



2018 Corporate Responsibility Report



UMPQUA BANK

Contents



About Us	3
Message from Our President and CEO	6
Corporate Responsibility Strategy	7
Support Communities	10
Serve Customers	31
Operate Sustainably	40
Do Meaningful Work	44
Corporate Structure	51

Who We Are

Umpqua Bank, a subsidiary of Umpqua Holdings Corporation, was born in 1953, when neighbors came together to create a better place for families to cash their checks than the local watering hole.

Since then, we've never stopped working to introduce new ways of banking that make money a more accessible part of people's lives and businesses.

In today's age of technology, we still believe in the transformative power of personal relationships—particularly in those moments when life and money meet.

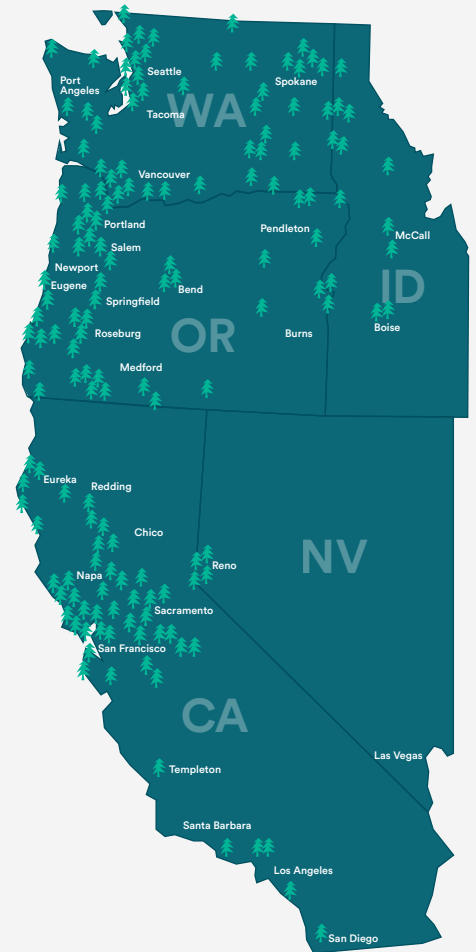
As we look to the future, we're committed to building on our history and dedication to making an impact for those we serve.

Quick Facts

Our team of nearly **4,000 associates** builds meaningful human connections with customers digitally and in person in more than **300 locations** across **5 states**.

We collectively volunteered over **48,000 hours** and gave more than **\$3.4 million** to support our communities in 2018. We provided more than **300,000 hours** of career development training to help our associates grow.

We've been honored by business and community leaders as Oregon's "Most Admired Financial Services Company" for **14 straight years**.



How We're Structured

Parent Company

Umpqua Holdings Corporation
(NASDAQ: UMPQ)

Primary Operating Subsidiaries of Umpqua Holdings Corporation

Umpqua Bank

Umpqua Investments, Inc.

Subsidiaries of Umpqua Bank

Financial Pacific Leasing, Inc.



Report Scope

This is our inaugural report to stakeholders on efforts to advance corporate responsibility at Umpqua Bank. This report covers Umpqua Bank's operations for fiscal year end 2018, unless noted. The report does not include information on Umpqua Investments, Inc. or Financial Pacific Leasing, Inc.

Our Story

Raising the bar

Umpqua Bank was founded in 1953 in Canyonville, Oregon, under the name South Umpqua State Bank. Home to around 850 residents, Canyonville didn't have a bank. Workers relied on local taverns to cash their checks, facing the temptation to put their pay toward their tabs.

Recognizing the challenges this created for families, a group of Canyonville leaders set out to build a healthier place for the community to access their money: a local bank. What began as a solution to a local problem was soon benefiting neighbors in the surrounding areas—and beyond. Back then, the bank had a saying: “From little acorns, what mighty oaks grow.”

A warm greeting

The next 40 years brought few new developments in banking. Banks were a community cornerstone—and still formal, highly structured and often intimidating spaces. Then, the '90s brought greater adoption of changing technologies like ATMs and debit cards, making banking both more complex and less personal.

We listened to our customers and recognized an opportunity to once again meet a need—and set ourselves apart. We set out to transform banking from a chore into an approachable, even enjoyable experience. We pioneered the bank branch-as-community hub model, introducing innovative bank stores. From yoga classes to movie nights to associates cross-trained to serve customers, Umpqua's stores were designed to make interacting with money more human.

Inspired by coffee shops, our “stores” earned international acclaim for transforming the banking experience, connecting people and communities, and deepening customer loyalty.

Banking on meaningful human connection

Today, Umpqua Bank is the largest bank headquartered in the Pacific Northwest, with more than \$25 billion in assets and more than 300 locations across the Western United States. While technology is making it possible for customers to adopt digital solutions, the need for access to expertise tailored to customers' lives and businesses has never been stronger. And that's what we aim to meet.

We understand that money is an essential part of life, and we believe that as a bank, we have a unique opportunity to help our customers and communities prosper. Across every part of the company, we're committed to being a partner in those moments when life, business and money meet.

We're proud of the business that sprouted from that little acorn. As we continue to grow and branch out to new customers, our community roots are only getting stronger.



Welcome to Canyonville

Resting at the base of what was known as the “Dread Canyon of the Umpqua Valley,” Canyonville was an oasis for early wagon train parties attempting to access Oregon by way of Northern California.

Settlers reached Canyonville after descending the most difficult terrain on the treacherous Applegate Trail. With broken wagons and an optimistic outlook, some decided to stay. Canyonville was rich in timber and fertile soil, a postcard of their Oregon dream.

In 1901, Canyonville became the second incorporated town in Oregon. Over the next 50 years, it thrived, drawing timber workers, ranchers and farmers who forged the type of familial rural community where people know and take care of one another.

Canyonville had become a thriving small town, where folks did right by one another because it was the right thing to do. It had a post office, church, and five taverns—everything its residents needed. Everything, that is, except a bank.

Message from Our President and CEO



We operate with the deeply held belief that the lasting success of our business lies in the enduring vitality of the communities we serve.

As a bank, we work in a deeply personal space, helping people navigate the complicated intersection between life, business and money. At Umpqua, we believe we have both the obligation and opportunity to help make that relationship as good as it can be—both through innovative banking and by helping our communities thrive.

Over the past 66 years, we've strived to build on our history, deepening the connection between our business and communities up and down the West Coast. Today, we're the largest bank headquartered in the Pacific Northwest and one of the largest regional banks on the West Coast, with nearly 4,000 associates and more than \$25 billion in assets. We've developed a unique business strategy—human digital banking—that uses technology not just to create efficiency but also to empower deeper human relationships.

As we're modernizing our company to deliver human digital banking, we've also evolved and expanded our approach to corporate responsibility. We're dedicated to integrating our values across the organization, leveraging all parts of our company—our financial muscle, operational scale and institutional strengths—to create value for our associates, customers, communities and shareholders.

This approach to corporate responsibility reflects our ongoing desire to make a meaningful difference in the financial well-being of our

communities. It's work that runs deep in Umpqua's DNA, and you'll see examples of how we're working to take it to the next level throughout this report—from investing in training and development for our associates to building a more diverse and inclusive organization and creating new programs to connect our teams' expertise with those in our communities who need it most.

We're also doubling down on our efforts to streamline operations in the name of sustainability and bring real human connection to digital banking. And we're sharing our approach to corporate responsibility as a guide to how we integrate our values across the organization.

Our corporate responsibility strategy serves as a steward of our good intentions—a framework for deepening the connection between our business and stakeholders. It includes four pillars: Support Communities, Serve Customers, Operate Sustainably and Do Meaningful Work. In this report, you'll see how we think about these pillars and how we're using them to deliver an even more significant impact across our communities in the future.

For example, last year, we launched Umpqua Go-To, the industry's first human digital banking platform, which gives each of our customers instant access to their own personal banker regardless of the size of their balance. We donated more than 48,000 volunteer hours and more than \$3.4 million

dollars to support our communities. We streamlined operations, planted the seeds for a Sustainability Council and improved our diversity numbers. It's important and exciting progress.

We also recognize that the issues we're tackling are big and complex, and we approach this journey with humility. We have a lot to learn and a long way to go—and can't do it alone. As we strive to be great, we challenge ourselves to recognize how and where we can get even better along the way.

We're proud of where we come from and look forward to where we're going. As our journey unfolds, we will continue to reinvent and innovate how we operate, serve and give with a goal of contributing meaningfully to the long-term well-being of those we serve.

Sincerely,

Cort O'Haver
President and CEO



CORPORATE RESPONSIBILITY STRATEGY

Turning purpose into priorities

From our first days, Umpqua has been inspired to empower communities' financial well-being. We've done so through our human approach to banking, by staying well-connected to our communities and with an unshakeable desire to lift people up.

As people and businesses change, we are, too. We're evolving to incorporate corporate responsibility in new and deeper ways.

This involves tapping into our core strengths as a regional financial institution and leveraging them to advance our values—and create lasting value for those we serve.

Corporate Responsibility Strategy

We're building on our history of corporate citizenship and strengthening the integration of our business and values.

Guiding our direction

This journey to transform our social purpose into business priorities began by asking ourselves a few important questions:

1. How can we leverage our resources to drive meaningful change in our communities?
2. How can we harness the power of personal relationships to help our customers live their best financial lives?
3. How can we continue to streamline our operations to be more environmentally sustainable?
4. What can we provide to help our associates develop fulfilling careers?

Making progress

These questions are helping us plot our course forward. Developing new and innovative answers is a key part of shaping our course as we continue to evolve as a company.

For example, we're working to leverage all parts of the company to help advance work that creates financial opportunity for our customers, communities, associates and shareholders. Getting there will require exploring new paths, like finding ways to go beyond philanthropy in our giving and continually exploring the financial challenges of our customers.

With nearly 4,000 associates and over half a million customers across five states, we have the opportunity to create meaningful impact across a diverse range of urban and rural communities.

We believe that the investment we make in tying corporate responsibility into our business model will pay off not only in goodwill, but also to our bottom line, helping us grow and do more good work.

To guide our efforts to incorporate our corporate responsibility into our business, we've laid out a four-pillar approach. It's the foundation for connecting our values and strategic priorities.

Through this approach, we believe we have an opportunity to increase our impact—and help our company grow.

Corporate Responsibility Strategy

Pillars of Corporate Responsibility

Support Communities

As a financial services company, our best tools for supporting communities are our time, money and expertise. We give generously of each to make a meaningful difference in the financial well-being of our communities.

