding mortgage servicing right impairments, mortgage banking revenue was \$2.3 million for the second quarter of 2005, compared to \$1.5 million for the same quarter one year ago, and \$1.6 million for the first quarter of 2005. Offsetting the impairment in the second quarter of 2005 were \$1.4 million in gains on the sale of securities, and \$0.6 million in gain on the sale of our remaining credit card portfolio which is reflected in other non-interest income.

Umpqua Bank, Umpqua Holdings' largest subsidiary, reported an efficiency ratio before merger-related expenses of 52.7% for the second quarter of 2005, compared to 55.1% for the same quarter one year ago, and 53.6% for the first quarter of 2005.

Total consolidated assets of Umpqua Holdings as of June 30, 2005 were \$5.04 billion, compared to \$4.98 billion as of March 31, 2005. Total gross loans and deposits were \$3.61 billion and \$3.97 billion, respectively, as of June 30, 2005, compared to \$3.53 billion and \$3.95 billion, respectively, as of March 31, 2005.

Strong loan growth resulted in loans increasing \$79.9 million during the second quarter of 2005. Deposits increased \$19.3 million during the same period. For the year to date, annualized organic growth rates for loans and deposits were 8% and 9%, 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.

"This was another strong quarter for the Company with our core business fundamentals as solid as ever," said Ray Davis, president and chief executive officer of Umpqua Holdings Corporation.

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.

As of June 30, 2005 total shareholders equity was \$714.7 million, and tangible book value per share was \$6.92.

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 Bellevue, 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, July 21, 2005, at 10:00 a.m. PDT where management will discuss operating results for the second 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 866-431-7903, or by visiting that website.

Umpqua Holdings Corporation Consolidated Statements of Income

(Unaudited)

<i>Dollars in thousands, except per share data</i>	Quarter Ended:		
	June 30, 2005	March 31, 2005	June 30, 2004
Interest income			
Loans and leases	\$60,220	\$56,936	\$32,791
Investments taxable	6,252	6,549	5,324
Investments tax exempt	699	713	396
Temporary investments	454	233	44
Other interest and dividends	38	43	91
Total interest income	67,663	64,474	38,646
Interest expense			
Deposits	13,485	11,324	5,785

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Repurchase agreements and fed funds purchased	407	501	184
Trust preferred securities	2,550	2,394	1,120
Other borrowings	139	405	467
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Total interest expense	16,581	14,624	7,556
Net interest income	51,082	49,850	31,090
Provision for loan losses	1,400	1,000	1,100
Non-interest income			
Service charges	5,426	4,822	3,273
Brokerage fees	2,879	3,129	3,014
Mortgage banking revenue	228	1,350	2,399
Gain on sale of securities	1,398	--	6
Other income	1,993	1,301	514
<hr/>			
Total non-interest income	11,924	10,602	9,206
Non-interest expense			
Salaries and benefits	20,361	20,279	13,753
Occupancy and equipment	6,109	6,133	4,153
Other	9,790	8,922	6,551
Merger related expenses	161	101	549
<hr/>			
Total non-interest expense	36,421	35,435	25,006
<hr/>			
Income before income taxes and discontinued operations	25,185	24,017	14,190
Provision for income tax	9,179	8,998	5,180
<hr/>			
Income from continuing operations	16,006	15,019	9,010
Income from discontinued operation, net of tax	--	--	121
<hr/>			
Net income	\$16,006	\$15,019	\$9,131
<hr/>			
Weighted average shares outstanding	44,436,323	44,330,626	28,339,080
Weighted average diluted shares outstanding	44,988,322	44,962,502	28,664,279
Earnings per share - Basic:			
Continuing operations	\$0.36	\$0.34	\$0.32
Discontinued operations	\$0.00	\$0.00	\$0.00
Net income	\$0.36	\$0.34	\$0.32

Earnings per share - Diluted:

Continuing operations	\$0.36	\$0.33	\$0.31
Discontinued operations	\$0.00	\$0.00	\$0.01
Net income	\$0.36	\$0.33	\$0.32

Umpqua Holdings Corporation Consolidated Statements of Income (Unaudited)

Six Months Ended:

