

UMPQUA HOLDINGS CORP
Form 11-K
June 30, 2014
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended DECEMBER 31, 2013

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

For the transition period from _____ to _____ .
Commission File Number.....001-34624

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

STERLING SAVINGS BANK
EMPLOYEE SAVINGS AND INVESTMENT PLAN AND TRUST

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Umpqua Holdings Corporation
Umpqua Bank Plaza
One SW Columbia Street, Suite 1200
Portland, OR 97258

REQUIRED INFORMATION

Item 4. Financial statements and schedules for the Sterling Savings Bank Employee Savings and Investment Plan and Trust prepared in accordance with the financial reporting requirements of the Employee Retirement Income Security Act of 1974 are contained in this annual report on Form 11-K.

Sterling Savings Bank
Employee Savings and Investment Plan and Trust
Financial Statements, Supplemental Schedules and Exhibit

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Report of Independent Registered Public Accounting Firm

To the Plan Administrator
Sterling Savings Bank Employee Savings
and Investment Plan and Trust
Portland, Oregon

We have audited the accompanying statements of net assets available for benefits of the Sterling Savings Bank Employee Savings and Investment Plan and Trust (the "Plan") as of December 31, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013 and 2012, and the changes in net assets available for benefits for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental Schedule H, line 4(i) - Schedule of Assets (Held at End of Year) as of December 31, 2013, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ BDO USA, LLP
Spokane, Washington
June 30, 2014

Sterling Savings Bank
 Employee Savings and Investment Plan and Trust
 Statements of Net Assets Available for Benefits
 December 31, 2013 and 2012

| | 2013 | 2012 |
|--|---------------|--------------|
| Assets | | |
| Investments, at fair value | | |
| Common stock of Sterling Financial Corporation | \$7,055,273 | \$4,453,089 |
| Money market and other cash equivalents | 5,349,907 | 3,949,100 |
| Mutual funds | 94,819,406 | 73,496,537 |
| Total investments, at fair value | 107,224,586 | 81,898,726 |
| Notes receivable from participants | 2,642,063 | 2,016,755 |
| Total assets | 109,866,649 | 83,915,481 |
| Net assets available for benefits | \$109,866,649 | \$83,915,481 |

See accompanying summary of accounting policies and notes to financial statements.

Sterling Savings Bank
 Employee Savings and Investment Plan and Trust
 Statement of Changes in Net Assets Available for Benefits
 Year Ended December 31, 2013

| | 2013 |
|---|---------------|
| Additions to net assets attributed to: | |
| Investment income: | |
| Interest | \$88,737 |
| Dividends | 3,781,357 |
| Net appreciation in fair value of investments | 14,330,016 |
| Total investment income | 18,200,110 |
| Contributions: | |
| Participants | 10,481,901 |
| Rollovers from qualified plans | 2,881,963 |
| Employer | 3,243,146 |
| Total investment income and contributions | 34,807,120 |
| Deductions from net assets attributed to: | |
| Distributions to participants | 12,722,691 |
| Administrative expenses | 131,139 |
| Total deductions from net assets | 12,853,830 |
| Increase in net assets available for benefits | 21,953,290 |
| Transfer of assets from other plan | 3,997,878 |
| Net assets available for benefits: | |
| Beginning of year | 83,915,481 |
| End of year | \$109,866,649 |

See accompanying summary of accounting policies and notes to financial statements.

Sterling Savings Bank
Employee Savings and Investment Plan and Trust
Summary of Accounting Policies

Basis of Accounting

The financial statements of the Sterling Savings Bank ("Sterling" or the "Employer") Employee Savings and Investment Plan and Trust (the "Plan") are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Investments Valuation and Income Recognition

The Plan's investments are stated at fair value. Sterling Financial Corporation common stock is valued at the quoted market price on the last trading day of the year, which represents the value of shares held by the Plan at year end. Mutual funds are valued using quoted market prices representing the net asset value on the last trading day of the year.

