

**UMPQUA HOLDINGS CORPORATION**  
2<sup>nd</sup> Quarter 2017 Earnings Conference Call Presentation

*July 20, 2017*



# Forward-looking Statements and Notes

---

*This presentation includes forward-looking statements within the meaning of the “Safe-Harbor” provisions of the Private Securities Litigation Reform Act of 1995, which management believes are a benefit to shareholders. These statements are necessarily subject to risk and uncertainty and actual results could differ materially due to various risk factors, including those set forth from time to time in our filings with the SEC. You should not place undue reliance on forward-looking statements and we undertake no obligation to update any such statements. In this presentation we make forward-looking statements about fee revenue and operating efficiency initiatives and the credit discount accretion related to loans acquired from Sterling. Risks that could cause results to differ from forward-looking statements we make are set forth in our filings with the SEC and include, without limitation, prolonged low interest rate environment; the effect of interest rate increases on the cost of deposits; unanticipated weakness in loan demand or loan pricing; deterioration in the economy; lack of strategic growth opportunities or our failure to execute on those opportunities; our inability to effectively manage problem credits; our inability to successfully implement efficiency initiatives; our ability to successfully develop and market new products and technology; and changes in laws or regulations.*

## Second Quarter 2017 Highlights

---

- Net earnings available to common shareholders of \$56.8 million, or \$0.26 per diluted common share
- Net interest income increased by \$5.4 million, driven by growth in interest-earning assets and a 6 basis point increase in net interest margin
- Provision for loan and lease losses decreased by \$1.0 million to \$10.7 million, and net charge-offs remained at 0.22% of average loans and leases (annualized)
- Non-interest income increased by \$10.9 million, driven primarily by higher revenues from the origination and sale of residential mortgages
- Non-interest expense increased by \$1.3 million, driven primarily by higher salaries and employee benefits expense, reflecting higher mortgage banking-related compensation, consistent with the increase in mortgage originations, and annual merit and incentive changes
- Gross loan and lease growth of \$491.5 million, or 11% annualized
- Deposit growth of \$292.7 million, or 6% annualized
- Non-performing assets to total assets decreased to 0.23%
- Estimated total risk-based capital ratio of 14.1% and estimated Tier 1 common to risk weighted assets ratio of 11.1%
- Declared quarterly cash dividend of \$0.16 per common share
- Repurchased 225,000 shares of common stock for \$3.9 million

# Selected Ratios

		For the quarter ended				
		Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
<b>Performance</b>	Return on average assets	0.92%	0.75%	1.11%	1.01%	0.91%
	Return on average tangible assets	0.99%	0.81%	1.20%	1.09%	0.99%
	Return on average common equity	5.76%	4.74%	7.04%	6.28%	5.61%
	Return on average tangible common equity	10.67%	8.83%	13.19%	11.79%	10.59%
	Efficiency ratio - consolidated	64.71%	68.15%	59.65%	62.11%	66.15%
	Net interest margin - consolidated	3.91%	3.85%	3.83%	3.95%	4.07%
<b>Credit Quality</b>	Non-performing loans and leases to loans and leases	0.29%	0.29%	0.32%	0.31%	0.28%
	Non-performing assets to total assets	0.23%	0.24%	0.25%	0.25%	0.27%
	Net charge-offs to average loans and leases (annualized)	0.22%	0.22%	0.29%	0.24%	0.23%
<b>Capital</b>	Tangible common equity to tangible assets <sup>(1)</sup>	9.12%	9.15%	9.10%	9.14%	9.30%
	Tier 1 common to risk-weighted asset ratio <sup>(2)</sup>	11.1%	11.3%	11.5%	11.3%	11.0%
	Total risk-based capital ratio <sup>(2)</sup>	14.1%	14.5%	14.7%	14.5%	14.3%

> <sup>(1)</sup> Non-GAAP financial measure. A reconciliation to the comparable GAAP measurement is provided at the end of this slide presentation.

> <sup>(2)</sup> Capital ratio estimated for current quarter, pending completion and filing of regulatory reports.

