Table of Contents

STATEMENT OF GOVERNANCE PRINCIPLES

INTRODUCTION

This document sets forth the basic corporate governance principles and practices that govern Umpqua Holdings Corporation (the "Company") and Umpqua Bank (the "Bank"). It describes the basic framework for the operation of the Company's and the Bank's Boards of Directors, and committees of the Boards. The Company's and Bank's Boards of Directors have approved this statement of principles and the related committee charters.

The members of the Bank's Board of Directors are elected by the Company, as the Bank's sole shareholder. Currently, the Company's Board of Directors and the Bank's Board of Directors consist of the same members, but that may not always be the case. Unless otherwise provided in this document, the term "Board" refers collectively to the Company's Board of Directors and the Bank's Board of Directors.

The Board recognizes that one of its essential functions is an ongoing review and discussion of corporate governance processes and procedures and the Board is committed to an annual review of these principles.

ROLE OF BOARD

The Company's business is directed by the Board under the management of the Company's President and Chief Executive Officer ("CEO") and conducted by its officers, managers and employees to enhance the long-term value of the Company for its shareholders. The Board and management recognize that shareholders' long-term interests are advanced by responsibly considering other stakeholders and interested parties including employees, customers and suppliers and the communities and geographical areas in which the Company operates.

FUNCTIONS OF BOARD

The Board's oversight role requires it to:

- Provide effective governance over the Company's affairs for the benefit of its shareholders and serve as the ultimate decision-making body of the Company, except with respect to those matters reserved to the shareholders;
- Set corporate goals and objectives in consultation with executive management;
- Establish policies to achieve corporate goals and objectives;
- Monitor the effectiveness of management, including its ability to plan and execute strategies;
- Oversee and understand the Company's risk management and compliance plans and efforts; and
- Hold management accountable for results and reward management for its achievements.

STATEMENT OF GOVERNANCE PRINCIPLES

In carrying out this oversight role, the Board shall perform the following principal functions:

- In consultation with executive management, review, monitor and approve corporate strategy and ensure an appropriate corporate culture;
- Ensure that internal controls are in place for maintaining the integrity of the Company, and of its financial statements, compliance with law and ethics, and relationships with customers, employees, suppliers and other stakeholders;
- Ensure management succession and elect the CEO, President, CFO, Corporate Secretary and the § 16 executive officers of the Company. The Bank Board shall elect the Bank's CEO, President, CFO and Regulation O executive officers;
- Review and approve the compensation of the Company's CEO and establish procedures for setting and reviewing director compensation;
- Monitor the fundamental financial and business strategies and major corporate actions taken by the Company and its subsidiaries;
- Identify the major risks facing the Company and how to address and mitigate those risks, including the approval of the Company's operating policies, and understand how risk is taken into account in business decision-making;
- Monitor risk management and respond to red flags if and when they arise; and
- Assist, as appropriate, in developing the Company's business by, among other things, making referrals, and promoting the Company and its subsidiaries in private conversations.

COMPOSITION/QUALIFICATIONS

Directors should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the shareholders. On an overall basis, the Board should have policymaking experience in all of the major business activities of the Company and its subsidiaries. To the extent practical, the Board should be representative of the major markets in which the Company operates. The Board values diversity and the highest professional qualifications in its board members.

Directors must be willing to devote sufficient time to effectively carry out their duties and responsibilities and should be committed to serve on the Board for at least the term to which they are elected. Each director should notify the Board Chair or Nominating and Governance Committee in the event of any significant change in personal circumstances that could adversely affect that director's ability to discharge his or her duties, and be prepared to offer his or her resignation. Examples of such changes include a material change in residence or employment. Directors should not serve on more than three boards of public companies in addition to the Company's Board. A director's responsibilities include:

STATEMENT OF GOVERNANCE PRINCIPLES

- Learning the Company's business;
- Reviewing board materials and preparing for active participation in Board meetings; and
- Attending all meetings of the Board and the Board committees on which a director serves. Directors are expected to attend the annual meeting of shareholders.

New directors will participate in an orientation program to acquaint them with the Company's business and the work and operation of the Board and its committees. The Company encourages directors to participate in meaningful director education programs and the Company will pay the reasonable expenses of attending approved education programs.

The Board has not established an overall term limit for individual director service. While term limits could help ensure fresh ideas and viewpoints, they hinder the Board's ability to provide continuity and the insight derived from long-term experience with the Company. The Company anticipates that there will be turnover on the Board as the Company grows and as the circumstances of individual director's change.

Directors owe a duty of undivided loyalty to the Company while serving on the board. A director generally may not serve on the board of directors of another bank, bank holding company, registered investment advisor or financial services company, or other company reasonably expected to compete with the Company or present a material conflict of interest. Exceptions to this policy must be approved by the Board and the director seeking such an exception must demonstrate that the other entity does not materially compete with the Company or any of its subsidiaries in any market or for any product and that there is no foreseeable conflict of interest, and that such service is permitted under applicable federal law.