Dollars in thousands, except per share data

	June 30, 2005	June 30, 2004
Interest income		
Loans and leases	\$117,156	\$64,655
Investments taxable	12,801	9,843
Investments tax exempt	1,412	809
Temporary investments	687	84
Other interest and dividends	81	162
	132,137	75,553
Total interest income		
Interest expense		
Deposits	24,809	11,675
Repurchase agreements and fed funds purchased	908	323
Trust preferred securities	4,944	2,243
Other borrowings	544	708
	31,205	14,949
Total interest expense		
Net interest income	100,932	60,604
Provision for loan losses	2,400	2,175
Non-interest income		
Service charges	10,248	6,400
Brokerage fees	6,008	5,905
Mortgage banking revenue	1,578	4,048
Gain on sale of securities	1,398	6
Other income	3,294	1,059
	22,526	17,418
Total non-interest income		
Non-interest expense		
Salaries and benefits	40,640	27,419
Occupancy and equipment	12,242	8,268

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Other	18,712	12,495
Merger related expenses	262	765
<hr/>		
Total noninterest expense	71,856	48,947
Income before income taxes and discontinued operations	49,202	26,900
Provision for income tax	18,177	9,643
<hr/>		
Income from continuing operations	31,025	17,257
Income from discontinued operations, net of tax	--	272
<hr/>		
Net income	\$31,025	\$17,529
<hr/>		
Weighted average shares outstanding	44,383,766	28,392,198
Weighted average diluted shares outstanding	44,972,170	28,734,859
Earnings per share - Basic:		
Continuing operations	\$0.70	\$0.61
Discontinued operations	\$0.00	\$0.01
Net income	\$0.70	\$0.62
Earnings per share - Diluted:		
Continuing operations	\$0.69	\$0.60
Discontinued operations	\$0.00	\$0.01
Net income	\$0.69	\$0.61

Umpqua Holdings Corporation Consolidated Balance Sheets

(Unaudited)

Dollars in thousands, except per share data

	June 30, 2005	March 31, 2005	June 30, 2004
<hr/>			
Assets:			
Cash and cash equivalents	\$200,748	\$203,501	\$110,804
Trading account securities	1,403	1,350	1,089
Investments available for sale	571,895	639,706	559,013
Investments held to maturity	11,735	11,793	13,908
Loans held for sale	20,301	12,398	37,866
Loans and leases	3,612,004	3,532,061	2,152,417
Less: Allowance for loan losses	(44,510)	(45,360)	(27,319)
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Loans and leases, net	3,567,494	3,486,701	2,125,098
Federal Home Loan Bank stock	14,298	14,220	10,368
Premises and equipment, net	88,321	87,073	68,526
Other real estate owned	213	213	724
Mortgage servicing rights, net	9,268	11,081	11,391
Goodwill and other intangibles	407,072	407,788	159,575
Other assets	145,867	105,830	54,929
<hr/>			
Total assets	\$5,038,615	\$4,981,654	\$3,153,291
<hr/>			
Liabilities:			
Deposits	\$3,972,920	\$3,953,670	\$2,479,115
<hr/>			
Securities sold under agreements to repurchase and fed funds purchased	127,449	55,712	77,615
Borrowings	13,296	63,373	145,618
Notes payable for Trust preferred securities	165,970	166,134	97,941
Other liabilities	44,243	45,818	30,963
<hr/>			
Total liabilities	4,323,878	4,284,707	2,831,252
<hr/>			
Shareholders' equity:			
Common stock	563,582	563,319	226,774
Retained earnings	153,794	140,462	103,754
Accumulated other comprehensive Income (loss)	(2,639)	(6,834)	(8,489)
<hr/>			
Total shareholders' equity	714,737	696,947	322,039
<hr/>			
Total liabilities and shareholders' equity	\$5,038,615	\$4,981,654	\$3,153,291
<hr/>			
Common shares outstanding at period end	44,453,407	44,434,655	28,219,677
Book value per share	\$16.08	\$15.68	\$11.41
Tangible book value per share	\$6.92	\$6.51	\$5.76
Tangible equity	\$307,665	\$289,159	\$162,464

Umpqua Holdings Corporation
Loan Portfolio
(Unaudited)

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<i>Dollars in thousands</i>	June 30, 2005	March 31, 2005	June 30, 2004
Loans and leases by purpose:			
Commercial real estate	\$1,975,218	\$1,897,234	\$1,209,975
Residential real estate	217,245	219,951	105,003
Construction	503,599	486,277	196,577
Total real estate	2,696,062	2,603,462	1,511,555
Commercial	837,702	842,999	592,718
Leases	16,887	17,423	9,439
Consumer	59,571	66,916	35,904
Other	1,782	1,261	2,801
Total loans and leases	\$3,612,004	\$3,532,061	\$2,152,417