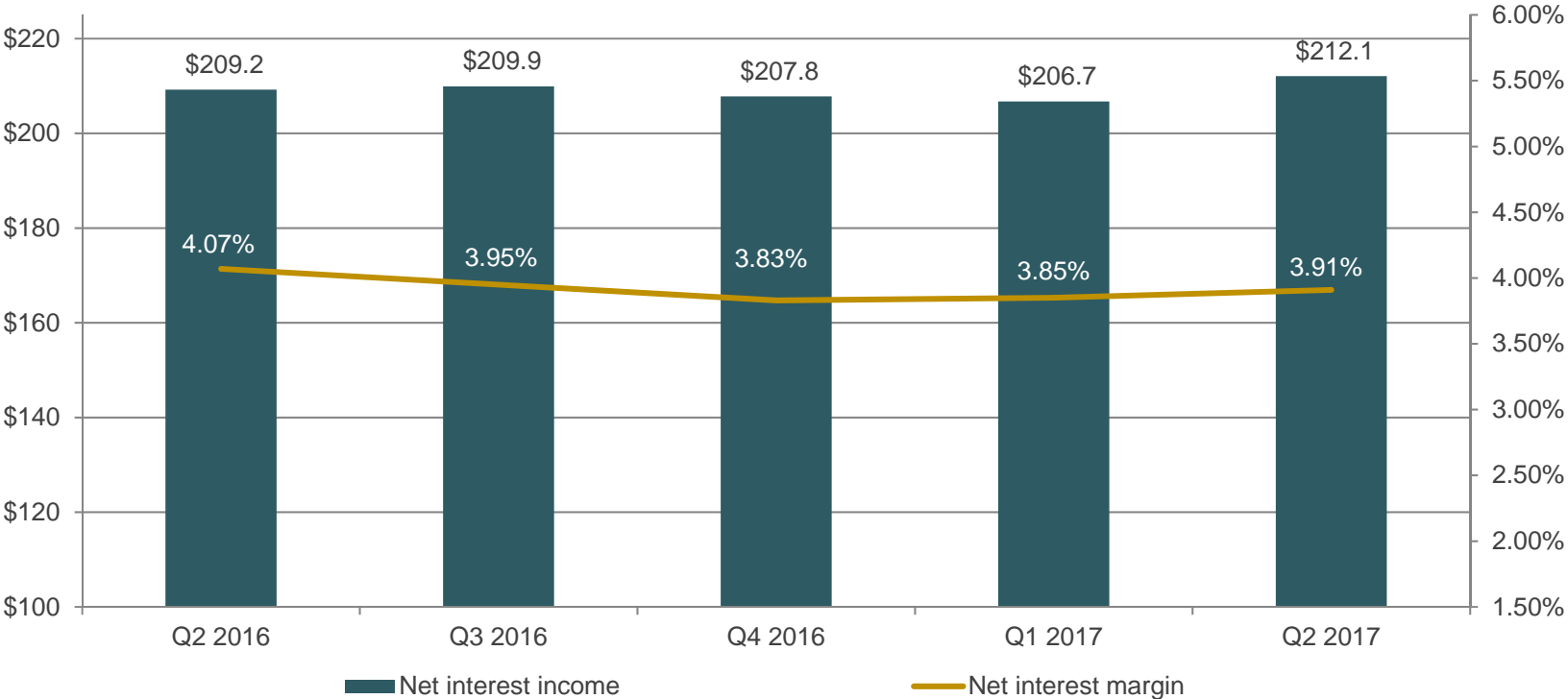
# Summary Income Statement

<i>(\$ in millions except per share data)</i>	Quarter ended		
	Q2 2017	Q1 2017	Q2 2016
Net interest income before provision	\$ 212.1	\$ 206.7	\$ 209.2
Provision for loan and lease losses	10.7	11.7	10.6
Net interest income after provision	201.4	195.1	198.6
Non-interest income	71.1	60.2	74.7
Non-interest expense	184.0	182.7	188.5
<b>Income before provision for income taxes</b>	<b>88.5</b>	<b>72.6</b>	<b>84.8</b>
Provision for income taxes	31.7	26.6	30.5
<b>Net income</b>	<b>56.8</b>	<b>46.0</b>	<b>54.3</b>
Dividends and undistributed earnings allocated to participating securities	0.0	0.0	0.0
<b>Net earnings available to common shareholders</b>	<b>\$ 56.8</b>	<b>\$ 46.0</b>	<b>\$ 54.3</b>
Earnings per share - diluted	\$0.26	\$0.21	\$0.25

> Note: tables may not foot due to rounding.

# Net Interest Income and Margin

(in millions)