As part of their duty of loyalty, directors are expected to avoid potential conflicts of interest, and fully disclose to the Board any matters they believe could constitute a conflict. By way of example only, a director or potential director must fully disclose any compensation arrangement the director or potential director has with any third party that in any way relates to such person's service on the Board or actions taken by or the performance of the Company or the value of its securities.

BOARD CHAIR

The Board will periodically appoint one of its members as chairperson of the Board of Directors (the "Board Chair"). The Board Chair will preside at all meetings of the Board and of the shareholders and will work with the Lead Director (as defined below), CEO and the Corporate Secretary to establish the agenda for the Board meetings. The Board will select the Board Chair, from time to time, based on criteria that it deems to be in the best interests of the Company and its shareholders. Independent directors, management directors, including the CEO, and other directors who do not qualify as independent are

STATEMENT OF GOVERNANCE PRINCIPLES

eligible for appointment as the Board Chair. If the Board Chair is not an independent director, the Board shall appoint a Lead Director. The Board believes that it has an overall governance profile that provides the flexibility to determine the leadership structure of the Company. The Board will conduct an annual assessment of its leadership structure to determine that the leadership structure is the most appropriate for the Company.

INDEPENDENCE OF DIRECTORS

A majority of the members of the Board shall be "independent directors" as defined in the NASDAQ Corporate Governance Requirements. The Board shall make an annual determination of the directors who are independent, i.e., those who either do not meet NASDAQ's or SEC technical independence requirements or have a relationship with the Company that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and, therefore, impair their independence.

Whether a director meets technical NASDAQ or SEC independence tests will be reviewed annually and disclosed prior to the director standing for re-election to the Board.

LEAD DIRECTOR

If the Board Chair is not an independent director, a majority of the independent directors will appoint an independent director to serve as the lead independent director ("Lead Director"). The Lead Director shall:

- Approve Board meeting schedules and agendas;
- Facilitate communication between the Board and senior management, including advising the Board Chair or the CEO of the Board's informational needs and approving the types and forms of information sent to the Board;
- Call and chair executive sessions or meetings of the independent directors and, as appropriate, provide feedback to the Board Chair or CEO;
- Serve as a liaison between the independent directors and the Board Chair and CEO;
- Chair Board and shareholder meetings in the absence of the Board Chair;
- Serve as Chair of the Nominating and Governance Committee;
- Lead the Board's annual review of the Statement of Governance Principles and periodic discussions of corporate governance processes and procedures, and monitor compliance with this Statement of Governance Principles;
- Be available for consultation and direct communication with major shareholders;
- Serve as a "sounding board" and advisor to the Board Chair and CEO;
- Oversee the process of hiring, firing and evaluating the Board Chair and the CEO; and
- Perform such other duties either specified in these guidelines or assigned from time to time by the Board.

STATEMENT OF GOVERNANCE PRINCIPLES

SIZE OF BOARD AND SELECTION PROCESS

In accordance with the Company's and the Bank's articles and bylaws, the Board shall consist of six to nineteen members, as determined by a resolution of the Board. Each director is elected to serve a one-year term, with each director's term expiring at the annual shareholder's meeting following the director's election or appointment.

Each director who stands for election shall hold office for the specified term and until his or her successor has been elected and qualified, subject to prior death, resignation or removal.

All directors should be alert to potential Board candidates with appropriate skills and characteristics and communicate that information to the CEO and the Chair of the Nominating and Governance Committee.

Each year, the Board shall propose a slate of nominees to the shareholders for election to the Board. Any nominee proposed by the Board, and any candidate proposed by a shareholder to the extent permitted by the Bylaws, shall certify, in advance of any shareholder meeting at which such candidate is to be voted upon, such candidate's understanding of and compliance with all of the Company's organizational documents, including this Statement of Governance Principles. Each such candidate shall also be obligated to complete a questionnaire, in the form provided by the Company's Corporate Secretary, as a pre-condition for eligibility or service on the Board.

A Company Board member's term on the Bank's Board of Directors shall be co-extensive with his or her term as a member of the Company's Board.

DIRECTOR ELECTIONS

The Articles of Incorporation provide that in any election of directors at a shareholder meeting at which a quorum is present (other than a meeting where the number of nominees exceeds the number of directors to be elected) each director shall be elected if the number of votes cast "for" exceed the number cast "against." In such an uncontested election, any nominee for director who receives a greater number of votes "withheld" from or "against" his or her election than votes "for" such election (a "Majority Withheld Vote") shall promptly tender his or her resignation to the Chair of the Nominating and Governance Committee following certification of the shareholder vote. In determining the votes cast for the election of a director, abstentions and broker non-votes shall be excluded. The Nominating and Governance Committee shall consider the offer of resignation and recommend to the Board whether to accept it. The Board will act on the Nominating and Governance Committee's recommendation within 90 days following the shareholder meeting. Board action on the matter will require the approval of a majority of the independent directors.