Serve Customers

Money is an essential part of peoples' lives and businesses. We design human digital customer experiences that empower our customers to have a healthy relationship with their finances.

Operate Sustainably

We're dedicated to streamlining our operational processes to build a more sustainable business and a healthier environment. We're advancing ways to lessen our impact and achieve our business goals.

Do Meaningful Work

We strive to create a dynamic and rewarding workplace for our associates through our commitment to building a more diverse team and focus on creating opportunities for professional growth and personal development.

Empower deeper, more meaningful relationships



Support Communities

By leveraging our business strengths.

Focus Areas:

Financial Giving
Empowered Volunteers
Expert Solutions



Serve Customers

Through human digital connections.

Focus Areas:

Real Access
Human-Centric Design
Customer Champions



Operate Sustainably

Using smart, responsible business practices.

Focus Areas:

Paper Usage
Transportation
Buildings & Infrastructure



Do Meaningful Work

By inspiring associates to be their best.

Focus Areas:

Diversity & Inclusion
Grow Careers
Make the Investment



Support Communities

We strive to help level the economic playing field wherever we operate.

Our work is focused on increasing the economic and social vitality of our communities—particularly in places where economic challenges stand in the way of access to good education and financial expertise. We do this by tapping both our business strengths and our passion for doing good. The first step is improving access to the basic building blocks for economic success.

We start at the beginning, helping kids get access to the tools they need to be successful from the earliest stages to those ready to leave high school for a career or the next stage of education. We also realize economic challenges affect families and kids' ability to learn. That's why we create greater access to affordable housing, small business solutions and financial empowerment through investments, engagement and partnerships.

In 2018, we supported our communities with more than 48,000 hours of volunteer service and over \$3.4 million in financial support while also advancing banking tools and solutions that help meet their needs.

Focus Areas



Financial Giving

We invest in people's potential.



Empowered Volunteers

We show up and help.



Expert Solutions

We boost financial capability.



Creating access

Having a healthy relationship with money can help improve overall wellness, yet it's one of the most difficult relationships in many people's lives. Navigating personal finances, buying a home and financing a small business can be downright daunting—especially for low-income individuals and families who may lack access to financial tools and expertise.

We're passionate about addressing these challenges through innovative, engaged partnerships that leverage local community resources. Together, we help members of our underserved communities with everything from improving their day-to-day relationships with money and finding affordable housing to accessing information and tools that provide new opportunities to start businesses or go back to school.

Why it matters

25%

of Americans (roughly 55 million people) say they have nothing saved in an emergency fund.¹

16%

of Americans between the ages of 18–26 are very optimistic about their financial future.²

5.9%

The unemployment rate for U.S. adults with no high school diploma in 2018.³

2.1%

The unemployment rate for adults with a college degree in 2018.⁴

14%

of students from low-income families graduate with a bachelor's degree.⁵

¹ CNBC <https://www.cnbc.com/2018/07/02/about-55-million-americans-have-no-emergency-savings.html>

² Financial Educators Council <https://www.financialeducatorsCouncil.org/why-is-financial-education-important-for-youth/>

^{3,4} Bureau of Labor Statistics <https://www.bls.gov/opub/ted/2018/unemployment-rate-2-1-percent-for-college-grads-4-3-percent-for-high-school-grads-in-april-2018.htm>

⁵ The Washington Post <https://www.washingtonpost.com/education/2018/09/18/college-rankings-need-more-focus-graduation-rates-low-income-students/>



Financial Giving

We make strategic investments that set the stage for ongoing community good.

\$1 million for underserved communities

In 2018, we developed our Economic Empowerment Program to expand economic education and opportunities for underserved populations.

As part of this program, we formed an Economic Empowerment Cohort to advance initiatives that expand access to job and financial support services, affordable housing, post-secondary education and career readiness opportunities.

In addition to our \$1 million financial investment, Umpqua is leading a multi-year collaborative partnership with the nonprofit cohort. This partnership includes significant investment of company resources and expertise to establish and sustain innovative economic empowerment and equality programs.

For our Economic Empowerment Cohort, we partnered with five organizations:

- Bienestar & African American Alliance for Homeownership
- Metropolitan Family Service
- Self Enhancement, Inc.
- Gateway to College National Network

Grants for educational attainment

Recognizing the fundamental connection between youth education and economic prosperity, we invest in learning programs for all ages, with topics ranging from reading development skills to college preparation.

Grants for economic opportunity

We invest in community development opportunities by supporting organizations that do great work and by providing funds for programs such as financial education, affordable housing and small business development.

Responding to disasters

When FEMA designates a disaster in our communities, we donate to the local Red Cross to support first responders. Once the immediate crisis is stabilized, we work with local associates and community leaders to identify and donate to organizations leading the critically important but often less-visible second responder efforts.

2018 Charitable Giving Highlights



\$3,414,182

Total given

\$1,315,910

Given for youth education

\$816,130

Given for economic opportunity

\$1,282,142

Given for additional local support

94%

Percent of grants support programs benefitting low- to moderate-income individuals



Funding for Educational Attainment

We help provide learning opportunities for underserved youth in our communities.

Educational Attainment Focus Areas

Early Childhood Learning

We believe it's never too early to start developing a foundation for learning, which is why we invest in organizations that help prepare youth for success in kindergarten.

Literacy and Math Achievement Benchmarks

Our nonprofit partners help students develop tools for high school success by preparing them to meet key academic achievement benchmarks, including third-grade reading and eighth-grade math.

Youth Enrichment

Engaging students in activities outside of the classroom helps them focus inside the classroom. We support a wide range of programs that promote multidimensional learning, including youth arts.

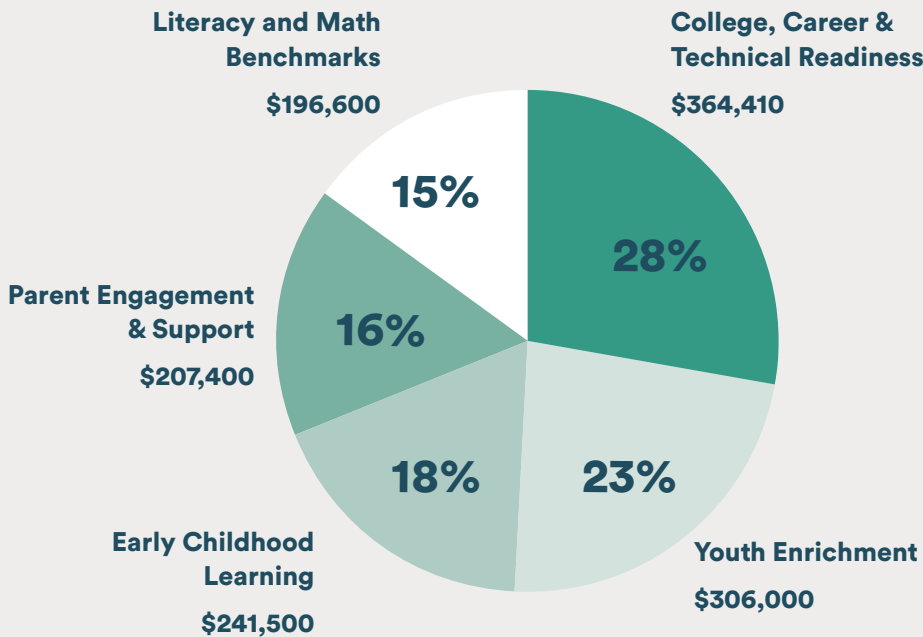
Parent Education and Support

Ask any teacher: educational success starts at home. Our support provides parents with the tools and resources needed to help their children be successful in school, including ensuring children have consistent and convenient access to food and other basic needs.

College, Technical, and Career Readiness

We fund organizations that work directly with students to guide and develop a financial life-path that will take them beyond high school graduation.

Giving in 2018



\$1,315,910

Total given for educational attainment

215

Total grants



Baker City Showdown

How our innovative approach to philanthropic giving is helping a rural community win the fight against summer learning loss.





In early 2016, when Baker City school superintendent Mark Witty had a vision to reverse the summer learning “slide” that was putting economically disadvantaged students in his rural community further behind, he needed a funder willing to look beyond traditional metrics and came to Umpqua.

Summer learning loss—a.k.a. “the summer slide”—is a significant cause of the high achievement gap in reading and math between students from low-income households and their higher-income peers. Witty saw an opportunity to close that gap.

He proposed forming a unique, six-week summer learning academy to support 200 first- through sixth-grade students who hadn’t reached educational benchmarks by year’s end and were therefore most vulnerable to further learning loss over the summer.

The program would provide these students with nearly 130 hours of reading, writing and math instruction, as well as a variety of educational enrichment activities. It would be free of charge, making it accessible to the most at-risk students.

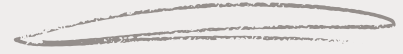
Witty had a vision and a detailed program for an academy. Now he

needed a partner who believed in his vision, took an entrepreneurial approach to philanthropy, and was willing to take a risk in an unknown and unproven program.

Summer learning loss—a.k.a. “the summer slide”—is a significant cause of the high achievement gap in reading and math between students from low-income households and their higher-income peers.

We were immediately intrigued. In Witty’s proposal, we saw a thoughtful leader and a close-knit community eager to tackle a significant educational problem. Despite the lack of existing program or traditional evaluation metrics, we decided to fund the

Baker City Summer Academy Highlights



Seed money we donated to fund the Academy:

\$90,000



Number of students it helped over the course of our three-year engagement:

548



Percentage of our Baker County team who volunteered at the Academy:

100%



Total hours of reading, writing and math instruction provided since opening:

400



Baker City Summer Academy with a significant, multi-year grant and on-the-ground support from our associates in Baker City, who embraced the project wholeheartedly and provided hours of volunteer help.

To reinforce the need for sustainable funding, we made years two and three of our grant dependent on Witty’s ability to secure additional funders. With Umpqua’s seed investment, Witty attracted other support and community partners. In summer 2016, he officially launched the Baker City Summer Academy.

The results have been transformational—not just preventing the “summer slide” learning loss but reversing it. As of summer 2018, nearly half of Academy students have improved their math achievement over the summer and three-quarters have improved or maintained their reading skills.