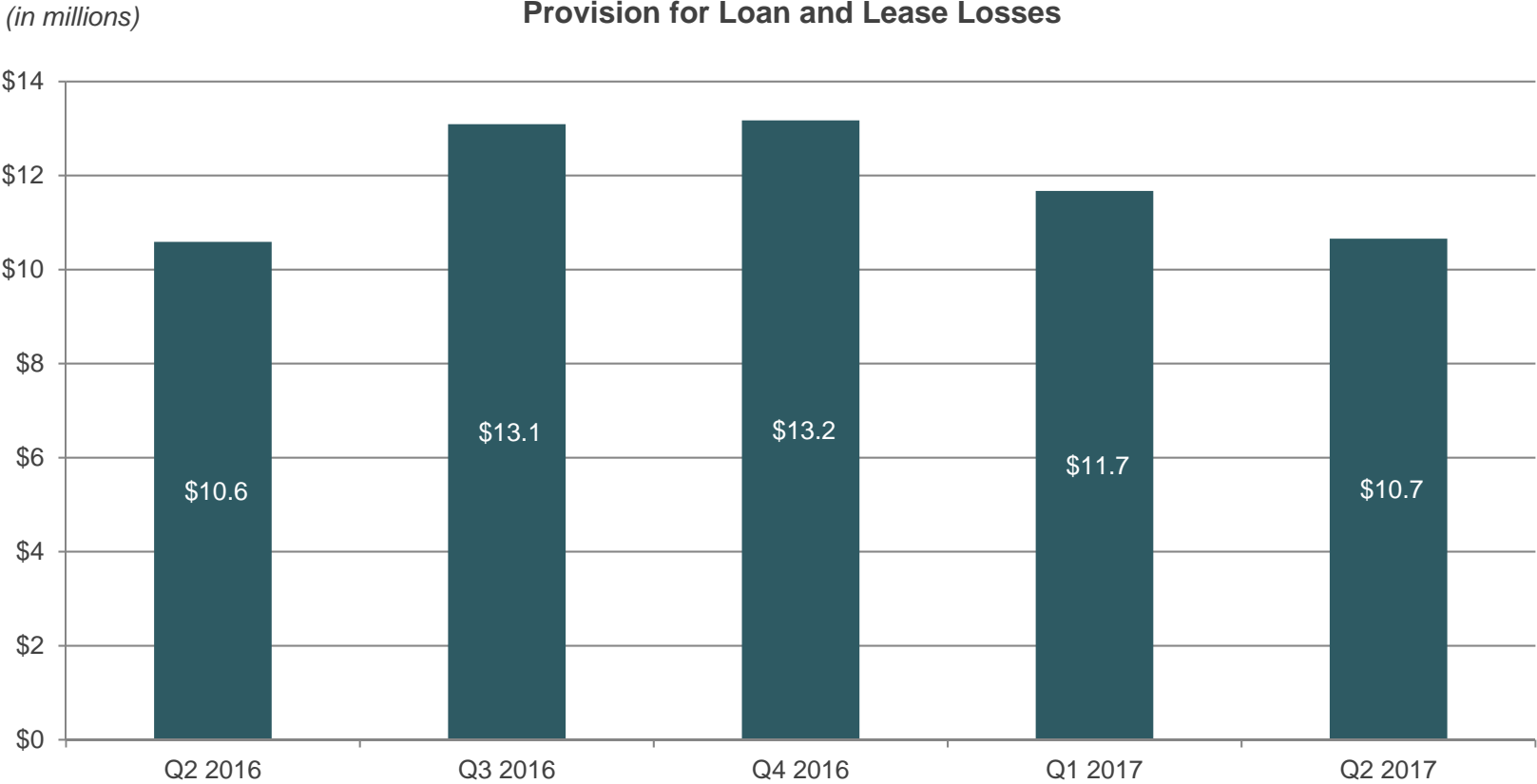


Adjusted NIM <sup>(1)</sup>	3.86%	3.77%	3.65%	3.71%	3.78%
-----------------------------	-------	-------	-------	-------	-------

> <sup>(1)</sup> Net interest margin, excluding interest income related to credit discount from Sterling deal and related to 310-30 covered loan PIFs

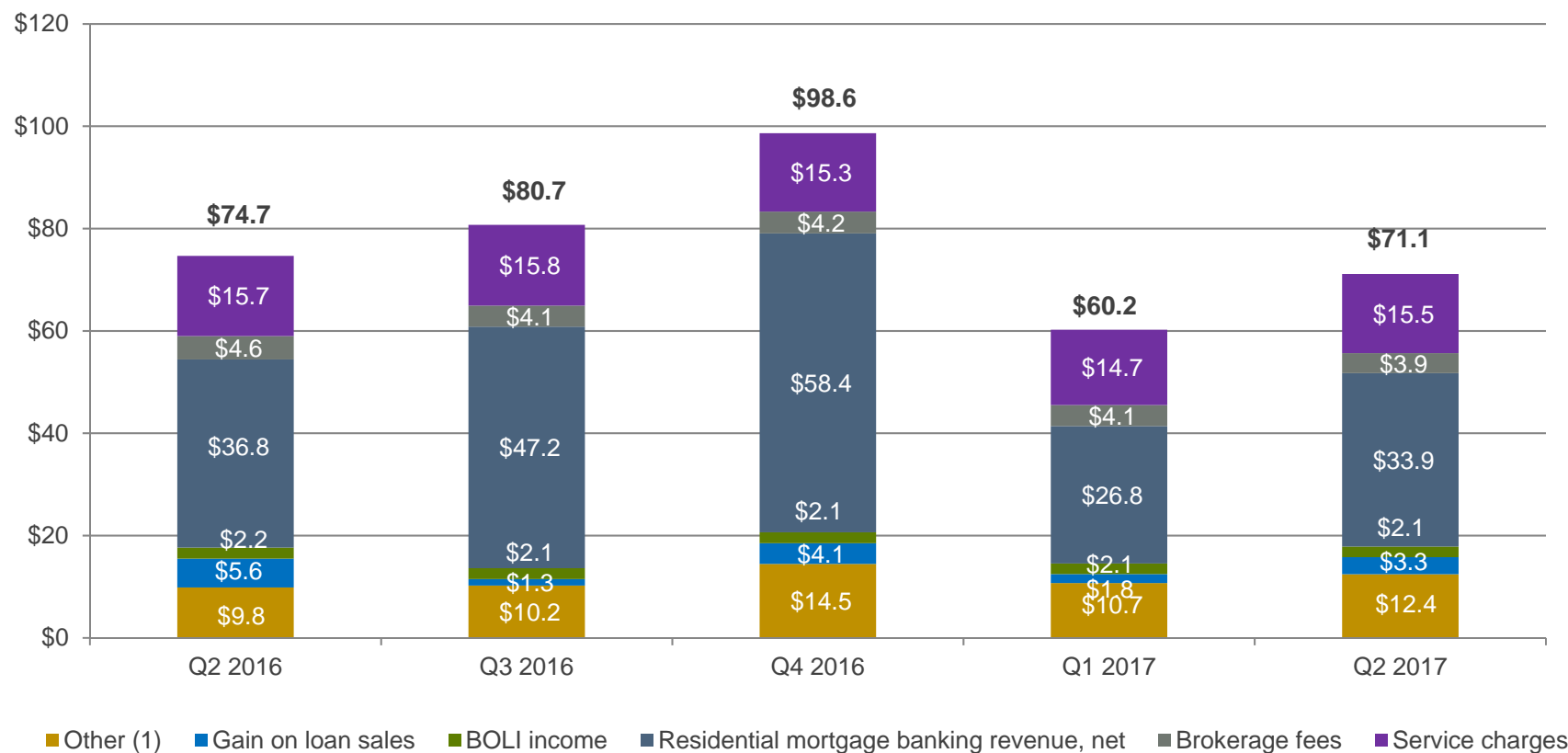


# Provision for Loan and Lease Losses



# Non-interest Income

(in millions)