<i>Dollars in thousands</i>	Quarter Ended June 30, 2005	Quarter Ended March 31, 2005	Quarter Ended June 30, 2004
Allowance for credit losses			
Balance beginning of period	\$45,360	\$44,229	\$26,287
Provision for credit losses	1,400	1,000	1,100
Charge-offs	(3,239)	(612)	(415)
Less: recoveries	989	743	347
Net recoveries (charge-offs)	(2,250)	131	(68)
Total Allowance for loan losses	44,510	45,360	27,319
Reserve for unfunded commitments	1,354	1,368	--
Total Allowance for credit losses	\$45,864	\$46,728	\$27,319

Net charge-offs (recoveries) to average			
loans and leases (annualized)	0.25%	(0.02)%	0.01%
Recoveries to gross charge-offs	31%	121%	84%
Allowance for credit losses to loans and leases	1.27%	1.32%	1.27%
Allowance for credit losses to nonperforming loans and leases	223%	197%	221%
Nonperforming loans and leases			

To total loans and leases	0.57%	0.67%	0.57%
Nonperforming assets			
Nonperforming loans and leases	\$20,606	\$23,660	\$12,352
Real estate owned	213	213	724
<hr/>			
Total nonperforming assets	\$20,819	\$23,873	\$13,076
<hr/>			

Umpqua Holdings Corporation Loan Portfolio (Unaudited)

<i>Dollars in thousands</i>	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004
<hr/>		
Allowance for credit losses		
Balance beginning of period	\$44,229	\$25,352
Provision for credit losses	2,400	2,175
Charge-offs	(3,851)	(862)
Less: recoveries	1,732	654
<hr/>		
Net charge-offs	(2,119)	(208)
Total Allowance for loan loss	44,510	27,319
Reserve for unfunded commitments	1,354	--
<hr/>		
Total Allowance for credit loss	\$45,864	\$27,319
<hr/>		
Net charge-offs to average loans and leases (annualized)	0.12%	0.02%
Recoveries to gross charge-offs	45%	76%

Deposits by Type (Unaudited)

<i>Dollars in thousands</i>	June 30, 2005		March 31, 2005		June 30, 2004	
	Amount	Mix	Amount	Mix	Amount	Mix
<hr/>						

Demand, non interest bearing	\$977,160	24.6%	\$962,912	24.4%	\$624,391	25.2%
Demand, interest bearing	1,562,189	39.3%	1,563,394	39.5%	1,132,087	45.7%
Savings	445,319	11.2%	451,733	11.4%	150,436	6.1%
Time	988,252	24.9%	975,631	24.7%	572,201	23.1%
Total Deposits	\$3,972,920	100.0%	\$3,953,670	100.0%	\$2,479,115	100.0%

Umpqua Holdings Corporation Selected Ratios

(Unaudited)

	Quarter Ended:		
	June 30, 2005	March 31, 2005	June 30, 2004
Net Interest Spread:			
Yield on loans and leases	6.76%	6.62%	6.12%
Yield on taxable investments	4.27%	4.22%	3.95%
Yield on tax-exempt investments (1)	6.59%	6.47%	6.77%
Yield on temporary investments	2.76%	2.48%	0.92%
 Total yield on earning assets	 6.36%	 6.24%	 5.68%
 Cost of interest bearing deposits	 1.80%	 1.57%	 1.25%
Cost of securities sold under agreements to repurchase and fed funds purchased	2.26%	2.32%	0.85%
Cost of borrowings	2.06%	1.99%	1.91%
Cost of trust preferred	6.16%	5.84%	4.60%
 Total cost of interest bearing liabilities	 2.03%	 1.82%	 1.42%
 Net interest spread	 4.33%	 4.42%	 4.26%
 Net interest margin	 4.81%	 4.83%	 4.57%

Before Merger Related Expenses:

(2)

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Return on average assets	1.30%	1.25%	1.23%
Return on average tangible assets	1.41%	1.36%	1.29%
Return on average equity	9.17%	8.82%	11.65%
Return on average tangible equity	21.74%	21.43%	22.76%

After Merger Related Expenses:

(2)			
Return on average assets	1.29%	1.24%	1.18%
Return on average tangible assets	1.40%	1.35%	1.25%
Return on average equity	9.11%	8.78%	11.23%
Return on average tangible equity	21.61%	21.34%	21.93%

Bank Only Ratios:

Umpqua Bank efficiency ratio before merger expenses (2)	52.71%	53.62%	55.11%
Umpqua Bank net interest margin	5.05%	5.06%	4.74%

- (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.