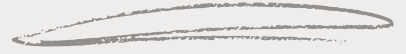
In 2018, the federal government recognized the success and importance of the Baker City Summer Academy with an \$800,000 award through its 21st Century Community Learning Centers grant program.

The grant marks a major milestone – it’s the first time 21st Century Community Learning Centers has funded an educational program held outside the traditional calendar school year. It will help Witty build on his success in reversing the summer learning slide.

Through the vision and leadership of one visionary superintendent, Umpqua’s Impact Grant, and a strong support network of local organizations, a community in rural Oregon has all but eliminated the summer learning slide among its elementary students.

It’s an example of how innovative partnerships that combine funding, expertise and time can make a lasting difference.

Baker City Summer Academy Highlights



Percent of students who improved or maintained their math achievement during the first summer:

88%



Percent of students in grades 2–6 who improved or maintained their reading skills during the first summer:

72%



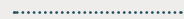
Number of local Baker County businesses and community organizations who officially partnered with the Academy during its first year:

14



21st Century Learning Centers Grant dollars the federal government awarded to the Academy in 2018 due to its success:

\$838,000



Number of times in its history this federal grant has been awarded to a summer school educational program prior to being awarded to the Academy:

0



Funding for Economic Opportunity

We help promote financial stability in our neighborhoods and improve the financial well-being of struggling individuals and families.

Economic Opportunity Focus Areas

Financial Education

We're invested in helping youth and adults demystify money, budgeting and the financial system by funding nonprofit partners that deliver timely information and solutions.

Affordable Housing

Everyone deserves a home to call their own. We help open doors by providing financial support for affordable housing projects, helping to increase the availability of long-term affordable housing in our communities.

Small Business Development

We work with organizations that help individuals start or expand small businesses, bridging the gaps that prevent them from accessing capital and banking expertise.

Workforce Development

In a changing economy, skill development is a key aspect of improving financial health, which is why we support organizations that work with adults to build new skills and experience.

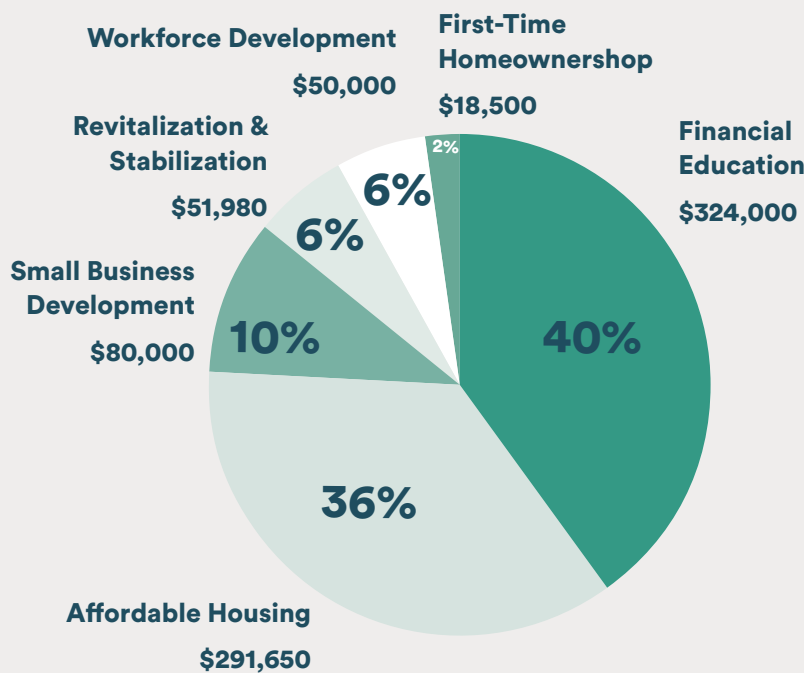
Revitalization and Stabilization

We actively support projects that reinforce community well-being by giving to organizations that develop or preserve community infrastructure through renovation and other similar projects.

First-Time Homeownership

We're dedicated to helping customers make informed borrowing decisions. That's why we engage with organizations that provide a suite of programs customized for first-time homebuyers, including down payment assistance and homebuyer education.

Giving in 2018



\$816,130

Total given for economic opportunity

122

Total grants



Generosity by the Numbers

Highlights from our
community giving and
volunteer work.

Total U.S. dollars in gifts awarded by Umpqua Bank last year: **\$3,414,182**

Number of community organizations those grants supported: **1,658**

Percent of counties where Umpqua operates that received grants: **100%**

Number of associates who donated through the associate giving program last year: **774**

Total amount raised, with company match: **\$367,749**

Employee volunteer rate nationwide: **32%**

Umpqua associate volunteer rate last year: **66%**

Number of associates who volunteered: **2,566**

Number of community organizations that received volunteer service: **2,209**

Total volunteer hours we served in 2018: **48,018**

Number of equivalent full-time associates that equals: **23**

Community value of our 2018 volunteer time according to IndependentSector.org: **\$1,221,098**

Total number of Connect Volunteer Network® hours since our program began in 2004: **500,000+**

Equivalent time, in years, our associates have spent volunteering since the Connect Volunteer Network program began in 2004: **57+**

Number of years ago Umpqua Bank was founded: **66**



Empowered Volunteers

We take the time to make a difference through our industry-leading paid volunteer program—and beyond.

Connect Volunteer Network®

Our Connect Volunteer Network is Umpqua’s industry-leading paid volunteer time off program that helps associates make a difference in their communities. Our program provides every associate with up to 40 hours of paid time off each year to volunteer at a nonprofit or school of their choice. It’s a generous benefit—and one that our associates passionately embrace.

Last year, 2,566 associates gave 48,018 hours, valued at more than \$1.2 million, to more than 2,200 organizations. From board service with economic development councils, to providing financial education for economically vulnerable people, to swinging a hammer at an affordable housing job site or helping in a kindergarten class, our associates are in our communities, day in and day out, making our region a better place.

Disaster relief volunteerism

As a financial institution and community-centered organization, we’re uniquely able to help those impacted by disasters. Whether it’s stepping up in the immediate aftermath of an event or providing support during the recovery and rebuilding phases, we seek to leverage the time and talent of our associates and financial resources in the most useful ways possible.

Personal finance education

We support organizations dedicated to providing a foundation for people to make informed financial decisions. By teaming up with important partners including Junior Achievement and Financial Beginnings and multiple small business nonprofits, we’re able to help community members become more confident with their personal and small

2018 Highlights

500,000

Milestone number of volunteer hours donated since starting the Connect Volunteer Network® in 2004

48,018

Total hours volunteered

400+

Number of new associates trained to teach Financial Beginnings curriculum



business finances. As evidence of our commitment, we're the #1 contributor of financial education in Oregon through Financial Beginnings. Last year, we provided nearly 4,000 hours of financial education in our communities.

First-time homeownership education

We're dedicated to helping customers make informed borrowing decisions and simplifying the homebuying experience. That's why we provide a suite of programs customized for first-time homebuyers, including down payment assistance and homebuyer education classes. These classes are hosted by Umpqua associates at locations

throughout our footprint, including our stores and in partnership with community organizations.

Banker's Hours

Our Banker's Hours program brings associates with financial expertise directly to those who need it most through partnerships with nonprofit and community-based organizations.

Our Banker's Hours program is an opportunity to share information about how to safely and successfully engage in the banking system. Clear information upfront helps people avoid alternative services that are often predatory, such as payday loans, rent-to-own agreements and refund anticipation loans.

2018 Highlights

20,333

Volunteer hours focused on educational attainment

13,339

Volunteer hours focused on economic opportunity

9,315

Volunteer hours focused on other community support

3,940

Volunteer hours focused on financial education

1,091

Volunteer hours focused on disaster relief



Showing up when they needed her most

How our area manager Michelle Hake led a superhuman volunteer effort during and after the deadliest wildfire in California's history.





California's massive Camp Fire

In November 2018, sparks ignited a brushfire along Camp Creek Road in Northern California's Paradise region. Over the next 17 days, the resulting wildfire would consume 240 sq. miles, burning nearly 19,000 structures and taking the lives of 85 people.

It was the United States' deadliest wildfire in over a century and caused more than \$16.5 billion in damages to local communities.

I was visiting our Eureka, California store when I overheard a customer saying, "There's been a fire in Paradise."

Three hours later, I was home with my family in Red Bluff, staring across a charcoal horizon and attempting to call associates who live in the fire's path.

By the next morning, the fire had spread, causing nearly 15,000 residents to flee Paradise to nearby Chico, where we have a store. Our community desperately needed support. With blocked roads and smoke preventing travel, we spent that day working the phones, organizing our volunteer effort.

The following morning, roads were cleared for travel. My team and I drove to Chico to help open the store and institute Umpqua Bank's disaster relief loan program. Looking to assist local support organizations however we could, we contacted United Way. They were struggling to process what had overnight become a massive influx of requests for emergency cash. We volunteered to help.

The scene at United Way's resource center in Chico was devastating. There were so many tragic stories: The couple who was ready to retire in a year until the fire took everything they had; families with young children and nowhere to sleep. People had lost so much in such a short amount of time.

Thousands of applications a week poured in to the United Way for emergency cash funds—we couldn't keep up. Processing them was both an administrative and emotional challenge requiring volunteers to use GPS to confirm that the requestor had truly lost their home.

We split the work into two pieces: processing and accepting applications. Part of my team worked in Redding; the other part worked in Chico. We dedicated a tremendous number of hours to the work over the next 4–5 months. During that time, we still operated our stores, which meant our teams were stretched thin. It was challenging, but the importance of the work we were doing inspired us to keep going.



Michelle Hake
Area Manager

The scene at United Way's resource center in Chico was devastating.

We worked hard to make sure someone was helping United Way six days a week—and we were able to do a lot of it using our paid volunteer hours through Umpqua's Connect Volunteer program.



Continued from page 22...

Umpqua stood by United Way’s side to help communities impacted by the fire. Our volunteers were there not just for those first few weeks, but through the entire first phase of recovery, long after most volunteers had left. And we’re involved in the second phase of recovery as well.

Following the fire, United Way of Northern California included Umpqua in a video showing how volunteers made

a big difference during the disaster. This year, they asked me to be on their board of directors and I was thrilled to accept.

Umpqua’s support for our volunteer efforts in the wake of the fire epitomizes why I’ve chosen to work here for more than 20 years. I feel a kindred spirit with this company. When it comes time to help someone, I don’t think about it; I just do it from my heart and I know Umpqua will have my back.