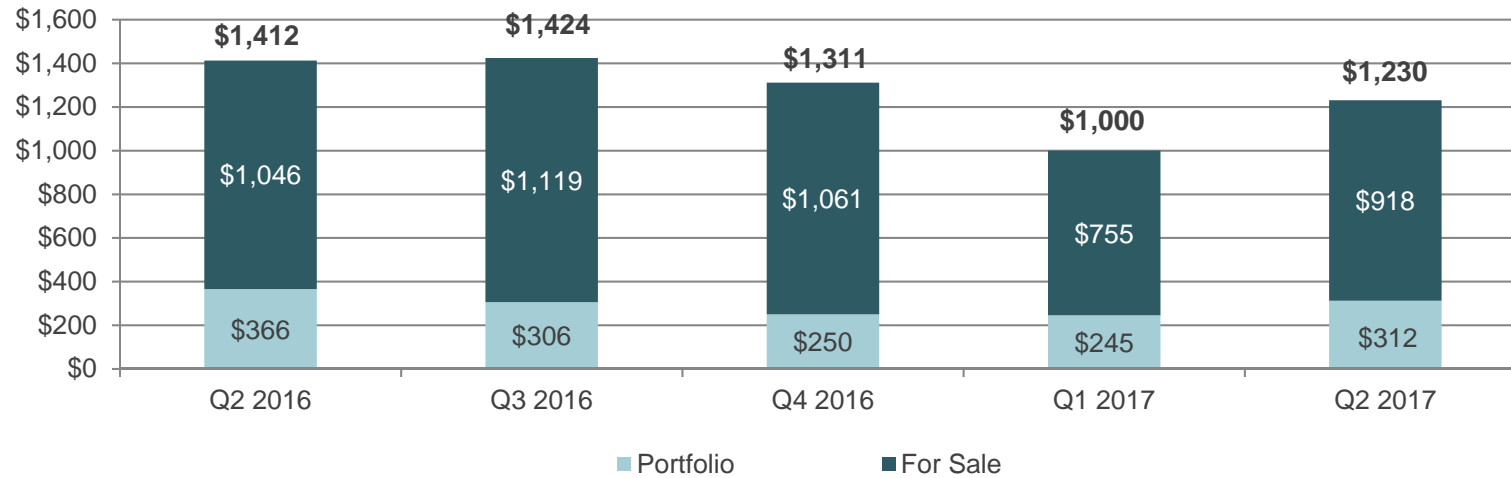
> (1) Includes other income, gains or losses on investment securities and losses on junior subordinated debentures carried at fair value.



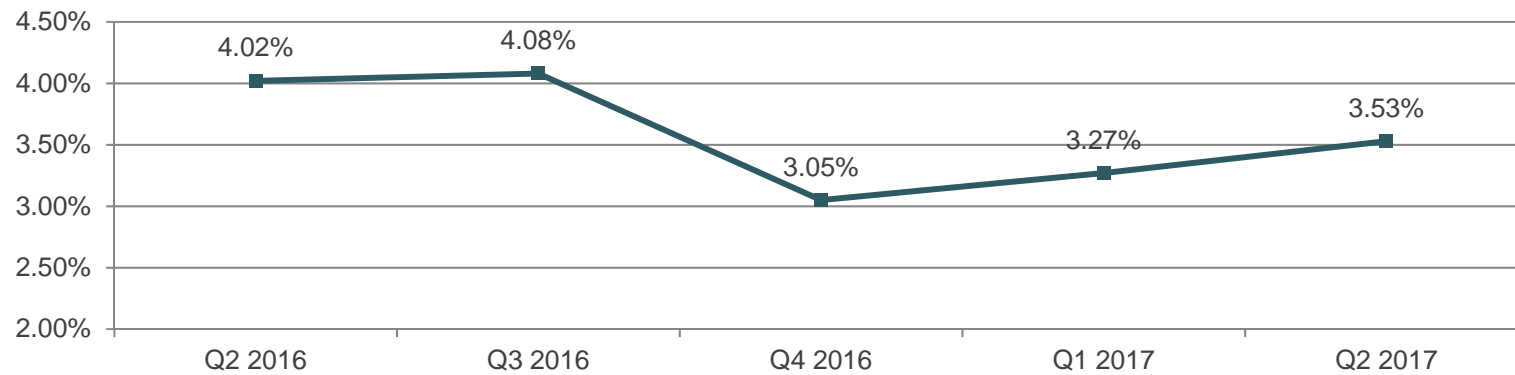
# Mortgage Banking

(in millions)