Umpqua Holdings Corporation Selected Ratios (Unaudited)

	Six Months Ended:	
	June 30, 2005	June 30, 2004
Net Interest Spread:		
Yield on loans and leases	6.69%	6.17%
Yield on taxable investments	4.25%	3.91%
Yield on tax-exempt investments (1)	6.53%	6.69%
Yield on temporary investments	2.66%	0.93%
Total yield on earning assets	6.30%	5.73%
Cost of interest bearing deposits	1.69%	1.28%
Cost of securities sold under agreements to repurchase and fed funds purchased	2.30%	0.91%
Cost of borrowings	2.01%	1.86%
Cost of trust preferred	6.00%	4.61%
Total cost of interest bearing liabilities	1.92%	1.44%

Net interest spread	4.38%	4.29%
Net interest margin	4.82%	4.60%
<u>Before Merger Related Expenses:</u> (2)		
Return on average assets	1.27%	1.20%
Return on average tangible assets	1.39%	1.26%
Return on average equity	9.00%	11.12%
Return on average tangible equity	21.59%	21.81%
<u>After Merger Related Expenses:</u> (2)		
Return on average assets	1.27%	1.17%
Return on average tangible assets	1.38%	1.23%
Return on average equity	8.95%	10.83%
Return on average tangible equity	21.48%	21.23%
<u>Bank Only Ratios:</u>		
Umpqua Bank efficiency ratio before merger expenses (2)	53.15%	56.59%
Umpqua Bank net interest margin	5.05%	4.77%

(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.

Umpqua Holdings Corporation Mortgage Banking Statistical Analysis (unaudited)

	June 30, 2005	Quarter ended: March 31, 2005	June 30, 2004
<i>Dollars in thousands</i>			
<u>Mortgage Servicing Rights (MSR):</u>			
Mortgage loans serviced for others	\$1,026,088	\$1,052,910	\$1,119,351
MSR Asset (gross)	\$12,455	\$12,157	\$11,832
Less: Valuation reserve	(3,187)	(1,076)	(441)
MSR Asset (net of reserve)	\$9,268	\$11,081	\$11,391
MSR as % of serviced portfolio	0.90%	1.05%	1.02%

Mortgage Banking**Revenue:**

Origination and sale	\$2,156	\$1,397	\$1,903
Servicing	183	237	(370)
MSR valuation reserve change	(2,111)	(284)	866
<hr/>			
Total Mortgage Banking Revenue	\$228	\$1,350	\$2,399
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Diluted earnings per share contribution (loss) of Mortgage Group

\$ (0.02)	\$ 0.00	\$ 0.02
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Year ended:

June 30, 2005	June 30, 2004
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Dollars in thousands**Mortgage Banking****Revenue:**

Origination and sale	\$3,553	\$3,176
Servicing	420	(594)
MSR valuation reserve change	(2,395)	1,466
<hr/>		
Total Mortgage Banking Revenue	\$1,578	\$4,048
<hr/>		

Diluted earnings per share contribution (loss) of Mortgage Group

\$ (0.02)	\$ 0.03
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EXHIBIT 99.2