The Plan presents in the statement of changes in net assets available for benefits the net appreciation or depreciation in the fair value of its investments, which consists of the realized gains or losses and the net unrealized appreciation or depreciation on those investments.

Investment purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Benefit Payments

Benefits are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions that may affect certain reported amounts of net assets available for benefits, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Accordingly, actual results could differ from those estimates.

Risks and Uncertainties

The Plan provides for investing in various investment options including combinations of stocks, mutual funds and other investment securities including Sterling Financial Corporation common stock. These investment options are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

Sterling Savings Bank
Employee Savings and Investment Plan and Trust
Notes to Financial Statements

1. Description of Plan

The following description of the Plan provides only general information. Participants should refer to the Summary Plan Description and the Plan document itself for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan, which became effective on July 1, 1985. Employees who have attained the age of 18 are eligible to enroll on the first day of employment. Unless an employee elects otherwise, an eligible employee will be automatically enrolled in the Plan after 60 days of employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Contributions

Subject to regulatory limitations, participants may contribute from 1% to 75% of their compensation up to the statutory maximum (\$17,500 annually for 2013 and \$17,000 annually for 2012) through payroll deductions to the Plan. Employees who do not affirmatively specify their contribution election or their election to opt-out of the Plan will automatically contribute 3% of their compensation. As of May 1, 2012, the Plan began offering a Roth contribution option, which allows the employee to contribute after-tax dollars.

Participant contributions are entitled to a non-discretionary Employer matching contribution. The matching contribution formula provides that the Employer will contribute a match of 35% of the employee's contribution, not to exceed 10% of the participant's eligible compensation. Additional amounts may be contributed at the option of Sterling as a discretionary profit sharing contribution. No discretionary profit sharing contributions were made in 2013 or 2012.

Investment Options

Participant contributions and the Employer match are invested in separate investment options as designated by the individual participants. If not otherwise designated, the Employer match defaults to the same investment elections as the employee's contributions. Participants may elect to reallocate the amounts invested in each investment on any business day. The participant's investment in Sterling Financial Corporation common stock is limited to 50% of the participant's account balance. Effective in 2014, the Plan was amended to reduce the limitation on employer stock investments from the limit of 50% to 30%.

Participant Accounts

Separate accounts are maintained for each participant. Each participant's account is credited with the participant's contribution (including any rollover contributions), an allocation of Sterling's contribution and any Plan earnings, and is debited with any losses and expenses. Allocations of Sterling's contribution and Plan earnings or losses and expenses are based on participant account balances, as defined in the Plan document. Each participant's benefit is the amount of any balance that has accumulated in his or her account.

Vesting

A participant is 100% vested in his or her voluntary contributions plus actual earnings thereon. Sterling's contributions and earnings thereon are subject to a vesting schedule of 50% after two years and 100% after three years of service.

Forfeitures

Forfeitures resulting from the nonvested portions of participants' accounts who terminate employment prior to being fully vested are generally used to reduce future matching contributions or to pay the administrative expenses of the Plan. Amounts forfeited during 2013 and 2012 totaled \$122,095 and \$110,049, respectively. Forfeitures in the amount of \$88,278 and \$89,625 were used to pay administrative expenses of the Plan during the years ended December 31, 2013 and 2012, respectively. Remaining forfeiture balances at December 31, 2013 and 2012 of \$64,718 and \$30,901 are available to pay administrative expenses and/or reduce employer contributions. No forfeitures were used to offset Employer contributions during the years ended December 31, 2013 and 2012.

Sterling Savings Bank
Employee Savings and Investment Plan and Trust
Notes to Financial Statements

Payment of Benefits

Distributions are made upon termination, death, disability, retirement or qualifying hardships. Participants or their beneficiaries will receive payment of benefits as follows: (a) balances of \$5,000 or less will be distributed in a lump sum; or (b) balances greater than \$5,000 will be distributed in various optional forms of distribution. Any amounts less than \$1,000 are automatically distributed in cash.