Closed mortgage volume

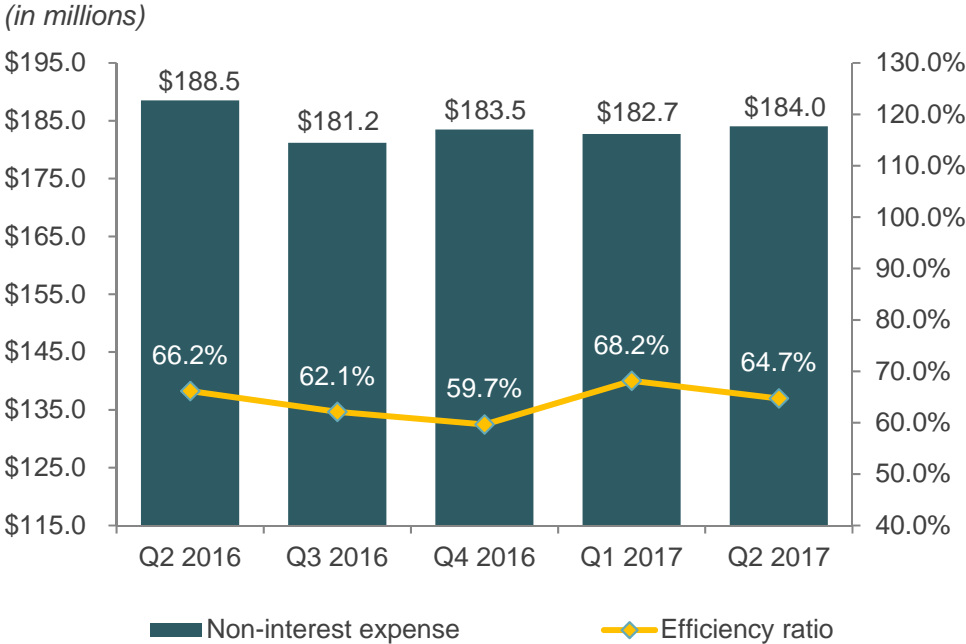


Gain on sale margin



# Non-interest Expense

**Non-interest Expense and Efficiency Ratio**



**Non-interest Expense Bridge**



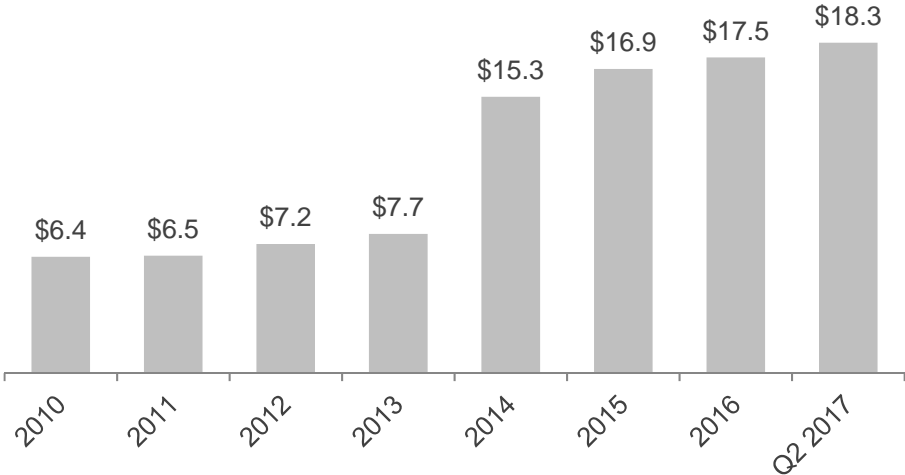
# Selected Balance Sheet

<i>(\$ in millions)</i>	Q2 2017	Q1 2017	Q2 2016
Total assets	\$ 25,257.8	\$ 24,861.5	\$ 24,132.5
Interest bearing cash and temporary investments	295.9	422.0	535.8
Investment securities available for sale, fair value	3,132.6	3,243.4	2,482.1
Loans and leases, gross	18,321.1	17,829.6	17,355.2
Allowance for loan and lease losses	(136.9)	(136.3)	(131.0)
Goodwill and other intangibles, net	1,821.2	1,822.8	1,828.3
Deposits	19,460.0	19,167.3	18,258.5
Securities sold under agreements to repurchase	330.2	304.3	360.2
Term debt	852.2	852.3	903.0
Total shareholders' equity	3,958.8	3,931.2	3,902.2
<u>Ratios:</u>			
Loan to deposit ratio	94.1%	93.0%	95.1%
Book value per common share	\$17.98	\$17.84	\$17.70
Tangible book value per common share <sup>(1)</sup>	\$9.71	\$9.57	\$9.41
Tangible common equity to tangible assets <sup>(1)</sup>	9.12%	9.15%	9.30%

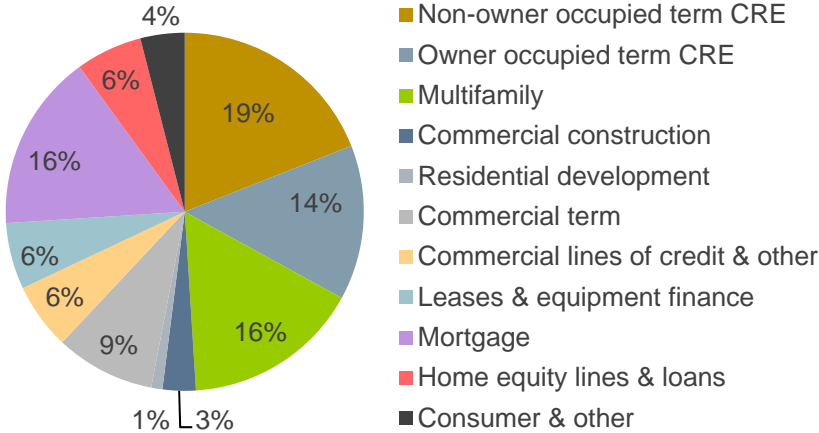
# Loan and Deposit Growth

(in billions)