—Michelle Hake

Retail Area Manager

A thank-you from her community

“Michelle Hake has been an absolute blessing to our organization and to our community as a whole. She has been an advocate for our BankOn program to help low-income families receive financial information and coaching and so much more. During last year’s deadly Camp Fire, she stepped up when we needed help from Umpqua the most.

“Throughout the Camp Fire and events following, Michelle was essential to our overall disaster response efforts. She led and coordinated more than 15 Umpqua Bank Employee Volunteers to provide over 120 hours of volunteer service in just a four-week window during the disaster. Through that volunteer work, we were able to successfully deliver emergency resources to over 1,700 families.

“In total, nearly 14,000 homes were lost in the Camp Fire. Many of those homeowners were uninsured or underinsured. We set up an emergency grant program to provide these families with emergency cash to help them find temporary or permanent housing, relocate or cover the cost of essentials such as food and gas. With Michelle’s leadership, we were able to process these applications faster than we ever thought possible.

“The 2018 Camp Fire was a tragedy that, thanks to Michelle and her team of volunteers, we always had the required help needed to assist survivors with getting the help.”

—Jacob Peterson

Development Director,
United Way of Northern California



Expert Solutions

We meet needs through improved community infrastructure and a focus on people.

Community Development Lending

We increase access to capital and provide loans that are designed to benefit low- and moderate-income residents. These loans provide much-needed funding for projects that provide affordable housing and promote economic development. In 2018, we funded more than \$158 million in community development loans, including \$95 million of affordable housing to increase access to homes across our communities.

Community Development Investments

We actively invest in economically disadvantaged communities by pooling funds with other financial institutions and investors, providing capital investment into community resources including Community Development Financial Institutions (CDFIs) and affordable housing developers, empowering them to increase their lending and investments in underserved communities. At the end of 2018, Umpqua Bank has more than \$272 million outstanding investments in our communities including low-income housing tax credits, equity bonds and single-family housing.

Disaster Relief Lending

Our emergency personal loan program helps customers who have been financially impacted by disaster. The reduced-rate loan is intended to help with short-term repair expenses, major purchases and daily necessities. In 2018, we provided 583 disaster relief loans to help families affected by crises.

2018 Highlights



\$158 million

Community Development Lending



\$95 million

Provided in loans for Affordable Housing



\$272 million

Community Development Investments



\$3.2 million

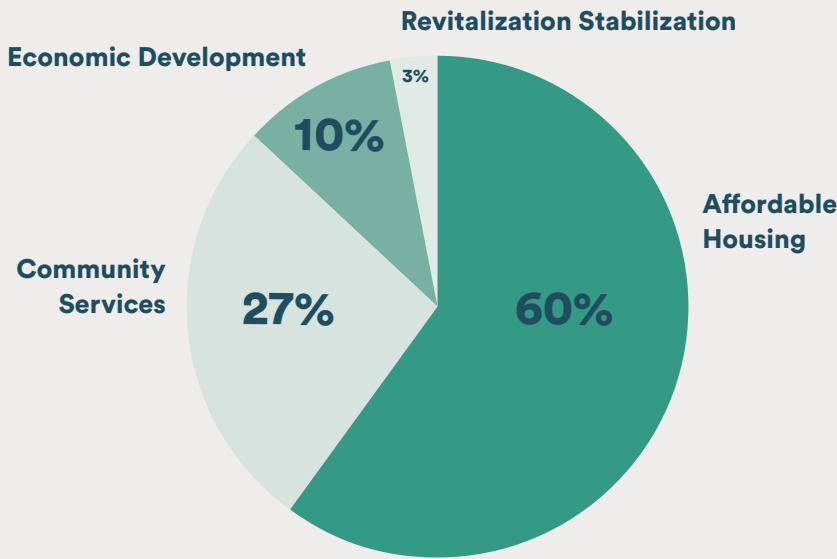
Provided in disaster relief loans



Community Development Lending & Investments

We financially support organizations, agencies and projects that are building for good. These loans and investments accelerate economic success for people and neighborhoods whose needs are not met by the traditional banking system.

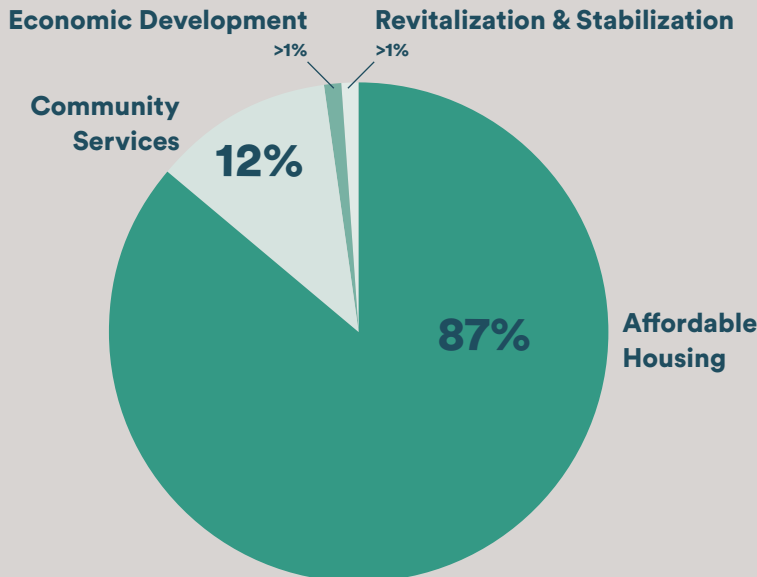
2018 Community Development Lending



\$158 million

Community Development Lending

2018 Community Development Investments



\$272 million

Community Development Investments



Safer Homes for Oregon Farmworkers

How our community development lending program helped build “Community Unity.”





When Oregon’s Farmworker Housing Development Corporation (FHDC) needed financial support to build affordable housing for farmworkers, we answered.

Life for Oregon’s farmworkers involves early mornings, long days in the fields and driving home late at night. Due to a lack of access to affordable housing, many commute several hours each way to work. Workers behind the wheel at night while physically exhausted is a dangerous combination.

In 2016, FHDC came to us with a proposal to develop housing that was closer to the farms, shortening the nighttime commute and providing a better environment for farmworker families. We stepped in to help.

Providing affordable housing

Quality affordable housing strengthens the economic and social fabric of our communities, making it one of our top giving priorities. We’re proud to have helped make affordable housing

projects possible in rural and urban communities throughout Oregon, Washington, California, Nevada and Idaho.

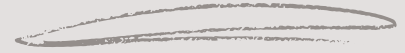
We support housing services organizations like FHDC by providing essential financial backing, including loans for new construction, acquisition and rehabilitation. For the FHDC project, we provided financing and also purchased Agricultural Housing Tax Credits, a state tax credit that is not commonly used.

Supporting a great partner

Established in 1990, FHDC is a community-based nonprofit organization dedicated to developing workforce housing, including affordable housing for low-income farmworkers. The organization serves mid-Willamette Valley families, providing housing to nearly 1,300 individuals in six cities in Oregon.

In addition to housing, FHDC also partners with other community-based nonprofits to provide program services, including education (preschool and after-school care), healthcare (mobile health and dental van, healthcare enrollment) and health education (nutrition and senior education), and employment/skills training.

2018 Affordable Housing Lending Highlights



\$95 million

Total loans closed

110

Loans to multifamily projects

3,194

Multifamily apartment units



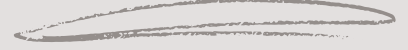
Our current project with FHDC is called CUE, which stands for Colonia Unidad (“Community Unity”) Esperanza. It’s a dual-development effort that involves building a ground-up multifamily property with 44 affordable housing units and rehabilitating an existing 12-unit affordable housing building.

Both properties are conveniently located in the heart of downtown Woodburn within walking distance to

the library and main thoroughfare, as well as offering good access to transit and nearby farms.

We’re proud to play a role in providing safer living conditions and greater economic opportunity for Oregon farmworkers and their families.

Partnering to Meet Community Credit Needs



Umpqua Bank is a member of the Federal Home Loan Bank of Des Moines. As a member bank, we have access to a variety of products and services designed to help lower the bank’s funding costs, mitigate risk, improve asset and liability management and meet community credit needs. Membership allows us to sponsor organizations that have applied for grants through the FHLB to help meet the housing needs of low- to moderate-income individuals and families. The use of those funds also facilitates job growth and economic development throughout our five-state footprint.



We're Committed to Helping Small Business Owners Do Big Things

Small Business Empowerment Program

As part of our ongoing commitment to address issues related to economic empowerment and access, we're adding to the work of our Small Business Relationship Bankers with our new Small Business Empowerment Program (SBEP). The program combines financial investment and technical assistance to support small and emerging businesses, with a special focus on those that are minority- and women-owned. Financial expertise is shared with our small business communities through commitments of the company's leadership, resources and expertise.

Access to capital and expertise

We want to help bridge the gaps that make it difficult for small business owners to access capital and banking

expertise. Over the next three years (2019–2022) we will be building multifaceted partnerships with Community Development Financial Institutions (CDFIs) that specialize in helping low-income and minority business owners gain access to financial services and support. We'll help advance their work by providing a variety of education, technical support, products, increased lending capacity, investments and toolkits.

Diversifying our supplier pool

In addition to the important work of serving the banking needs of small businesses, we also see an opportunity to engage them as vendors. Seven percent of our supplier budget is spent with minority- and women-owned businesses.

Local Spotlight



Since 2006, Umpqua has devoted retail space in select stores to promote local businesses. Not only do we tell our customers all about these businesses, but we also sell their goods and pass back all the funds—at no cost to the business.



Savings goals can feel like impossible dreams—we help people reach them faster with IDA accounts

We know how critical savings can be to someone starting a new business, trying to buy a home or going back to school. Individual development accounts (IDAs) are designed to help people focus on—and reach—their goals.

IDAs are a partnership between individual savers, nonprofit providers and a financial institution. It's a special account for low- and moderate-income individuals that comes with a special incentive to save. For every dollar saved in an IDA, participants typically receive a three-to-one match into the account from the partner nonprofit.

The funds can be used to achieve goals like a down payment on a home, purchasing textbooks or paying tuition for post-secondary education, or starting a small business.

The goal of an IDA program is to incent and reward participants by giving them the tools and funds to become more financially stable and savvy, to plan and save for a goal, and to improve self-confidence and self-awareness regarding financial matters. Individuals agree to complete financial education classes through the nonprofit partner as part of this program.

