

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 |
| <hr/> | | | |
| 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) |
| <hr/> | | | |

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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/> | | <hr/> | | <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 |
| <hr/> | | | |

Diluted earnings per share contribution (loss) of Mortgage Group

| | | | |
|--|-----------|---------|---------|
| | \$ (0.02) | \$ 0.00 | \$ 0.02 |
|--|-----------|---------|---------|

Year ended:

June 30, 2005 June 30, 2004

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 |
|--|-----------|---------|

#

EXHIBIT 99.2

**UMPQUA
Sta
(in thousands, exce**

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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 | 52.71% | 53.62% | 48.40% | 55.43% | 55.11% | 58.16% | 56.89% | 55.94% | 57.51% | 54.98% |
| Efficiency ratio (3) | 57.24% | 58.11% | 52.55% | 59.74% | 60.09% | 62.14% | 62.10% | 59.98% | 61.55% | 59.16% |
| Non interest revenue to Total revenue (TE) | 18.82% | 17.44% | 26.68% | 19.63% | 23.12% | 22.16% | 20.42% | 24.49% | 30.00% | 26.69% |
| Effective tax rate | 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% |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|

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) |
| Sub total 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.