## Loans and Leases (Gross)

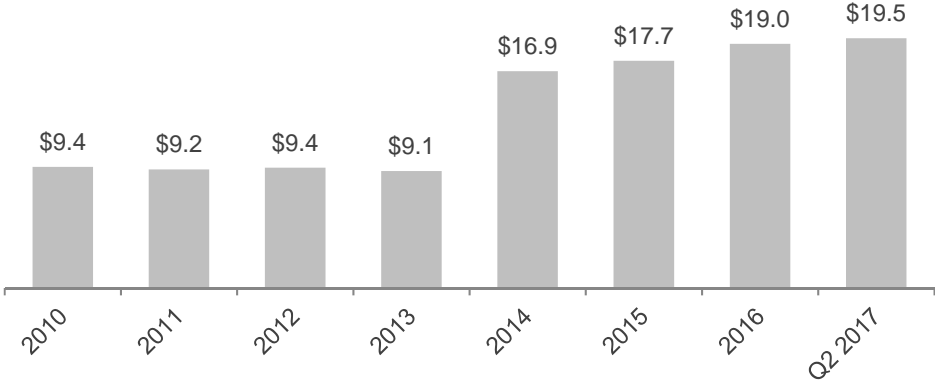


As of Jun 30, 2017

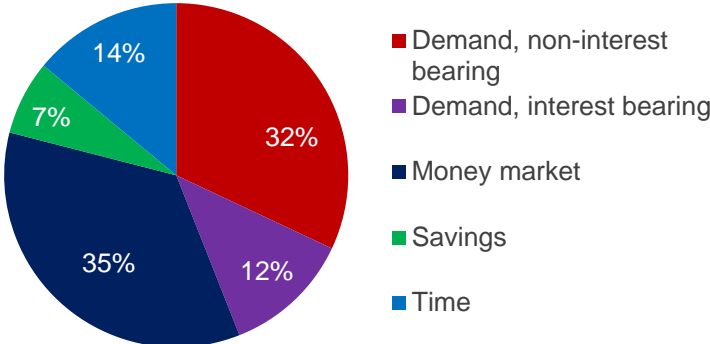


(in billions)