We are one of few banks in our footprint with the operational capacity to meet the needs of IDA providers and savers. We're proud to offer an IDA product—and are committed to making them even more user-friendly and available. We're actively working to expand our IDA product in 2019, investing in enhancements to make it easier to understand and use, and working to identify partners across our five states.

2018 IDA Highlights

839

Number of people saving toward goals through our IDA product

\$1,326

Average amount being saved through our IDA product

IDA Partners

Oregon

CASA of Oregon

Catholic Charities

College Dreams, Inc.

Community Vision, Inc.

Mercy Corps Northwest

Micro Enterprise Services of Oregon (MESO)

Native American Youth and Family Center (NAYA)

Neighborhood Economic Development Corp (NEDCO)

Umpqua CDC

Washington

The Diocese of Olympia, Inc

Northwest Native Development Fund

Idaho

Nez Perce Tribal Housing Authority



Serve Customers

Money is central to life and business: we strive to make the connection more human.

Money is stressful and has gotten more complex. Technology has created do-it-yourself convenience in transacting, but that convenience has made it harder to get REAL ACCESS—the relationship with a real human being who knows you and has your back.

We're dedicated to creating a more human approach to banking, by leveraging technology to provide our bankers with deeper insight into customer needs and tools that allow them to connect more closely with customers to provide smart, relevant financial expertise and support.

Focus Areas



Real Access

We offer personalized banking for all, anytime, anywhere.



Human-Centric Design

We invest in solutions customers need and want.



Customer Champions

We show up as open-minded advisors and advocates.



Real Access

From business owners who prefer detailed counsel in their conference rooms to digital natives focused on their mobile checking accounts, everybody banks differently. That’s why we’re dedicated to making personalized banking accessible across all our channels.

Digital Experiences

Research shows that despite the continued expansion of do-it-yourself digital banking tools, customers are being over-banked but under-served.

- 94% of customers report wanting human interaction with their bank.
- 78% report wanting to receive financial advice from their bank, but only 28% are getting it.

Together, this creates a significant experience gap—and a significant opportunity to add value.

Our Human Digital Banking strategy leverages technology to empower deeper human relationships between customers and bankers in ways that are personal, consultative and scalable.

Go-To

In late 2018, we soft-launched Umpqua Go-To, a Human Digital Banking platform that blends technology with specially trained bankers to create a personal banking experience. We’ve made it available to everyone in our communities, whether they’re a customer or not—regardless of income or assets.

Physical stores

We pioneered our signature bank store model, which turned bank branches into community hubs. Our stores have earned international acclaim for the way

they’ve transformed the banking experience, connected people and communities, and deepened customer loyalty.

Resource Center

With as many as 140,000 calls received per month, our Customer Resource Center continues to be a critical channel for our customers to resolve their banking needs and one that continues to evolve to meet customer need. Thanks to a third-party relationship, we also have the capability to serve customers in real time in their own language through this resource.

Advancing our team

In 2018, we adopted a seek and solve mentality and increased our emphasis on digital engagement and advisory skill development, helping customer-facing associates advance their ability to understand customer needs, provide advice and recommend meaningful solutions across multiple channels.

This prioritization also led to the creation of a Relationship Banker role, positioned to provide financial solutions that help our customers in person or through Go-To.

2018 Highlights



90%

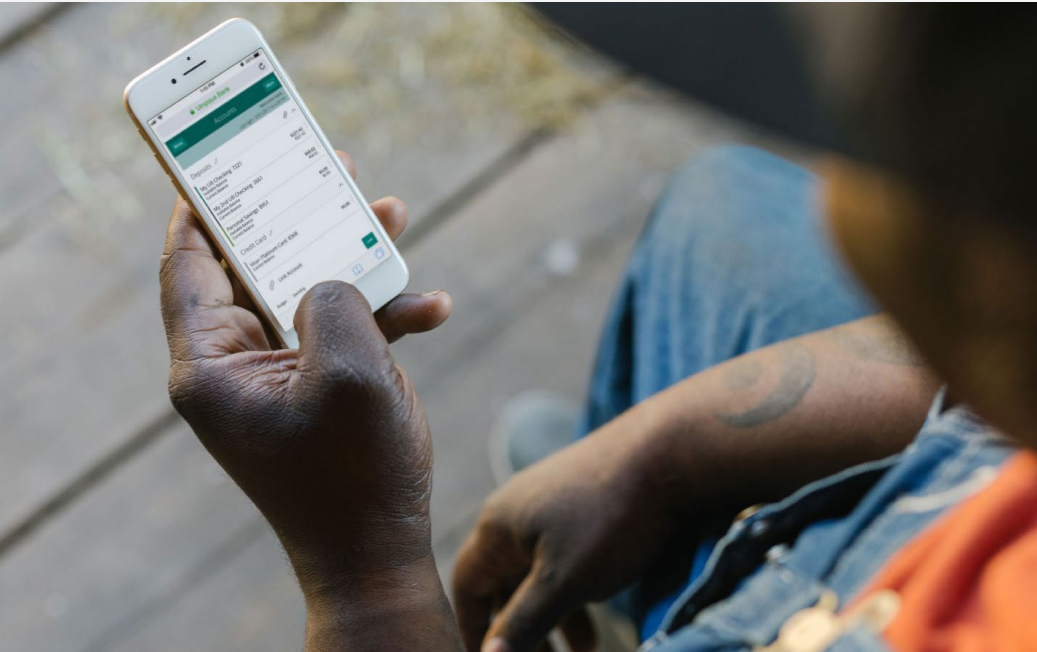
Percentage of Go-To pilot customers who say the platform enhances the banking experience and mirrors personalized in-store service

17,183

Number of “Advisory Skill Development” training hours our associates participated in last year

5,414

Number of “Digital Transformation” training hours our associates participated in last year



Bridging the Gap

How we're transforming digital experiences into human relationships.

Many consumers feel financially underserved and virtually all customers want access to a real person when life gets financially complex. Umpqua Go-To is one example of our commitment to making digital banking both personal and convenient for customers regardless of the size of their bank balance.

Piloted last year, Umpqua Go-To leverages existing technology—secure text chat in a stand-alone app, combined with a back-end platform for associates—to provide every customer with their own personal banker devoted to their specific financial needs.

Customers download our Go-To app and choose their banker based on their experience, personality or location. They can also search for a banker they work with in-store to continue to build on a relationship they've already established. It's even available to those who do not bank with us.

We're launching Go-To in all of our markets in 2019 and will soon begin laying the groundwork for Go-To's evolution as a unique platform for small business banking. We're excited to bring the success we've seen with Go-To to our small business customers, who have both limited time and complex financial needs.

Go-To combines the simplicity of digital access with the warmth of real human relationships to make a personal banker available to everyone. It's the latest step on our journey to help level the financial playing field.



In April 2019, we were awarded the Celent Model Bank Award for Customer Engagement for our Go-To product.



How We Use Our Diamond ROQ Metric to Measure Quality

Our “Diamond Return on Quality” performance measurement (a.k.a. Diamond ROQ) is designed to measure the performance of our individual stores using a variety of important service and quality metrics.

The measurement reflects the balanced performance of a store providing an exceptional customer experience while also being effective at growing the business. It provides some of the data that we use for calculating incentive plans and is just one way we reward the long-term quality of relationships we create.

Diamond ROQ has been an important area of focus at Umpqua since we first introduced it in 1995. The inspiration for ROQ came from a desire by management to measure the overall quality of service our stores provide to our customers. Like ROI (Return on Investments) and ROA (Return on Assets) measure financial performance, the purpose of ROQ is to measure “Return on Quality.”

Diamond ROQ has generated great interest from peer banks and continues to be an important measurement for Umpqua’s stores today.

Although the program has evolved and seen changes through the years, the principle behind it has remained the same: It’s important to measure results, consistently improve and celebrate the successes of creating outstanding customer experiences.

Human-Centric Design

We strive to deliver meaningful value for our customers by listening to their needs and designing with intent.

Customer Experience Innovation

Creating new experiences to help our customers feel more comfortable with their finances is central to who we are and how we function as a bank.

In 2018, we formed a new innovation team focused on prioritizing new ways of solving our customers’ unmet needs. Represented by a diverse selection of associates from across the company, the team is structured to be nimble: able to experiment and discover the next upgrade to our product and service delivery based on deep insight into customer needs.

They don’t do it alone. The innovation team is focused on research, talking with customers and documenting feedback about what we can do to improve their experience.

Improved feedback pipeline

Being customer-obsessed is a key cultural attribute. In 2018, we built out new processes to better listen and

respond to feedback and expanded our data capabilities to gain new insights that inform our strategy. We’re continuing to evolve with the 2019 launch of a new program to both track and monitor customer experience and sentiment more holistically and also uncover opportunities for improvement.

Focus on accountability

Our human-centric design strategy isn’t just about defining our next financial products. It’s also happening behind the scenes, with teams working to make our commitment to our customers consistent throughout our relationship.

For example, in an effort to increase transparency to our customers and accountability to ourselves, our technology team launched a public-facing [availability tracker](#). The site shows website “up-time.” Our associates and customers can visit it anytime to check on the status of our digital and web-based services.



Customer Champions

We believe in a business model that rewards doing right.

Trusted advisors

Helping our customers have access to smart financial expertise is core to who we are and how we operate. It's why a component of our incentive model prioritizes the quality of the relationships we build with our customers. Part of being a trusted advisor means helping people arrive at the best decision for their unique financial situation.

For example, we may let a customer know that their financial picture shows that they're not yet ready to take on a mortgage or small business loan. In these moments, we strive to deliver the message with care and help set the customer on a path toward achieving their goals in the future.

Access to homeownership

Owning a home is core to the concept of community—putting roots down and investing in building something greater

than one's self. Buying a home is the largest financial decision most people make in their lives—and we're here to help them through it.

Our mission is to help families and individuals buy, build, remodel or refinance their home, and to make the process as simple as possible. We offer loan programs designed for first-time homebuyers and low- to moderate-income borrowers, including those in the market for manufactured homes. In 2018, we helped 3,084 first-time homebuyers, 1,142 of whom used some form of income-based down payment assistance or loan program.

Combatting foreclosures

Sometimes people stumble and need help getting back on their financial feet.

In these moments, we work hard to help our customers keep their homes. This includes everything from early identification to loan servicing.