STATEMENT OF GOVERNANCE PRINCIPLES

The Nominating and Governance Committee and the Board will evaluate any such tendered resignation in the best interests of the Company and its shareholders, considering any factors they deem relevant. When deciding the action to take, the Board may accept or reject the offer of resignation or decide to pursue additional action, such as the following:

- Allow the director to remain on the Board, but not be nominated to the Board at the end of the current term;
- Defer acceptance of the resignation until a replacement director with certain necessary qualifications held by the subject director (for example, audit committee financial expertise) can be identified and elected to the Board; or
- Defer acceptance of the resignation if the director can cure the underlying cause of the withheld votes within the specified period of time.

The Company will timely disclose the Board's decision on a Form 8-K furnished to the Securities and Exchange Commission, including an explanation of the process by which the decision was reached and, if applicable, the reasons why the board rejected the director's resignation. If the resignation is accepted, the Nominating and Governance Committee will recommend to the Board whether to fill the vacancy or reduce the size of the Board.

Any director who tenders his or her resignation pursuant to this provision shall not participate in the committee or Board deliberations regarding whether to accept the offered resignation.

If each member of the Nominating and Governance Committee received a Majority Withheld Vote at the same election, then the independent directors who did not receive a Majority Withheld Vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them.

BOARD COMMITTEES

In accordance with the Company's bylaws, the Board believes that it is appropriate to delegate certain duties and authority to Board committees. The Company's Board and the Bank's Board establish the following Board committees, to have the authority and to discharge the duties described in the charter of each Board committee:

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

STATEMENT OF GOVERNANCE PRINCIPLES

The Board will review each committee's charter at least annually. The Board may, in its discretion, form new committees, disband committees or revise committee functions at any time.

In accordance with the bylaws, each Board committee shall keep a written record of its activities and proceedings. All actions by a Board committee will be reported to the Company's Board at the next regular meeting following the committee's meeting and the Board may ratify, revise or alter such action provided, however, that no rights or acts of third parties will be affected by any such revision or alteration.

ETHICS AND CONFLICTS OF INTEREST

The Board expects each of its directors, as well as its officers and employees, to act ethically at all times and to acknowledge adherence to the policies comprising the Company's code of conduct as set forth in the Business Ethics and Conflict of Interest Code. If an actual or potential conflict of interest arises for a director, that director shall promptly inform the Chair of the Audit and Compliance Committee; the Chair of the Audit and Compliance Committee shall inform another member of the Audit and Compliance Committee of any of his or her own actual or potential conflicts. If a significant conflict exists and cannot be resolved, the director should resign. A director will excuse himself or herself from any discussion or decision affecting his or her personal business or professional interests. The Audit and Compliance Committee shall resolve any conflict of interest question involving a Board member, the President, or the CEO. The CEO shall resolve any conflict of interest question involving any other officer of the Company who does not serve on the Board.

RELATIONSHIP WITH MANAGEMENT

The management of the Company and its subsidiaries shall be conducted by or under the supervision of the Company's CEO and by those other officers and employees to whom the management function is properly delegated by the CEO. The Board, together with the CEO, will develop and maintain a position description for the CEO, which shall define the limits of management's responsibilities and the corporate objectives for which the CEO is responsible.

The Board will adopt appropriate structures and procedures to ensure that the Board functions independently of management. Those procedures may include executive sessions of the Board, the Board meeting on a regular basis without management present, or expressly assigning responsibility for administering the Board's relationship with management to a Board committee. The Board contemplates that it will meet in executive session with only the independent members of the Board at least twice per year.

Communication between directors and management will, in most cases, be carried out through the office of the CEO. When directors seek clarification regarding information provided to directors or seek information about the Company generally, this may be sought directly from appropriate senior executive officers, but the CEO shall be advised. When directors are providing information about opportunities for the Company or are seeking introduction of persons to the Company, this should always be done through the CEO.

The Board and each of its committees shall have direct access to management and staff as necessary or appropriate to carry out its responsibilities. The Board Chair, Lead Director or any committee Chair may request any officer or employee of the Company to attend a meeting of the Board or the committee or to meet with any members of or consultants to the Board or the committee.

SETTING THE BOARD AGENDA

The Board Chair, Lead Director and the CEO shall confer to establish the agenda for each meeting of the Board. The agenda for each quarterly Board meeting shall include the following:

- Review and approval of minutes and proposed resolutions;
- Reports from Board committees that met since the last Board meeting;
- Reports with respect to financial results, credit and lending;
- Significant legal proceedings against the Company and its subsidiaries;
- Enterprise risk management;
- A strategic plan update and time for strategic discussion; and
- Management's report with respect to the Company's culture and investor relations.