## Total Deposits

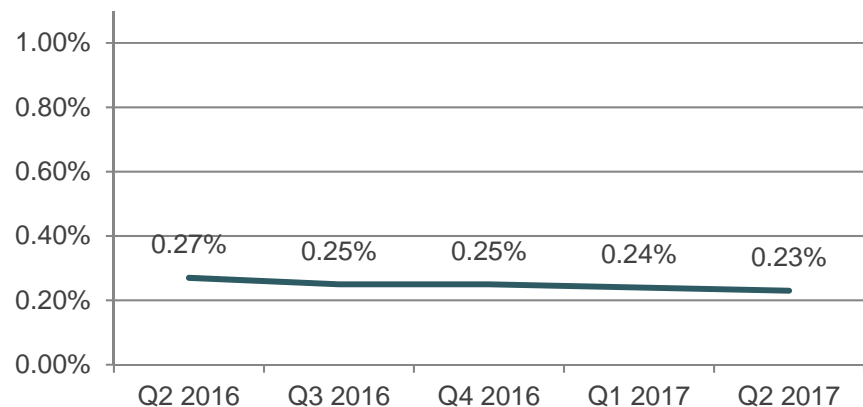


As of Jun 30, 2017

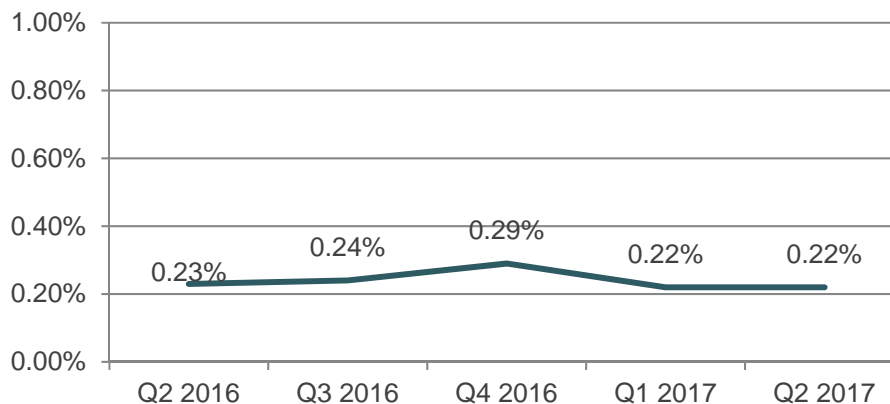


# Credit Quality

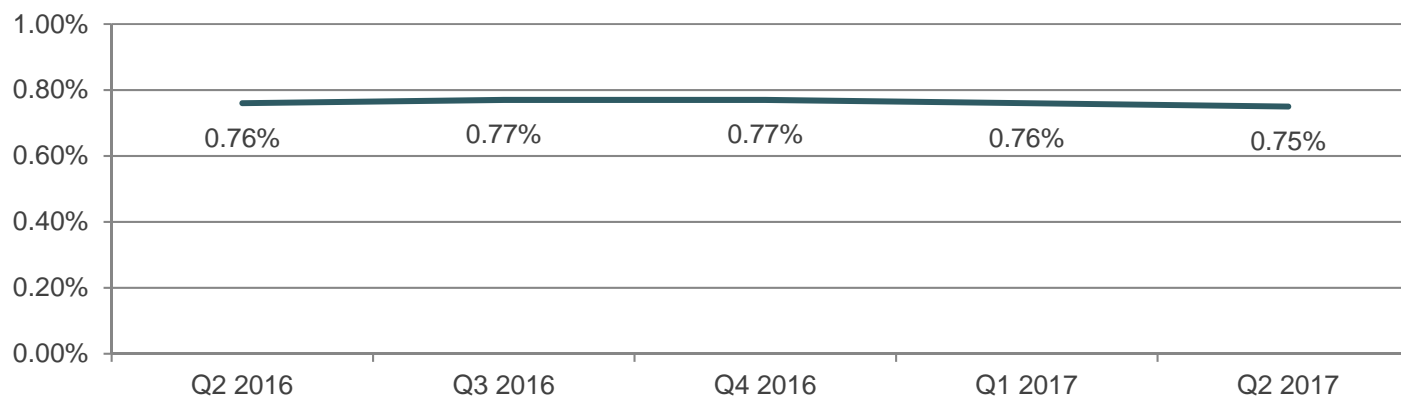
**Non-performing assets to total assets**



**Net charge-offs to average loans and leases (annualized)**

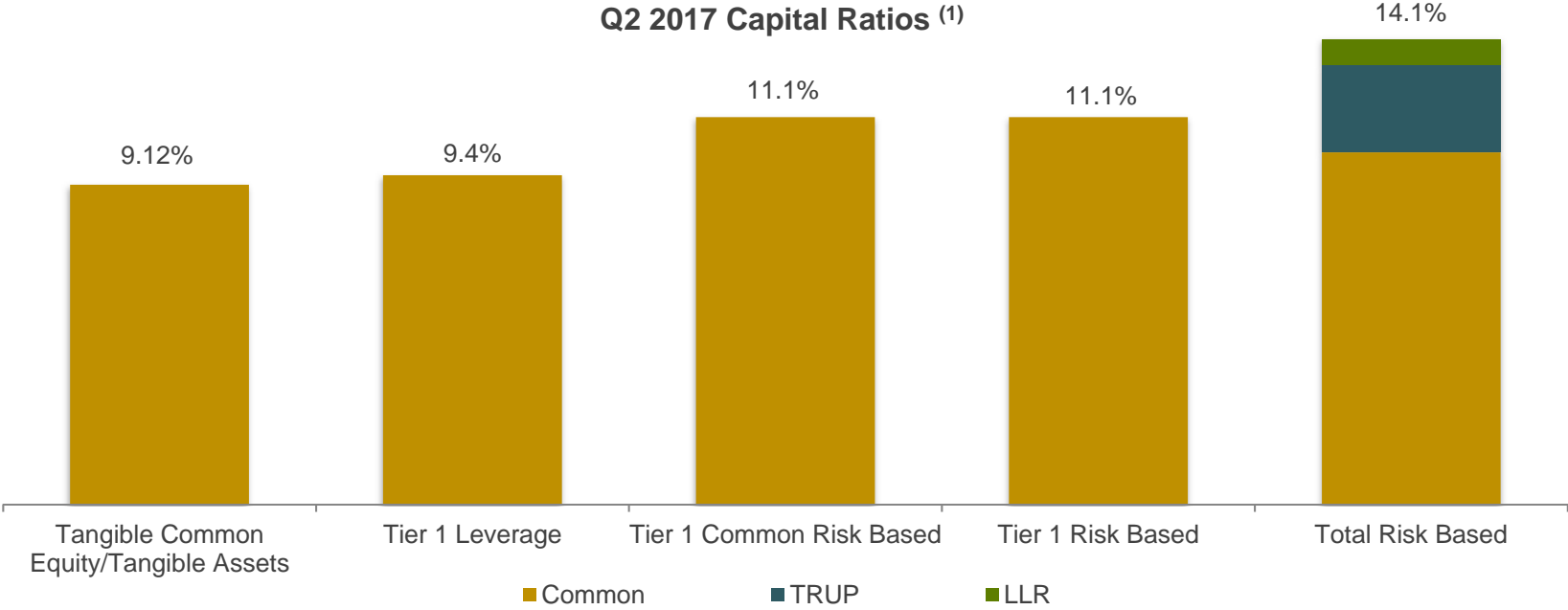


**Allowance for loan and lease losses to loans and leases**



# Prudent Capital Management

- > All regulatory capital ratios remained in excess of well-capitalized and internal policy limits
- > Focused on prudently managing capital
  - Quarterly dividend of \$0.16 per share, ~3.5% dividend yield
  - Q2 total payout ratio of 61%



> <sup>(1)</sup> Regulatory capital ratios are estimates pending completion and filing of the Company's regulatory reports.  
 > Note: LLR = loan loss reserve, TRUP = trust preferred capital, Common = tangible common equity.