Notes Receivable from Participants

A participant may borrow from his or her fund account up to a maximum of 50% of his or her vested account balance. However, only one note receivable can be outstanding at a time and it can be no more than \$50,000 minus the participant's highest outstanding note receivable amount during the prior twelve months. The notes receivable are secured by the vested balance in the participant's account and bear a fixed rate of interest set at the Federal Reserve prime rate plus 1%, calculated at the end of each month and applied to all notes receivable funded during the next month. In 2013, total interest income credited was approximately \$89,000, of which the majority was related to interest income from notes receivable from participants. Principal and interest are paid ratably through regular payroll deductions over a period not to exceed five years, unless the note receivable is for the purchase of the participant's primary residence. Participants pay an origination fee, as well as an annual maintenance fee. If a note is not repaid when due, the note balance is treated as a taxable distribution from the Plan.

Administrative Expenses

Each share of Sterling Financial Corporation common stock purchased by the Plan on the open market is subject to a fee of \$0.029 per share, which is paid by the participants. Participants also pay various transaction related fees for participant requested services. Either the Plan or Sterling pays the trustee fee charged by Fidelity Investments, the investment consulting fee charged by the Multnomah Group, as well as other fees, expenses and commissions.

Hardship Withdrawals

Hardship withdrawals of the participants' contributions are permitted by the Plan in accordance with the Internal Revenue Code of 1986, as amended (the "Code"). Following a hardship withdrawal, the participant cannot make a pre-tax deferral or after-tax contribution for six months following receipt of the distribution.

Sterling Savings Bank
Employee Savings and Investment Plan and Trust
Notes to Financial Statements

2. Investments

The following table presents the fair value of investments that represent 5% or more of the Plan's net assets at December 31, 2013 and 2012.

| | 2013 | 2012 |
|---|--------------|-------------|
| Fidelity Freedom 2025 Fund | \$11,216,449 | \$8,822,929 |
| Fidelity Freedom 2020 Fund | 9,944,259 | 8,315,335 |
| Fidelity Freedom 2030 Fund | 9,256,166 | 6,487,065 |
| Fidelity Freedom 2035 Fund | 7,182,653 | 5,307,303 |
| Sterling Financial Corporation common stock | 7,055,273 | 4,453,089 |
| Fidelity Freedom 2015 Fund | 6,643,876 | 6,015,828 |
| Dodge & Cox International Stock Fund | 6,299,364 | 4,626,662 |

During the year ended December 31, 2013, the Plan's investments appreciated in value (including gains and losses on investments purchased and sold, as well as held during the year) as follows:

| | 2013 |
|--|--------------|
| Common stock of Sterling Financial Corporation | \$2,765,187 |
| Mutual funds | 11,564,829 |
| Total | \$14,330,016 |

3. Plan Termination

Although it has not expressed an intent to do so, Sterling has the right to discontinue its contributions to the Plan at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants' accounts will become fully vested and non-forfeitable. All assets remaining in the Plan after payment of any expenses properly chargeable against the Plan shall be paid to participants in accordance with the terms of the Plan. Refer to footnote 9 for discussion of the impact of subsequent events on the Plan.

4. Fair Value Measurements

The framework for defining and measuring fair value requires that one of three valuation methods be used to determine fair market value: the market approach, the income approach or the cost approach. To increase consistency and comparability in fair value measurements and related disclosures, the standard also creates a fair value hierarchy to prioritize the inputs to these valuation methods into the following three levels:

Level 1 inputs are a select class of observable inputs, based upon the quoted prices for identical instruments in active markets that are accessible as of the measurement date, and are to be used whenever available.

Level 2 inputs are other types of observable inputs, such as quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are inactive; or other inputs that are observable or

can be derived from or supported by observable market data. Level 2 inputs are to be used whenever Level 1 inputs are not available.