Appropriate members of management shall be available to respond to questions and engage in discussions.

ANNUAL BOARD AND DIRECTOR PERFORMANCE EVALUATIONS

To determine whether the Board and its committees are functioning effectively, the Board, acting through the Nominating and Governance Committee will conduct annual self-evaluations. The Nominating and Governance Committee will lead the evaluations and report the results of the evaluations to the Board and each Committee Chair.

COMPENSATION OF BOARD

The Compensation Committee shall recommend to the Board the compensation and benefits of non-employee directors. In discharging this duty, the committee shall be guided by the following goals:

- Compensation should fairly pay directors for work required on a board of the Company's size and scope; and

STATEMENT OF GOVERNANCE PRINCIPLES

- Compensation should align each director's interest with the long-term interests of shareholders and compensation program should be simple, transparent and easy for shareholders to understand.

ACCESS TO INDEPENDENT ADVISORS

The Board and its committees shall have the right, at any time and at the Company's expense, to retain independent, outside financial, legal or other advisors.

STOCK OWNERSHIP GUIDELINES

The Company encourages its directors and executive officers, to accumulate and retain Company shares to align their interests with those of our shareholders and to minimize market disruptions and negative market perceptions caused by insider sales of Company shares. To that end, the Company expects its directors and executive officers to accumulate a meaningful position in Company shares. At minimum, an outside director and a section 16 executive officer each must own the following number of common shares within five years after he or she attains such position:

Position	**Minimum Ownership (multiple of base salary)**
CEO	4.0
President/Senior EVP	2.0
Other EVPs	1.5

Directors	**Minimum Ownership (multiple of director compensation)**
Outside Director	4.0

Share ownership shall be determined from the totals on Table 1 of an SEC Form 4, which includes unvested restricted stock awards and shares in which beneficial ownership is disclaimed, but excludes outstanding stock options. To calculate the value of a director's or an executive officer's shares, this total shall be multiplied by the highest share price in the preceding 52-week period. Director's compensation shall be based upon compensation reported in the proxy for that director in the preceding calendar year. Compliance with share ownership guidelines will be reviewed annually by the Nominating and Governance Committee.

Named executive officers are expected to retain a substantial portion of the equity awards granted by the Company. A named executive officer must retain 75% of the following net awards until the officer retires:

- Gains from option exercises (shares remaining after payment of the exercise price and taxes);

STATEMENT OF GOVERNANCE PRINCIPLES

- Vested restricted stock awards (net of tax withholdings);
- Shares issued in payment of LTIP restricted stock units (net of tax withholdings).

Exceptions to this holding requirement may be granted only by the Compensation Committee based upon bona fide personal financial need or family hardship, including divorce or death of a spouse.

In addition, the Company prohibits its directors and executive officers from engaging in sale or hedging strategies, such as the purchase of financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds), that could circumvent the stock ownership and retention requirements or are designed to hedge or offset any decrease in the market value of the Company's stock. Directors and section 16 executive officers are subject to the following limitations and guidelines with respect to the purchase and disposition of Company shares:

- Puts, calls, short sales, sales against the box or any derivative transactions are not allowed and will not be given section 16 pre-clearance;
- The Company and its affiliates will not make a loan to directors or executives secured by Company stock, and directors and executive officers are not permitted to pledge Company stock;
- A director or executive officer may sell up to 15,000 shares of Company stock per calendar year, subject to satisfying all section 16 trading policy requirements;
- An individual seeking to sell more than 15,000 shares per year must obtain prior approval from the Compensation Committee. Such a request should be based upon on a bona-fide personal financial need or family hardship, including divorce or death of a spouse;
- In addition to this annual sale limit, a director or executive officer may sell Company stock to cover the exercise price and tax liability associated with exercising options, receiving vested restricted share awards or receiving shares issued under a performance-based equity plan;
- Directors and executive officers are encouraged to sell Company shares under a 10b5-1 plan that meets Company guidelines, and to seek personal legal counsel before adopting such a plan;
- A director or executive officer may make bona fide gifts of stock subject to normal pre-clearance procedures;
- A director or executive officer may transfer stock to a trust that the director or officer controls, subject to normal pre-clearance procedures; and
- Directors and executive officers are encouraged to buy or sell Company shares, and enter into 10b5-1 plans, during the first 3 weeks following the Company's earnings release, to minimize the risk of insider trading violations.

STATEMENT OF GOVERNANCE PRINCIPLES

A director or executive officer who is unwilling or unable to follow these guidelines, should consider whether his or her personal goals continue to be fully aligned with the Company's goals and is not eligible for continued service as a director or executive officer of the Company.