2018 Highlights

3,084

First-time homebuyers assisted

\$102,023,380⁶

Total lending for small businesses

\$140,955,966

Total SBA lending



To support this mission, we changed the name of the Loss Mitigation and Collection teams to Home Preservation and Early Outreach. These names reinforce the customer-centric view we take and the priority we place on helping people stay in their homes.

Building a new team to provide access

Small business owners face a unique set of challenges and opportunities: they're both the backbone of the U.S. economy and at the most risk of financial difficulty. In 2018, we expanded a division that's specifically focused on providing small business owners with access to financial resources designed to help them succeed.

Our team of Small Business Relationship Bankers is there for more than simply helping business owners find the right deposit accounts and loans. We consult on all things business—from succession planning and long-term goals to growth objectives, financing strategies and cash management.

Wholesale banking customer experience

Our wholesale banking teams are addressing the needs of their customers more broadly through our SOLVE360 program, which focuses on creating deeper, lasting relationships by providing more holistic solutions.

We're also working to improve these customers' experience by more intentionally mapping their complete journey with us—from start to finish. We've uncovered ways to shorten our timeframes on lending decisions and found ways to more effectively partner internally.

Training for customer well-being

From the beginning, a deep focus on caring for our customers has been at the heart of Umpqua's culture—not just their financial well-being, but also ensuring that they are treated with respect and dignity, protected against fraud and elder abuse, and feel confident that their concerns and complaints are being handled properly. Our associates complete training on critical topics, including:

- Cybersecurity: how to protect our customers through safe and smart use of data and online practices.
- Fraud prevention: understanding key signals and ways to look out for customers.
- Elder abuse: serious and growing crime of elder and dependent financial abuse.
- Preventing unfair sales practices: helping customers make informed decisions about the products and services that fit them best.

2018 Highlights



#3

Our standing, out of 87 SBA lenders in Oregon



#42

Our standing, out of 1,810 SBA lenders nationwide



Top 3%

Where we rank, out of all SBA lenders nationwide



Protecting Customer Information

We recognize the important role we have in keeping customers' personal data safe and secure and are steadfast in our commitment.

We continually make investments in new technologies and resources to strengthen our defenses and mitigate threats. Our Cybersecurity and Information Security team of experts are customer champions, dedicated to creating a secure environment for our customers' information.

Our approach to information security combines two key elements: people and technology.

People

- ✓ Prioritization and oversight from our Board of Directors, executive management and senior leadership.
- ✓ Security awareness program for all associates that both informs and tests their knowledge. Social engineering test failure rates and escalation rates have positive trends demonstrating that real understanding and retention is being achieved.
- ✓ Customized security awareness training that meets the specific needs and challenges of the wide range of roles throughout the company.
- ✓ Emerging risks, technologies and vulnerabilities are identified and appropriately planned for.
- ✓ Incident Response resources are highly skilled and have visibility throughout the organization in order to minimize the impact and scope of any potential security incident.

Technology

- ✓ Defense in depth strategy that includes preventative, detective and corrective controls.
- ✓ New technology implementations and changes are closely integrated with security resources to ensure that security considerations are addressed.
- ✓ Security controls are evaluated and validated on an ongoing basis to ensure the operational effectiveness of our defenses.
- ✓ Independent penetration testing is regularly conducted.



SERVING CUSTOMERS

The Transformative Power of Compassion

How home preservation officer Casandra Carlson helped a distraught customer find light at the end of a tunnel.





As a company that helps people navigate moments when life and money meet, we're part of a lot of hopeful customer conversations—like figuring out financing for a first home, an exciting business expansion, a dream wedding or a strategic acquisition.

But we're there for the difficult moments too. Those are often when we can make the most meaningful difference in a customer's life.

For example, when home loan preservation officer Casandra Carlson's customer shared that his financial difficulties were becoming too much to bear, she knew he needed more than banking advice.

"I was concerned for him," Casandra said of their exchanges about his mortgage, which she was trying to help keep from going into foreclosure.

Like many, this customer—a retiree who had to take on a contract job to make ends meet—was initially reluctant to go into the details of his personal life with his banker. But Casandra's compassion and commitment to building a relationship earned his trust.

"I was just trying to figure out what was going on," she said. "Often, people will say they forgot to make their payment, or their payment got lost or something else. That was kind of how the conversation went until we were able to talk a little more honestly with each other."

Casandra's genuine interest and concern created a safe space for the customer, who gradually began to open up. He shared with Casandra that he was "down on his luck" and feeling despair about the lack of options.

Casandra had reviewed the customer's situation and knew there were good options. But recognizing his emotional distress, she knew she first need to just offer emotional comfort. She assured him that troubles don't last forever, and better days are ahead—and then provided smart financial options to help him get back on his feet.

Casandra worked closely with the customer to create a repayment plan that provided relief from some fees and helped catch up with his payments over a set time. The plan also provided him some financial structure and goals.

Often, people will say they forgot to make their payment, or their payment got lost or something else. That was kind of how the conversation went until we were able to talk a little more honestly with each other.

"I'm very sensitive to other people and what they go through because I know what that feels like," she said. "I try to do my best to make sure people don't feel out of place, or alone, or sad or hopeless."

Money is central to peoples' lives and banking with humanity matters. That personal connection has the power to help customers through any moment where life and money meet—especially when things feel bleak.

When her customer expressed desperation, Casandra responded with empathy and compassion. She listened, connected and offered a smart, informed solution that helped him see light at the end of the tunnel.

That's how a human approach to banking can make a profound difference when life and money intersect. The customer appreciated it so much, he wrote a heartfelt letter of thanks.

The thank-you letter

"Last month, Casandra asked me if I thought she had handled my concerns well. I couldn't stop praising her for really listening to my particular issues. She was right there with solutions. I felt quite alive in the face of despair.

Casandra assured me that she understands from personal experience how issues come in waves—and not just in threes. I believed her, which helped renew my spirit. She provided me with a little bit of hope.

Casandra has faithfully worked with me for several months now and with each conversation, I think I can conquer some of the issues of life. Coupled with her ability to listen, I mean really listen, Casandra also demonstrated true empathy."

—Appreciative Customer



Operate Sustainably

We're focused on smart business operations that benefit both the environment and the company.

In 2007, a cross-functional coalition of Umpqua associates formed the Green Team, an internal volunteer group dedicated to adopting more sustainable business practices across our organization. That passion, combined with our collective desire to advance smart business decisions that also do right by the environment, has driven our sustainability efforts forward over the last decade.

In 2018, we committed to taking the Green Team to the next level, laying the groundwork for a new Sustainability Council, which is charged with identifying opportunities to continue modernizing how we do business to reduce our environmental impact.

The Council, which officially launched in 2019, will define Umpqua's sustainability agenda—and make sure we reach our goals by setting priorities and driving operational adoption across the organization.

Focus Areas



Paper Usage

We shred, recycle, and go digital.



Transportation

We manage corporate travel and reward public transit.



Buildings & Infrastructure

We design with sustainable intent and source with care.



Paper Usage

We're embracing digital tools to reduce our use of paper across the organization.

Digital and online banking

Upgrades in technology have helped us cut down on paper usage in a number of ways. We've designed several products to encourage customers to opt in for paperless statements. Our consumer customers can now open deposit accounts and submit loan applications online, eliminating a lot of forms. We've further reduced our reliance on paper-intensive processes through solutions like digital signatures.

We encourage customers to adopt online banking and paperless statements through our product design. Nearly half of our customers opt-in for electronic statements and 75 percent actively use our digital banking tools.

Paper reduction education

Banking is a traditionally paper-intense industry, so we're addressing both user and system-generated paper reduction strategies. We advanced a three-year campaign, ending in 2014, that addressed paper consumption habits at the individual level through our think before you ink campaign. That effort resulted in a 28 percent reduction in overall paper

consumption over the three-year period. Those early education efforts continue to pay off today as we saw an 8 percent reduction in purchased paper from 2017 to 2018.

Standardized paper purchasing

We implemented standardized purchasing practices requiring 30 percent post-consumer recycled copy paper. Our marketing team also ensures their paper choices for printed materials are at least 30 percent post-consumer waste in content and all are FSC certified.

Recycling and shred practices

Keeping our customers' personal information safe is a top priority and we take care in selecting and managing our paper shred vendors, who ensure 100 percent of shredded material is safely and securely recycled.

Their environmental commitment is to responsibly manage waste, energy and water consumption and have established goals including landfill avoidance, improved fuel consumption and maintaining low emission standards.

2018 Highlights



1,505,362

Total lbs. of paper securely shredded and recycled

12,730

Trees our recycling and shred practices saved

3,123

Cubic yards of landfill space our recycling and shred practices saved

14,098,280

Gallons of water our recycling and shred practices saved

2,258,024

kWh energy our recycling and shred practices saved



Transportation

We believe in managing corporate travel and rewarding public transit.

Reduced mileage for courier transport

We have embraced technology enhancements to reduce the need to transport banking documents, including physical checks and other items. We started this journey in 2015, when we cut ground mileage by 40 percent, and have continued to further reduce these miles travelled with improved operational processes.

Mass transit reimbursement

We encourage use of public transportation in all communities that offer it by providing 100 percent reimbursement, up to allowable limits, of monthly transit passes to all eligible

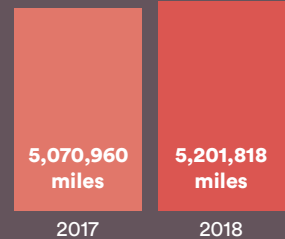
associates. In 2018, 537 associates who live in communities offering mass transit took advantage of this generous program, which kicked off in 2005.

Technology solutions

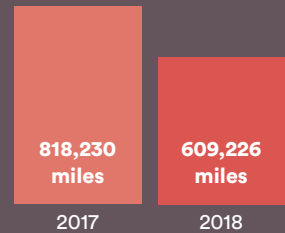
We are investing in the technology infrastructure needed to reduce business travel. We have developed a strong culture for video conferencing, the use of digital collaboration tools and online training.

2018 Impact

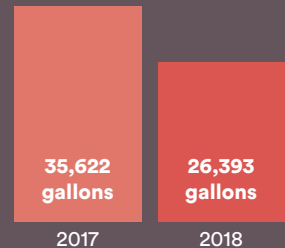
Air Travel



Car Travel



Fuel ⁷



537

Number of associates who used our public transportation reimbursement program in 2018

\$313,639

Amount we paid in public transportation reimbursements

⁷ Car miles and gallons of fuel refer to impact through our primary rental car partner. Report excludes other rental car use (only 1-2%) and taxi and ride share.