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Sterling Savings Bank
Employee Savings and Investment Plan and Trust
Notes to Financial Statements

Level 3 inputs are significantly unobservable, reflecting the reporting entity's own assumptions regarding what market participants would assume when pricing a financial instrument. Level 3 inputs are to only be used when Level 1 and Level 2 inputs are unavailable.

Assets and Liabilities Measured at Fair Value on a Recurring Basis. The following presents the Plan's financial instruments that are measured at fair value on a recurring basis:

| | Total | Level 1 | Level 2 | Level 3 |
|---|---------------|---------------|---------|---------|
| Balance, December 31, 2013: | | | | |
| Sterling Financial Corporation Common stock | \$7,055,273 | \$7,055,273 | \$0 | \$0 |
| Money market and other cash equivalents | 5,349,907 | 5,349,907 | 0 | 0 |
| Mutual funds: | | | | |
| Blend funds | 68,582,557 | 68,582,557 | 0 | 0 |
| Growth funds | 14,457,905 | 14,457,905 | 0 | 0 |
| Fixed Income funds | 3,493,198 | 3,493,198 | 0 | 0 |
| Value funds | 8,285,746 | 8,285,746 | 0 | 0 |
| Total mutual funds | 94,819,406 | 94,819,406 | 0 | 0 |
| Total investments, at fair value | \$107,224,586 | \$107,224,586 | \$0 | \$0 |
| Balance, December 31, 2012: | | | | |
| Sterling Financial Corporation Common stock | \$4,453,089 | \$4,453,089 | \$0 | \$0 |
| Money market and other cash equivalents | 3,949,100 | 3,949,100 | 0 | 0 |
| Mutual funds: | | | | |
| Blend funds | 54,287,125 | 54,287,125 | 0 | 0 |
| Growth funds | 10,554,132 | 10,554,132 | 0 | 0 |
| Fixed Income funds | 4,135,091 | 4,135,091 | 0 | 0 |
| Value funds | 4,520,189 | 4,520,189 | 0 | 0 |
| Total mutual funds | 73,496,537 | 73,496,537 | 0 | 0 |
| Total investments, at fair value | \$81,898,726 | \$81,898,726 | \$0 | \$0 |

Mutual funds are valued using quoted market prices to represent the net asset value on the last trading day of the year. The Money Market fund is a type of mutual fund that is valued using \$1 per share for the Net Asset Value. Sterling Financial Corporation common stock was valued at its quoted market price on the last trading day of the year.

Sterling Savings Bank
Employee Savings and Investment Plan and Trust
Notes to Financial Statements

5. Income Tax Status

The Internal Revenue Service ruled on March 31, 2008 that the Volume Submitter Profit Sharing Plan with CODA (the prototype plan document of Fidelity Management & Research Co. utilized by the Plan) qualifies under Section 401(a) of the Code and the related trust is, therefore, not subject to tax under present income tax law. The Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator is not aware of any course of action or series of events that have occurred that might adversely affect the Plan's qualified status. Although the Plan has been amended since receiving the tax determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the Code and, therefore, believe that the Plan is qualified and the related trust is tax-exempt.

6. Parties-In-Interest

Certain Plan investments are shares of mutual funds managed by Fidelity Investments, which is the trustee of the Plan. No direct transaction fees or commissions were paid, or are payable, by the Plan through the Trust relating to these funds in 2013.

Certain Plan investments are shares in Sterling Financial Corporation common stock, as detailed in Note 2. Sterling Financial Corporation is the parent company of Sterling and therefore these transactions also qualify as party-in-interest transactions.

7. Commitments and Contingencies

On January 20 and 22, 2010, two putative class action complaints were filed in the United States District Court for the Eastern District of Washington against Sterling Financial Corporation and Sterling Savings Bank (collectively, "Sterling"), as well as certain of Sterling's current and former officers and directors. The two complaints were merged in a Consolidated Amended Complaint (the "Complaint") filed on July 16, 2010 in the same court. The Complaint did not name all of the individuals named in the prior complaints, but it is expected that additional defendants will be added. The Complaint alleged that the defendants breached their fiduciary duties under sections 404 and 405 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), with respect to the Sterling Savings Bank Employee Savings and Investment Plan (the "401(k) Plan") and the FirstBank Northwest Employee Stock Ownership Plan ("ESOP") (collectively, the "Plans").