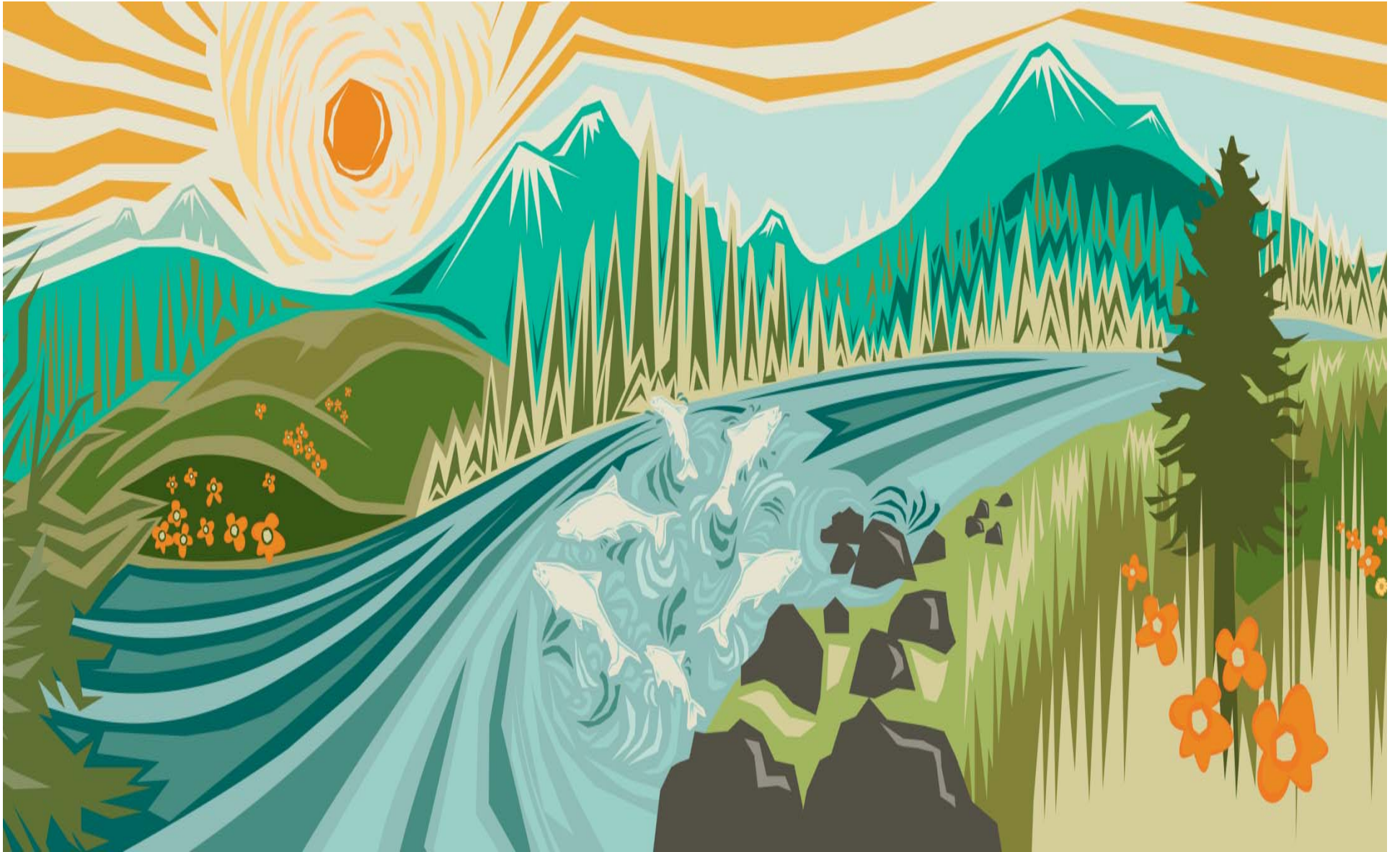
# Appendix – Non-GAAP Reconciliation

---

# Non-GAAP Reconciliation – Tangible Book Value

<i>(In thousands, except per share data)</i>	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 30, 2016
Total shareholders' equity	\$ 3,958,845	\$ 3,931,150	\$ 3,916,795	\$ 3,920,208	\$ 3,902,158
Subtract:					
Goodwill	1,787,651	1,787,651	1,787,651	1,787,651	1,787,651
Other intangible assets, net	33,508	35,197	36,886	38,753	40,620
Tangible common shareholders' equity	\$ 2,137,686	\$ 2,108,302	\$ 2,092,258	\$ 2,093,804	\$ 2,073,887
Total assets	\$ 25,257,784	\$ 24,861,458	\$ 24,813,119	\$ 24,744,214	\$ 24,132,507
Subtract:					
Goodwill	1,787,651	1,787,651	1,787,651	1,787,651	1,787,651
Other intangible assets, net	33,508	35,197	36,886	38,753	40,620
Tangible assets	\$ 23,436,625	\$ 23,038,610	\$ 22,988,582	\$ 22,917,810	\$ 22,304,236
Common shares outstanding at period end	220,205	220,349	220,177	220,207	220,482
Common equity ratio	15.67%	15.81%	15.79%	15.84%	16.17%
Tangible common equity ratio	9.12%	9.15%	9.10%	9.14%	9.30%
Book value per common share	\$ 17.98	\$ 17.84	\$ 17.79	\$ 17.80	\$ 17.70
Tangible book value per common share	\$ 9.71	\$ 9.57	\$ 9.50	\$ 9.51	\$ 9.41





Thank you

