

COLUMBIA BANKING SYSTEM INC
Form 10-Q
August 04, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2010.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number 0-20288

COLUMBIA BANKING SYSTEM, INC.

(Exact name of issuer as specified in its charter)

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Washington
(State or other jurisdiction of
incorporation or organization)

91-1422237
(I.R.S. Employer
Identification Number)

1301 A Street

Tacoma, Washington
(Address of principal executive offices)

98402-2156
(Zip Code)

(253) 305-1900

(Issuer's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of common stock outstanding at July 30, 2010 was 39,323,290.

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CONSOLIDATED CONDENSED STATEMENTS OF INCOME**Columbia Banking System, Inc.****(Unaudited)**

<i>(in thousands except per share)</i>	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2010	2009	2010	2009
Interest Income				
Loans	\$ 38,940	\$ 29,250	\$ 75,887	\$ 59,051
Taxable securities	4,708	4,195	9,453	8,403
Tax-exempt securities	2,290	2,076	4,736	4,089
Federal funds sold and deposits in banks	210	9	359	16
Total interest income	46,148	35,530	90,435	71,559
Interest Expense				
Deposits	4,334	5,874	9,275	12,766
Federal Home Loan Bank and Federal Reserve Bank borrowings	710	700	1,415	1,465
Long-term obligations	254	306	503	657
Other borrowings	118	119	236	237
Total interest expense	5,416	6,999	11,429	15,125
Net Interest Income	40,732	28,531	79,006	56,434
Provision for loan and lease losses	13,500	21,000	28,500	32,000
Net interest income after provision for loan and lease losses	27,232	7,531	50,506	24,434
Noninterest Income				
Gain on bank acquisitions			9,818	
Service charges and other fees	6,442	3,562	11,866	7,176
Merchant services fees	1,913	1,880	3,652	3,650
Redemption of Visa and Mastercard shares		49		49
Gain on sale of investment securities, net			58	
Bank owned life insurance	516	516	1,020	1,017
Change in indemnification asset	3,399		3,399	
Other	967	993	1,897	2,082
Total noninterest income	13,237	7,000	31,710	13,974
Noninterest Expense				
Compensation and employee benefits	17,497	12,296	34,483	24,148
Occupancy	4,307	2,937	8,276	5,982
Merchant processing	1,227	879	2,327	1,693
Advertising and promotion	785	687	1,623	1,379
Data processing and communications	2,567	1,354	4,446	2,674
Legal and professional fees	1,477	1,019	2,975	1,986
Taxes, licenses and fees	688	597	1,252	1,393
Regulatory premiums	1,462	2,492	2,958	3,499

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Net cost of operation of other real estate	(672)	225	640	272
Amortization of intangibles	1,055	271	1,842	541
Other	4,352	2,557	7,820	4,928
Total noninterest expense	34,745	25,314	68,642	48,495
Income (loss) before income taxes	5,724	(10,783)	13,574	(10,087)
Income tax provision (benefit)	668	(5,253)	602	(6,069)
Net Income (Loss)	\$ 5,056	\$ (5,530)	\$ 12,972	\$ (4,018)
Net Income (Loss) Applicable to Common Shareholders	\$ 3,946	\$ (6,631)	\$ 10,755	\$ (6,212)
Earnings (loss) per common share				
Basic	\$ 0.11	\$ (0.37)	\$ 0.34	\$ (0.35)
Diluted	\$ 0.11	\$ (0.37)	\$ 0.34	\$ (0.35)
Dividends paid per common share	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.05
Weighted average number of common shares outstanding	34,829	18,002	31,376	17,991
Weighted average number of diluted common shares outstanding	35,077	18,002	31,607	17,991
See accompanying notes to unaudited consolidated condensed financial statements.				

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<i>(in thousands)</i>	June 30, 2010	December 31, 2009
ASSETS		
Cash and due from banks	\$ 89,026	\$ 55,802
Interest-earning deposits with banks	407,922	249,272
Total cash and cash equivalents	496,948	305,074
Securities available for sale at fair value (amortized cost of \$681,499 and \$602,675, respectively)	709,917	620,038
Federal Home Loan Bank stock at cost	17,908	11,607
Loans, net of deferred loan fees of (\$4,047) and (\$4,616), respectively	1,945,972	2,008,884
Less: allowance for loan and lease losses	59,748	53,478
Noncovered loans, net	1,886,224	1,955,406
Loans covered under FDIC loss share agreements	584,954	
Total loans, net	2,471,178	1,955,406
FDIC indemnification asset	194,865	
Interest receivable	15,167	10,335
Premises and equipment, net	61,360	62,670
Other real estate owned (\$14,351 and \$0 covered by FDIC loss share at June 30, 2010 and December 31, 2009, respectively)	37,165	19,037
Goodwill	110,013	95,519
Core deposit intangible, net	20,776	4,863
Other assets	153,818	116,381
Total Assets	\$ 4,289,115	\$ 3,200,930
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits:		
Non-interest bearing	\$ 835,356	\$ 574,687
Interest-bearing	2,449,591	1,908,018
Total deposits	3,284,947	2,482,705
Federal Home Loan Bank advances	125,766	100,000
Securities sold under agreements to repurchase	25,000	25,000
Other borrowings		