Buildings & Infrastructure

We believe that building sustainably is better for both business and the environment.

Multi-use facilities

We manage our back office and customer-facing locations to ensure we are meeting our customers' needs and evolving preferences. We encourage active use of our stores for community gatherings and as places for individuals, business owners and nonprofit organizations to conduct meetings.

Smart facilities management

We have Mechanical, Electrical and Plumbing (MEP) standards that developers reference when building an Umpqua property. When possible, we use privately sourced construction materials such as low VOC paint and intentionally designed lighting, cooling and plumbing solutions. We also aim to trim energy usage through technology such as occupancy sensors and dummy temperature and lighting controls. Implementing these standards helps reduce the impact of building construction.

Technology equipment

All computers are configured for minimal power use, engaging the sleep mode, power saving processor configuration. We've prioritized installation of multi-function devices, greatly reducing the need for fax machines and personal printers. This allows us to purchase fewer devices and also reduces our maintenance outlay.

In addition, through our "cloud-first" strategy, we've reduced the number of servers in our data centers. We've also invested in air economizers in our data centers which allow us to use the cold exterior air during cooler months, reducing our need for air conditioning to cool servers.

Technology applications

We've introduced enhanced digital workplace tools to promote collaboration among teams in online forums, reducing the need for printed reports or communications.

E-waste

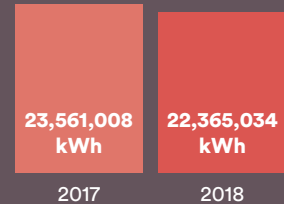
We dispose of retired equipment in an environmentally sensitive manner, avoiding unnecessary privacy risk and environmental impacts.

Purchased goods from local suppliers

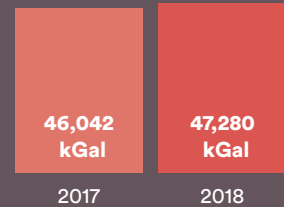
We also advance our sustainability efforts by partnering with local vendors. Our 2018 operational excellence program work continued to support our commitment to buying local and renewed long-term relationships with notable Oregon vendors including Cook Security Group and Smith Tea.

2018 Impact

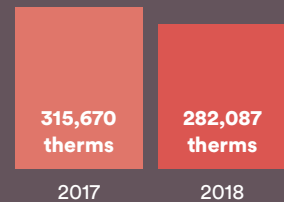
Electricity



Water and Irrigation



Natural Gas, Propane, and Fuel Oil





Do Meaningful Work

We're committed to creating an environment where our associates are inspired to be their best.

Umpqua is powered by an incredible team of nearly 4,000 associates working together to provide expert banking solutions that are rooted in deep human connection.

Helping people with their finances is purposeful, important work. When we work together, we create impactful solutions that matter to our customers and our communities.

Our people are the key to our success. In return, we strive to ensure their work experience allows them to use their skills and passions to make a difference while growing their careers and being recognized and appreciated for their diverse talents, backgrounds and perspectives.

Meaningful work is an essential part of life and community. We are committed to making Umpqua a place where our associates have fulfilling careers in which they are celebrated, developed and rewarded, all while having the opportunity to give back in meaningful ways.

Focus Areas



Diversity & Inclusion

We celebrate our differences.



Grow Careers

We invest in training and development.



Make the Investment

We offer competitive rewards and benefits programs in a fulfilling work environment.



Diversity & Inclusion

We believe that diversity of thought, perspective, background and life experience makes us better together.





Leadership

We continue to elevate our diversity and inclusion focus throughout our company. One illustration of this commitment at the most senior level is in the diversity make-up of our Board of Directors. Among the largest publicly traded companies in Oregon and Southwest Washington, Umpqua has the highest female representation, with four female board members. And we are one of just three companies whose chair is a woman.

We're proud of the significant progress we've made in diversity outcomes at all levels of the organization over the past five years and continue to execute a multi-year strategy to further these efforts. Key components of this strategy include enhancing our D&I awareness and aptitude at all levels, delivering programs and resources to further engrain diversity in our culture and operations, and enhancing and accelerating our external outreach to diversity agencies, community organizations and potential future associates.

Diversity programs and resources

Diversity Council

We established our Diversity Council to further advance our efforts. Made up of associates from across the company who are deeply committed to our diversity efforts, the Diversity Council is representative of the diversity of our associate population.

Associate Resource Groups

We currently have three resource groups—Pride, Women's and Military—with others planned for future activation. Just like the Diversity Council, the resource groups align with Umpqua's overall business strategy and promote programs and trainings that further diversity and inclusion efforts.

We know the importance of ensuring diverse students have access to education and opportunities to progress their lives and careers.

Diversity Champions

Our Diversity Champions work as advocates for diversity and inclusion within their business units and help foster awareness and learning among associates throughout our footprint. They are role models who accelerate and lead change within the organization.

Diversity Resource Hub

Hosted on our intranet, our Diversity Resource Hub houses relevant and timely internal diversity materials. This includes our diversity statement and D&I strategic road map, as well as specific resources such as Diversity Council updates, Diversity Dialogue topics and the Leader's Diversity toolkit. This centralized information hub provides associates with information about diversity and inclusion at their fingertips.

Diverse talent pipeline development

Diversity and inclusion efforts inform our community work as well. We know the importance of ensuring diverse students have access to education and opportunities to progress their lives and careers. It's why we gave \$1.3 million for educational attainment in 2018, with a specific focus on career, technical and college readiness. We also partner with organizations that provide training and internship experiences such as BankWork\$ and De La Salle North Catholic's Corporate Work Study Program in order to promote careers in banking to underserved students and adults.

2018 Company Demographics



65%

Percent of associates who are female

21%

Percent of workforce who are people of color

36%

Percent of board members who are female

27%

Percent of board members who are people of color

23.5%

Percent of executive roles filled by women

Umpqua Bank is committed to employing a diverse workforce. Qualified applicants will receive consideration without regard to race, color, religion, sex, national origin, age, sexual orientation, gender identity, gender expression, protected veteran status, or disability.



welcome to the world's greatest bank



Grow Careers

Because an investment in our associates is an investment in our future.

Learning is an essential part of Umpqua’s culture. We aspire to create lifelong career opportunities—from the moment an associate first joins our company, throughout their career path and until they leave the workforce.

We invest significantly in a variety of programs to support associates at all levels in their professional development. This includes a focus on the skills and capabilities needed today, and helping them prepare, in advance, to take the next steps in their Umpqua career journey.

Our professional development efforts start with each associate “owning their growth” and taking charge of their development through a blend of available e-learning, classroom and virtual training options. Every associate is encouraged to work with their manager to create a formalized Professional Development Plan—a written roadmap for achieving milestones along their development path.

Training and Development

Associates have access to numerous learning opportunities, including internal training programs, a digital learning platform and external development and certification opportunities. We also sponsor select associates in formal education programs, banking schools and university programs through tuition reimbursement. Through these learning opportunities, associates continue developing the skills to achieve success in their current roles and also work toward aspirational career goals.

Our robust digital learning platform is available to all associates. Powered by a leading provider of e-learning solutions, the platform provides e-learning content and online resources with over 4,000 topics. It also houses our digital learning environment for managers, which offers over 40 easy-to-navigate interactive e-learning courses in key leadership development areas for leaders at all levels of the organization.

2018 Highlights

333,236

Total hours associates spent doing training and activities last year

88

Average career development training hours per associate

281,050

Total hours associates spent in job-specific training

17,183

Total hours associates spent on advisory skill development training



In 2018, we delivered enhanced training to associates in our customer-facing roles in our stores, commercial banking centers and call centers, as well as to associates who interface with customers through our digital channels. This training was focused on building the advisory and relationships skills that enhance the customer experience.

Leadership Development

We believe that everyone is a leader, whether they have responsibility for leading a division, department, or team, or they simply influence others through how they do their work.

In 2018, we launched Umpqua’s leadership competencies. The competencies define what great leadership looks like at Umpqua Bank and give every associate a framework of the leadership behaviors that support our strategy and culture.

Our new development programs for aspiring and seasoned leaders are anchored in these competencies.

Coaching

The most impactful way we engage and empower our associates is through our managers. Great managers are great coaches, who inspire associates to be their best. Through an 8-week certification program, we are elevating the “art of coaching” across various areas of the company.

Managers and associates collaborate to create annual performance goals aligned to organizational goals and Umpqua’s leadership competencies. Associates receive coaching and feedback on an ongoing basis, as well as annual performance reviews.

2018 Highlights



26,735

Professional Development training hours

2,644

Leadership Development training hours

5,414

Digital Transformation training hours



Make the Investment

We incent performance and attract top talent through competitive rewards and benefits programs and a fulfilling work environment.

Competitive compensation

Our compensation approach is designed to pay for performance and reward associate contributions. Each position has an established base pay salary range, and associates have the opportunity to receive base compensation at the high end of their respective salary range for top performance.

Our salary base pay structure is informed by market data. Recognizing that the compensation environment is dynamic, we review and adjust our pay ranges on a regular basis. In addition, many positions have incentive plans to encourage achievement of various corporate, business unit and individual goals.

We have established an internal minimum wage rate of \$15/hour with plans for appropriate step-up over time.

Total well-being

At the heart of our culture has always been the sincere focus on caring for our people—not just their financial well-being, but also helping them give their best selves outside of work. That’s why we invest in additional perks that help our associates stay healthy, save for retirement and be active in their communities.

In 2018, we rolled out a new wellness platform to help associates get and stay healthy. Through the tool, associates gain access to support and education on health information, including wellness workshops. They can also track their health and create interactive team challenges to make health a shared experience.

Financial health is also a critical aspect of our overall health. Through our benefits partners, associates have access to resources including retirement planning tools, debt management and life event checklists and content. A new partnership with Common Bond, a student loan refiner, provides associates with resources to manage student loans, including refinancing and support.

At the heart of our culture has always been the sincere focus on caring for our people—not just their financial well-being, but also helping them give their best selves outside of work.

We offer competitive medical, dental, vision, life, short/long-term disability, and accident insurance in addition to paid time off for vacation, sick time, volunteerism and more. These programs are assessed against market benchmarks on a regular basis.