Specifically, the Complaint alleged that the defendants breached their duties by investing assets of the Plans in Sterling's securities when it was imprudent to do so, and by investing such assets in Sterling securities when defendants knew or should have known that the price of those securities was inflated due to misrepresentations and omissions about Sterling's business practices. The business practices at issue included alleged over-reliance on risky construction loans; alleged inadequate loan reserves; alleged spiking increases in nonperforming assets, nonperforming loans, classified assets, and over 90-day delinquent loans; alleged inadequate accounting for rising loan payment shortfalls; alleged unsafe and unsound banking practices; and a capital base that was allegedly inadequate to withstand the significant deterioration in the real estate markets. The putative class periods were October 22, 2007 to the present for the 401(k) Plan class, and October 22, 2007 to November 14, 2008 for the ESOP class. The Complaint sought damages of an unspecified amount and attorneys' fees and costs.

On September 26, 2012, Sterling received a letter from the U.S. Department of Labor (the "Department of Labor") containing similar allegations as those set forth in the Complaint, demanding that the violations alleged in the Department of Labor's letter be corrected and notifying Sterling that the Department of Labor may take legal action in connection with such allegations, including assessing a civil money penalty. In January 2013, a tentative settlement was reached, pursuant to which Sterling agreed to pay \$3.0 million to settle the claims. The settlement was paid by Sterling and its insurance carrier, not the Plan, to participants through their participant accounts in the Plan. On March 29, 2013, the Court preliminarily approved the settlement. On May 31, 2013, the Department of Labor issued a no action letter contingent on court approval at the final fairness hearing. The final fairness hearing was held on July 11, 2013, at which

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Sterling Savings Bank
Employee Savings and Investment Plan and Trust
Notes to Financial Statements

time the Court accepted a non-objection letter from the Department of Labor and approved the settlement. The funds have been allocated to eligible class members pursuant to the terms of the settlement agreement.

8. Transfer of Assets

On February 28, 2013, Sterling Financial Corporation acquired American Heritage Holdings and its bank subsidiary, Borrego Springs Bank, N.A. Effective March 1, 2013, certain employees of Borrego Springs Bank became employees of Sterling. On December 2, 2013, the assets from the Borrego Springs Bank Employees 401(k) Plan attributable to these employees transferred into the Plan. Assets increased by \$3,997,878 as a result of these assets being transferred into the Plan.

9. Subsequent Events

The Plan has evaluated subsequent events through the date the financial statements were available to be issued.

On April 18, 2014, Sterling Financial Corporation merged with and into Umpqua Holdings Corporation ("Umpqua") with Umpqua continuing as the surviving corporation. Immediately following the merger, Sterling merged with and into Umpqua's wholly owned subsidiary, Umpqua Bank. Thereafter, the employees of Sterling became employees of Umpqua Bank. The Sterling Financial Corporation stock held by participants of the Plan was converted to shares of Umpqua stock at an exchange rate of 1.671 to one; in addition, each share received \$2.18 of cash. The assets of the Plan were frozen as of April 18, 2014, and are intended to be merged into the Umpqua Bank 401(k) and Profit Sharing Plan at a subsequent date.

