

COLUMBIA BANKING SYSTEM INC

Form 10-Q

November 06, 2009

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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 September 30, 2009.

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

(Registrant'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 October 31, 2009 was 28,098,853

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

<i>(in thousands except per share)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Interest Income				
Loans	\$ 29,151	\$ 35,590	\$ 88,202	\$ 114,227
Taxable securities	4,327	4,615	12,730	14,490
Tax-exempt securities	2,169	1,997	6,258	5,997
Federal funds sold and deposits in banks	53	135	69	379
Total interest income	35,700	42,337	107,259	135,093
Interest Expense				
Deposits	5,531	10,148	18,297	36,444
Federal Home Loan Bank and Federal Reserve bank borrowings	651	1,887	2,116	6,464
Long-term obligations	280	423	937	1,339
Other borrowings	120	286	357	652
Total interest expense	6,582	12,744	21,707	44,899
Net Interest Income	29,118	29,593	85,552	90,194
Provision for loan and lease losses	16,500	10,500	48,500	27,926
Net interest income after provision for loan and lease losses	12,618	19,093	37,052	62,268
Noninterest Income (Loss)				
Service charges and other fees	3,806	3,823	10,982	11,129
Merchant services fees	1,957	2,081	5,607	6,159
Redemption of Visa and Mastercard shares			49	3,028
Gain on sale of investment securities, net				882
Loss on impairment of equity securities		(18,517)		(18,517)
Bank owned life insurance (BOLI)	515	533	1,532	1,587
Other	912	1,134	2,994	4,248
Total noninterest income (loss)	7,190	(10,946)	21,164	8,516
Noninterest Expense				
Compensation and employee benefits	11,869	12,173	36,017	37,917
Occupancy	3,023	3,248	9,005	9,706
Merchant processing	896	961	2,589	2,731
Advertising and promotion	296	579	1,675	1,797
Data processing	1,010	909	2,974	2,507
Legal and professional fees	793	765	2,779	1,479
Taxes, licenses and fees	582	720	1,975	2,267
Regulatory premiums	1,220	578	4,719	1,414
Net cost of operation of other real estate	318	4	590	(19)

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Other	3,139	3,454	9,318	10,513
Total noninterest expense	23,146	23,391	71,641	70,312
Income (loss) before income taxes	(3,338)	(15,244)	(13,425)	472
Income tax benefit	(1,836)	(6,485)	(7,905)	(3,682)
Net Income (Loss)	\$ (1,502)	\$ (8,759)	\$ (5,520)	\$ 4,154
Net Income (Loss) Applicable to Common Shareholders	\$ (2,605)	\$ (8,759)	\$ (8,818)	\$ 4,154
Earnings (loss) per common share				
Basic	\$ (0.11)	\$ (0.49)	\$ (0.45)	\$ 0.23
Diluted	\$ (0.11)	\$ (0.49)	\$ (0.45)	\$ 0.23
Dividends paid per common share	\$ 0.01	\$ 0.17	\$ 0.06	\$ 0.51

See accompanying notes to unaudited consolidated condensed financial statements.

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<i>(in thousands)</i>	September 30, 2009	December 31, 2008
ASSETS		
Cash and due from banks	\$ 74,563	\$ 84,787
Interest-earning deposits with banks	126,355	3,943
Total cash and cash equivalents	200,918	88,730
Securities available for sale at fair value (amortized cost of \$629,294 and \$525,110, respectively)	646,620	528,918
Federal Home Loan Bank stock at cost	11,607	11,607
Loans held for sale		1,964
Loans, net of deferred loan fees of (\$4,618) and (\$4,033), respectively	2,063,398	2,232,332
Less: allowance for loan and lease losses	51,688	42,747
Loans, net	2,011,710	2,189,585
Interest receivable	11,185	11,646
Premises and equipment, net	63,066	61,139
Other real estate owned	18,137	2,874
Goodwill	95,519	95,519
Core deposit intangible, net	5,112	5,908
Other assets	103,154	99,189
Total Assets	\$ 3,167,028	\$ 3,097,079
LIABILITIES AND SHAREHOLDERS EQUITY		
Deposits:		
Non-interest bearing	\$ 490,512	\$ 466,078
Interest-bearing	1,953,055	1,916,073
Total deposits	2,443,567	2,382,151
Federal Home Loan Bank and Federal Reserve Bank borrowings	101,000	200,000
Securities sold under agreements to repurchase	25,000	25,000
Other borrowings	51	201
Long-term subordinated debt	25,653	25,603
Other liabilities	43,837	48,739
Total liabilities	2,639,108	2,681,694
Commitments and contingent liabilities		