Our associates have the opportunity to build up their savings with help from our highly competitive 401K plan. Umpqua matches at 50 percent on the first 8 percent of associate contribution.



How we reward our associates and stores for building quality customer relationships

Our Diamond Recognition Program is our monthly, quarterly and annual recognition program aimed at celebrating outstanding performance of store teams and associates throughout the year. It rewards the quality of the relationships our associates build with customers.

The Diamond Recognition program is built on our Diamond Return on Quality performance measurement. Every month, a ranking of each store’s Diamond ROQ culminates with the top performing stores being recognized.

We celebrate top individual performers at our multi-day Summit event, which recognizes associates who demonstrate outstanding results.



We also offer associate banking products and a Perk and Discount platform, through which associates can save on lifestyle purchases including everything from computers and cars to event tickets and travel.

Connect Volunteer Network®

The Connect Volunteer Network is our industry-leading associate paid volunteer time off program. Beyond the community impact it provides, it's also a work-life balance tool that helps associates stay engaged while managing their career.

Each year, we provide up to 40 hours of paid volunteer time to serve at the nonprofit, school or community agency of their choice. With our support, some associates also use the time to gain new skills or apply existing skills in a new setting, providing much-needed technical assistance to community organizations.

Recognition programs

In addition to ongoing team-level recognition programs, our Summit Awards is a special recognition event for a group of elite honorees each year.

Workplace climate

We all deserve to work in an environment where we are treated with dignity and respect. That includes an open and supportive environment where associates feel comfortable raising questions.

Umpqua Bank is an equal employment opportunity/affirmative action employer and is committed to providing a workplace free of discrimination of all types, and from abusive, offensive or harassing behavior.

Associates have multiple channels available to report concerns related to workplace conduct, including an

anonymous online reporting system. All concerns are appropriately reviewed and investigated.

Both Executive Leadership and the Board of Directors review the policies and practices in place to ensure a healthy workplace environment. This includes maintaining visibility into emerging risks and mitigation activities related to workplace climate concerns.

Voice of the associate

We conduct annual associate engagement surveys to identify organizational strengths and opportunities from the perspective of our associates. We actively review and use results to inform action plans and improvement initiatives bank-wide.

Corporate Structure

We're committed to operating our company and managing risk in ways that deliver long-term value to our customers, communities, associates and shareholders. Our goal is to make informed business decisions that deliver operational excellence, balancing the challenges of tomorrow with efficient management of our resources today.

Our Mission

Personalized banking for all, anytime, anywhere.

Our mission is about our customers. We're building lasting relationships by empowering them with smart digital tools that enhance the human experience.

Our Leadership Team

Senior Management

PRESIDENT / CEO

Cort O'Haver

EVP / CHIEF AUDITOR

Joel Brandenburg

EVP / CHIEF PEOPLE OFFICER

Sheri Burns

EVP / CHIEF COMMUNICATIONS OFFICER

Eve Callahan

EVP / CHIEF STRATEGY OFFICER

Rilla Delorier

EVP / CHIEF FINANCIAL OFFICER

Ronald Farnsworth Jr.

EVP / TREASURER

Neal McLaughlin

EVP / CHIEF CREDIT OFFICER

Frank Namdar

SENIOR EVP / CHIEF BANKING OFFICER

Tory Nixon

EVP / GENERAL COUNSEL

Andrew Ognall

EVP / HEAD OF RETAIL BANKING

Brian Read

EVP / CHIEF RISK OFFICER

David Shotwell

**EVP / CUSTOMER OPERATIONS
AND SUPPORT SERVICES**

Lori Smith

EVP / HOME LENDING

Ronald Stroble

Board Members

BOARD CHAIR

Peggy Fowler

VICE CHAIR

Bryan Timm

MEMBERS

Stephen Gambie

James Greene

Luis Machuca

Cort O'Haver

Maria Pope

John Schultz

Susan Stevens

Hilliard Terry III

Anddria Varnado

Our Business

Parent Company

Umpqua Holdings Corporation (NASDAQ: UMPQ)

Primary Operating Subsidiaries of Umpqua Holdings Corporation

Umpqua Bank

Umpqua Investments, Inc.

Divisions and Subsidiaries of Umpqua Bank

Wholesale Banking:

Wholesale Banking comprises teams throughout our footprint who work with larger commercial customers or organizations, and includes Corporate and Commercial Banking, Commercial Real Estate, Global Payments and Deposits, International Banking, Debt Capital Markets, SBA, and Equity Capital Markets.

Home Lending:

The home lending team provides home loans to consumer customers throughout Oregon, Washington, California, Idaho and Nevada, as well as through its Direct Lending channel.

Retail:

Retail banking provides consumers with banking services across Oregon, Washington, California, Idaho and Nevada.

Small Business:

Small Business banking provides banking services to the backbone of our communities—typically with revenue under \$5 million. Umpqua has Small Business Relationship Bankers serving many of our larger markets, with bankers available to assist through retail locations or remotely.

SBA:

The SBA lending group is dedicated to the growth of small businesses in our local communities. The ability to offer guaranteed loan products helps small business owners with lower down payment options and longer repayment terms than conventional bank loans. This allows small business owners more available cash flow for growth and increased job growth in our local communities.

FinPac:

A wholly owned subsidiary of Umpqua Bank, Financial Pacific Leasing, Inc. provides equipment financing services for businesses nationwide.

Wealth Management:

Private Bank and Umpqua Investments offer access to a full range of comprehensive wealth management solutions, including retirement planning, estate planning, investments, comprehensive asset management and education savings.

Investments, investment advisory services and insurance products are offered through Umpqua Investments, Inc., broker/dealer and registered investment advisor, Member FINRA/SIPC. Umpqua Investments, Inc. is an affiliated company of Umpqua Bank. Umpqua Wealth Management® and Umpqua Private Bank are divisions of Umpqua Bank.

NOT FDIC Insured · NOT Bank Guaranteed · and MAY Go Down In Value.

How We Operate

Risk Management Strategy

The Board of Directors and Executive Management have responsibility and accountability for setting the organization's goals and objectives, defining strategies to achieve those objectives, and establishing the governance structures and processes to best manage the associated risks.

Under the direction of the Board of Directors, management has established a Risk Appetite Statement, and Enterprise Risk Management Framework and Program. The purpose of the Statement, Framework and Program is to facilitate proactive and effective risk management to position management to make better business decisions through focus on risk and return which in turn will preserve the Company's safety, soundness, and profitability over time.

Additionally, we maintain an independent audit function with the Chief Auditor reporting directly to the Board of Directors.

Risk Management Structure

Umpqua Bank's Enterprise Risk Management program focuses on the following risk areas:

- Strategic Risk
- Credit Risk
- Liquidity Risk
- Market Risk
- Operations & Technology (including Cybersecurity and Information Security) Risk
- Compliance Risk
- People Risk
- Reputation Risk

We established the Enterprise Risk Management function to provide and support an integrated risk management program and system that allows management and the Board of Directors to understand and manage the key risks to the organization. The Chief Risk Officer directs the eight key risk areas staffed with risk professionals certified in their areas of expertise.

Board of Directors has established committees to discharge its duties and provide an appropriate level of direction and oversight of enterprise risk management across the organization. Board level committees include:

- Enterprise Risk and Credit Committee
- Audit and Compliance Committee
- Compensation Committee
- Finance and Capital Committee
- Nominating and Governance Committee
- Executive Committee

In addition, management has established the following internal committees and councils to provide oversight and strategic direction for various governance programs that enhance the Company's risk management activities:

- CEO Risk Committee
- Asset & Liability Committee
- Disclosure Committee
- Capital Planning Committee
- Product and Market Initiatives Committee
- Investment Committee
- Internal Compensation Committee
- Community Reinvestment Committee
- Data Governance Council
- Information Security Council
- Model Risk Committee

Corporate Policies & Practices

We maintain an Associate Handbook that provides important HR policies and practices as well as general guidelines on what we expect from our associates and what they can expect in return. Some of the specific topics covered include:

Business Ethics and Conflict of Interest Code

Our reputation of honesty, integrity and security is vital to our success as a financial institution. This code of ethics establishes expectations that all associates are held accountable to when conducting affairs in the name of the bank, extending not only to the bank's customers, but also the shareholders, the communities in which we conduct business, and other associates.

Each associate is asked to review this policy on an annual basis. Associates can anonymously report concerns relating to unethical or improper acts or practices online or by phone through a third-party provided ethics hotline. Hotline reporting and results of investigations are reported quarterly to the Audit & Compliance Committee of the Board.

Customer Due Diligence

All bank associates are required to comply with the Bank Secrecy Act and are responsible for implementing the various anti-money laundering regulations as they apply to their daily activities here at Umpqua Bank. These include, but are not limited to, reporting suspicious activities, collecting and recording customer identification for new accounts, recording and reporting cash transactions, identifying high-risk customers (money services businesses, non-exempt businesses, foreign accounts), and reporting any unusual transaction activities.

Emergency Preparedness

We won't be effective in a crisis if we aren't ready ourselves. We have an enterprise-wide response, recovery and resumption framework for critical business processes which provides business resiliency and minimizes customer service disruptions.

Everyone who works at Umpqua takes emergency preparedness training. The course helps our associates and their families prepare for the worst. If they're safe, we can rest easy—and get the bank up and running more quickly so our customers have access to their money. That training and awareness, combined with continuity planning focused on our operations and systems, helps us prepare for the worst.

Gift Policy

We help our associates understand important restrictions in place around gift acceptance from customers, suppliers or government officials, in accordance with the Bank Bribery Act.

Our business is conducted within the United States, excluding us from the additional exposure of interaction with foreign governments.

Health and Safety

We are committed to achieving and maintaining a safe and healthful workplace for all associates by establishing safe work practices. Our Health and Safety Program and Safety Team bring associates and management together in a cooperative effort to promote safety and health in each workplace.

Annual Required Training

Umpqua Bank associates complete the following training courses annually:

- Human Resource Policies
- Wage and Hour Policies
- Harassment Prevention
- Diversity Awareness
- Workplace Safety
- Emergency Management
- Business Continuity
- Information Security
- Handling Customer Complaints
- Unfair Deceptive or Abusive Acts and Practices
- Bank Secrecy Act
- Gramm-Leach-Bliley Act
- Job-specific Regulatory Compliance Training

For full review of corporate governance information, visit: <https://www.umpquabank.com/investor-relations/>



UMPQUA BANK

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