Sterling Savings Bank
Employee Savings and Investment Plan and Trust
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)
December 31, 2013
EIN: 91-1166044 Plan Number: 001

| (a) | (b) | (c) | (d) | (e) |
|-----|---|--|------|------------------|
| | Identity of Issue, Borrower, Lessor or Similar Party | Description of Investment including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | Cost | Current Value |
| | Money Market Accounts | | | |
| * | Fidelity Retire Money Market | Money Market, 4,900,606 units | ** | \$4,900,606 |
| * | Fidelity US Treasury | Money Market, 433,111 units | ** | 433,111 |
| * | Cash Equivalents | N/A | ** | 16,190 |
| | | | | 5,349,907 |
| | Common Stock | | | |
| * | Sterling Financial Corporation | Common stock, 207,021 shares | ** | 7,055,273 |
| | Mutual Funds | | | |
| * | Fidelity Freedom 2025 | Mutual fund, 842,076 shares | ** | 11,216,449 |
| * | Fidelity Freedom 2020 | Mutual fund, 637,044 shares | ** | 9,944,259 |
| * | Fidelity Freedom 2030 | Mutual fund, 567,863 shares | ** | 9,256,166 |
| * | Fidelity Freedom 2035 | Mutual fund, 532,838 shares | ** | 7,182,653 |
| * | Fidelity Freedom 2015 | Mutual fund, 521,088 shares | ** | 6,643,876 |
| | Dodge & Cox International Stock | Mutual fund, 146,361 shares | ** | 6,299,364 |
| | JPM Large Cap Growth Select | Mutual fund, 148,033 shares | ** | 4,704,480 |
| * | Fidelity Freedom 2040 | Mutual fund, 469,518 shares | ** | 4,469,808 |
| * | Spartan 500 Index Adv | Mutual fund, 65,064 shares | ** | 4,261,025 |
| * | Fidelity Freedom 2045 | Mutual fund, 387,757 shares | ** | 4,253,694 |
| | ABF Large Cap Val PA | Mutual fund, 133,299 shares | ** | 3,633,721 |
| | Vanguard Small Growth Index | Mutual fund, 104,741 shares | ** | 3,599,933 |
| * | Fidelity Balanced | Mutual fund, 151,891 shares | ** | 3,455,513 |
| | Vanguard Selected Value | Mutual fund, 116,620 shares | ** | 3,288,677 |
| * | Fidelity Total Bond | Mutual fund, 285,568 shares | ** | 2,981,327 |
| | Buffalo Mid Cap | Mutual fund, 143,662 shares | ** | 2,697,979 |
| * | Fidelity Freedom 2050 | Mutual fund, 188,223 shares | ** | 2,076,095 |
| | Vanguard Small Value Index | Mutual fund, 58,438 shares | ** | 1,363,348 |
| * | Fidelity Freedom 2010 | Mutual fund, 68,250 shares | ** | 1,044,913 |
| * | Fidelity Freedom Income | Mutual fund, 61,946 shares | ** | 727,244 |
| | Vanguard Inflation Protected Securities | Mutual fund, 20,097 shares | ** | 511,871 |
| * | Fidelity Freedom 2055 | Mutual fund, 27,707 shares | ** | 321,675 |
| * | Fidelity Freedom 2005 | Mutual fund, 26,405 shares | ** | 312,897 |
| * | Fidelity Freedom 2000 | Mutual fund, 24,238 shares | ** | 301,285 |
| * | Spartan ST TR Idx Adv | Mutual fund, 25,997 shares | ** | 271,154 |
| | Total mutual funds | | | 94,819,406 |
| | Total investments, at fair value | | | 107,224,586 |
| * | Participant Loans | Interest ranging from 4.25% to 9.25% | | |

| | | | |
|--------------|----------------------------|----|---------------|
| | maturing through July 2035 | ** | 2,642,063 |
| Total assets | | | \$109,866,649 |

* Indicates party-in-interest to the Plan.

** Indicates a participant or beneficiary directed account. The cost disclosure is not required.

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Sterling Savings Bank
Employee Savings and Investment Plan and Trust
Signatures

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Sterling Savings Bank Employee Savings and Investment Plan and Trust

Date: June 30, 2014
/s/ Ezra Eckhardt
Ezra Eckhardt
Executive Vice President, Shared Services Executive

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INDEX TO EXHIBITS

| Exhibit No. | Description |
|-------------|--|
| 23.1 | Consent of Independent Registered Public Accounting Firm |

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