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	2nd Qtr 2005	1st Qtr 2005	4th Qtr 2004	3rd Qtr 2004	2nd Qtr 2004	1st Qtr 2004
Income Statement Data						
Interest income	\$ 67,667	\$ 64,474	\$ 63,240	\$ 59,265	\$ 38,646	\$ 36,907
Interest expense	16,582	14,624	13,566	11,856	7,557	7,392
Net interest income	51,085	49,850	49,674	47,409	31,089	29,515
Provision for credit losses	1,400	1,000	3,667	1,479	1,100	1,075
Net interest income after provision for credit losses	49,685	48,850	46,007	45,930	29,989	28,440
Service fees	5,426	4,822	5,434	5,570	3,273	3,127
Brokerage fees & commissions	2,879	3,129	3,188	2,736	3,014	2,891
Mortgage banking revenue, net	228	1,350	1,665	1,942	2,399	1,649
Gain (loss) on sale of securities	1,398	-	-	13	6	-
Other income (4)	1,991	1,301	7,930	1,412	716	793
Total noninterest income	11,922	10,602	18,217	11,673	9,408	8,460
Salaries and employee benefits	20,362	20,279	20,248	19,685	13,753	13,665
Premises and equipment	6,109	6,133	5,809	5,688	4,153	4,115
Other non interest expense	9,790	8,922	9,820	10,150	6,550	5,946
Total noninterest expense	36,261	35,334	35,877	35,523	24,456	23,726
Income before income tax & merger expense	25,346	24,118	28,347	22,080	14,941	13,174
Provision for income taxes	9,243	9,038	10,383	7,301	5,464	4,645
Net income before merger expenses	\$ 16,103	\$ 15,080	\$ 17,964	\$ 14,779	\$ 9,477	\$ 8,529
Merger expenses net of tax benefit	97	61	1,695	1,411	346	131

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Net income \$ 16,006 \$ 15,019 \$ 16,269 \$ 13,368 \$ 9,131 \$ 8,398 \$

**Share
Data(1)**

**Before
Merger**

Expenses:

Basic earnings per common share \$ 0.36 \$ 0.34 \$ 0.41 \$ 0.35 \$ 0.33 \$ 0.30 \$

Diluted earnings per common share \$ 0.36 \$ 0.34 \$ 0.40 \$ 0.34 \$ 0.33 \$ 0.30 \$

After Merger

Expenses:

Basic earnings per common share \$ 0.36 \$ 0.34 \$ 0.37 \$ 0.32 \$ 0.32 \$ 0.30 \$

Diluted earnings per common share \$ 0.36 \$ 0.33 \$ 0.36 \$ 0.31 \$ 0.32 \$ 0.29 \$

Tangible book value per common share \$ 6.92 \$ 6.51 \$ 6.31 \$ 5.97 \$ 5.76 \$ 5.99 \$

Book value per common share \$ 16.08 \$ 15.68 \$ 15.55 \$ 15.28 \$ 11.41 \$ 11.59 \$

Cash dividends per common share \$ 0.06 \$ 0.06 \$ 0.06 \$ 0.06 \$ 0.06 \$ 0.04 \$

Ratio of dividends declared to net income 16.71% 17.77% 16.30% 19.74% 18.54% 13.57%

Shares outstanding 44,453,407 44,434,655 44,211,075 43,979,674 28,219,677 28,489,267

Basic weighted average shares of common stock outstanding 44,436,323 44,330,626 44,121,546 42,149,082 28,339,080 28,445,316

Common stock equivalents 551,999 631,877 749,393 740,631 325,199 373,883

Fully diluted weighted average shares of common stock outstanding 44,988,322 44,962,503 44,870,939 42,889,713 28,664,279 28,819,200

Net Income Before Merger Expense - Diluted Earnings Per Share Contribution

Core company (excluding) \$ 0.36 \$ 0.34 \$ 0.32 \$ 0.33 \$ 0.31 \$ 0.28 \$

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mortgage group and gain (loss) on sale of securities)													
Mortgage group	\$	(0.02)	\$	-	\$	-	\$	0.01	\$	0.02	\$	0.01	\$
Gain (loss) on sale of securities	\$	0.02	\$	-	\$	-	\$	0.00	\$	0.00	\$	-	\$
Gain on sale of discontinued operation	\$	-	\$	-	\$	0.08	\$	-	\$	-	\$	-	\$
Income from discontinued operation	\$	-	\$	-	\$	0.00	\$	0.00	\$	0.00	\$	0.01	\$
Net income before merger expense per diluted share	\$	0.36	\$	0.34	\$	0.40	\$	0.34	\$	0.33	\$	0.30	\$

Balance Sheet Data (at period end)

Investment securities	\$	585,033	\$	652,849	\$	689,368	\$	752,417	\$	574,009	\$	518,496	\$
Loans & leases, gross (excl held-for-sale)		3,612,004		3,532,061		3,467,904		3,323,137		2,152,417		2,073,875	
Less: Allowance for credit losses		44,510		45,360		44,229		43,374		27,319		26,287	
Loans & leases, net (excl held-for-sale)		3,567,494		3,486,701		3,423,675		3,279,763		2,125,098		2,047,588	
Intangible assets		407,072		407,788		408,460		409,516		159,575		159,661	
Total assets		5,038,615		4,981,654		4,873,035		4,944,340		3,153,291		2,997,782	
Total deposits		3,972,920		3,953,670		3,799,107		3,919,271		2,479,115		2,428,926	
Total shareholders' equity		714,737		696,947		687,613		671,977		322,039		330,237	

Balance Sheet Data (averages)

Loans & leases, gross (excl held-for-sale)	\$	3,555,336	\$	3,475,172	\$	3,388,503	\$	3,158,363	\$	2,125,031	\$	2,033,357	\$
Loans held for sale		15,463		13,735		22,831		29,915		29,245		25,100	
Earning assets		4,286,972		4,215,935		4,205,698		4,015,604		2,751,467		2,581,349	

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Total assets	4,980,367	4,908,401	4,918,386	4,693,725	3,106,392	2,941,964
Non interest bearing demand deposits	949,610	894,916	935,648	875,741	607,543	571,131
Interest bearing deposits	3,008,406	2,927,914	2,920,903	2,761,381	1,861,619	1,813,598
Interest bearing liabilities	3,273,642	3,264,258	3,255,602	3,143,938	2,145,309	2,021,049
Total shareholders' equity	704,466	693,551	679,387	628,667	327,064	324,191

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

	2nd Qtr	1st Qtr	4th Qtr	3rd	2nd Qtr	1st Qtr	4th Qtr	3rd	2nd Qtr	1st Qtr
	2005	2005	2004	Qtr	2004	2004	2003	Qtr	2003	2003
Other Financial Data										
Total loan charge-offs	\$ 3,239	\$ 612	\$ 3,443	\$ 2,124	\$ 415	\$ 447	\$ 1,591	\$ 2,045	\$ 466	\$ 1,975
Total loan recoveries	989	743	631	659	347	307	556	991	294	307
Net loan charge-offs (recoveries)	2,250	(131)	2,812	1,465	68	140	1,035	1,054	172	1,668
Loans 90 days past due and still accruing	1,148	2,240	737	497	704	1,246	927	533	1,112	963
Non-accrual loans	19,458	21,420	21,836	27,299	11,648	10,554	10,498	12,861	20,767	16,853
Total nonperforming loans	20,606	23,660	22,573	27,796	12,352	11,800	11,425	13,394	21,879	17,816
Other real estate owned	213	213	979	641	724	1,711	2,529	2,452	2,504	3,430
Nonperforming assets	20,819	23,873	23,552	28,437	13,076	13,511	13,954	15,846	24,383	21,246

**Selected
Ratios**
**Net
Income
Before
Merger**
Expenses:

Return on average total assets (annualized)	1.30%	1.25%	1.45%	1.25%	1.23%	1.17%	1.19%	1.33%	1.34%	1.38%
Return on average tangible assets (annualized)	1.41%	1.36%	1.58%	1.36%	1.29%	1.23%	1.28%	1.43%	1.43%	1.46%
Return on average total shareholders' equity (annualized)	9.17%	8.82%	10.52%	9.35%	11.65%	10.58%	10.85%	12.02%	11.72%	12.17%
Return on average tangible shareholders' equity (annualized)	21.74%	21.43%	26.46%	24.11%	22.76%	20.84%	22.10%	25.31%	25.19%	27.04%
Efficiency ratio (3) - Umpqua Bank only Efficiency ratio (3)	52.71%	53.62%	48.40%	55.43%	55.11%	58.16%	56.89%	55.94%	57.51%	54.98%
Non interest revenue to Total revenue (TE) Effective tax rate	18.82%	17.44%	26.68%	19.63%	23.12%	22.16%	20.42%	24.49%	30.00%	26.69%
	36.47%	37.47%	36.63%	33.07%	36.57%	35.26%	33.93%	34.97%	35.32%	35.91%

**Net
Income
After
Merger**
Expenses:

Return on average total assets (annualized)	1.29%	1.24%	1.32%	1.13%	1.18%	1.15%	1.19%	1.30%	1.24%	1.32%
Return on	1.40%	1.35%	1.44%	1.23%	1.25%	1.21%	1.28%	1.40%	1.32%	1.39%

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average tangible assets (annualized) Return on average total shareholders' equity (annualized)	9.11%	8.78%	9.53%	8.46%	11.23%	10.42%	10.85%	11.70%	10.83%	11.61%
Return on average tangible shareholders' equity (annualized)	21.61%	21.34%	23.96%	21.81%	21.93%	20.52%	22.10%	24.63%	23.27%	25.78%
Average yield on earning assets (2) (annualized)	6.36%	6.24%	6.02%	5.91%	5.68%	5.78%	5.85%	5.95%	6.05%	6.51%
Interest expense to interest bearing liabilities(2)(annualized)	2.03%	1.82%	1.66%	1.50%	1.42%	1.47%	1.39%	1.47%	1.69%	1.78%
Net interest spread (2)	4.33%	4.42%	4.36%	4.41%	4.26%	4.31%	4.45%	4.48%	4.36%	4.73%
Interest expense to earning assets (annualized)	1.55%	1.41%	1.28%	1.17%	1.10%	1.15%	1.08%	1.12%	1.31%	1.41%
Net interest margin (2) (annualized)	4.81%	4.83%	4.74%	4.73%	4.57%	4.63%	4.77%	4.82%	4.74%	5.10%
Net interest margin (2) (annualized) - Umpqua Bank only	5.05%	5.06%	4.96%	4.93%	4.74%	4.80%	4.91%	4.98%	4.90%	5.27%

Asset Quality Ratios

Allowance for credit losses to	1.27%	1.32%	1.31%	1.34%	1.27%	1.27%	1.27%	1.31%	1.35%	1.35%
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ending total loans and leases										
Nonperforming loans to ending total loans and leases	0.57%	0.67%	0.65%	0.84%	0.57%	0.57%	0.57%	0.69%	1.17%	0.98%
Nonperforming assets to ending total assets	0.41%	0.48%	0.48%	0.58%	0.41%	0.45%	0.47%	0.56%	0.89%	0.80%
Net loan charge-offs (recoveries) to avg loans and leases (annualized)	0.25%	-0.02%	0.33%	0.18%	0.01%	0.03%	0.21%	0.22%	0.04%	0.38%

Capital Ratio

Average shareholders' equity to average assets	14.14%	14.13%	13.81%	13.39%	10.53%	11.02%	10.97%	11.08%	11.43%	11.35%
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Year to Date Growth

Loans & leases, gross (excl held-for-sale)	4.16%	1.85%	73.08%	65.86%	7.43%	3.51%	12.67%	8.84%	5.56%	2.53%
Deposits	4.58%	4.07%	59.75%	64.80%	4.24%	2.13%	13.04%	7.58%	8.51%	3.56%
Total assets	3.40%	2.23%	64.42%	66.82%	6.39%	1.15%	15.96%	9.99%	7.48%	3.52%

Mortgage Banking Revenue

Gain (loss) on origination and sale	2,156	1,397	1,447	2,065	1,903	1,273	1,208	2,424	4,867	4,985
Servicing income	684	683	693	703	314	307	299	318	323	253

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before accelerated amortization										
Accelerated servicing right amortization	(501)	(446)	(443)	(507)	(684)	(531)	(527)	(1,222)	(1,056)	(709)
Subtotal before mortgage servicing right (MSR) valuation change	2,339	1,634	1,697	2,261	1,533	1,049	980	1,520	4,134	4,529
MSR valuation change	(2,111)	(284)	(32)	(319)	866	600	220	1,640	(1,700)	(250)
Total Mortgage Banking Revenue	228	1,350	1,665	1,942	2,399	1,649	1,200	3,160	2,434	4,279

Mortgage Servicing Right Asset

Gross Mortgage Servicing Right Asset	12,455	12,157	11,946	11,900	11,832	12,266	12,515	12,859	13,041	12,646
less: valuation reserve	(3,187)	(1,076)	(792)	(760)	(441)	(1,307)	(1,907)	(2,127)	(3,767)	(2,467)
Net Mortgage Servicing Right Asset	9,268	11,081	11,154	11,140	11,391	10,959	10,608	10,732	9,274	10,179
Net Mortgage Servicing Right Asset as % of serviced loan portfolio	0.90%	1.05%	1.05%	1.02%	1.02%	0.95%	0.91%	0.91%	0.77%	0.90%

- (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.

