

# **Umpqua Holdings Corporation NasdaqGS:UMPQ Shareholder/Analyst Call**

**Monday, April 20, 2020 11:00 PM GMT**

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# Call Participants

## EXECUTIVES

**Cort Lane O'Haver**  
*President, CEO & Director*

**Drew Anderson**  
*Senior VP & Director of Investor  
Relations*

**Peggy Yvonne Fowler**  
*Chairman & Lead Independent Director*

**Unknown Executive**

# Presentation

## **Peggy Yvonne Fowler**

*Chairman & Lead Independent Director*

Welcome. We are glad you could join us for the Umpqua Holdings Corporation's 2020 Annual Meeting of Shareholders. The meeting is now called to order. I am Peggy Fowler, Chair of the Umpqua Board. In the past, we hosted a physical annual meeting in Portland, North. This year, due to the public health and safety concerns with COVID 19, we are utilizing a virtual meeting format.

I am joined by phone by our CEO and Board member, Cort O'Haver; our Corporate Secretary, Andrew Agnon; and our Investor Relations Director, Drew Anderson, and Umpqua Qual executive Officers, my fellow board members; and David and [indiscernible] of our registered public accounting firm, Deloitte & Touche, are also participating in the meeting.

The COVID-19 pandemic presents an unprecedented and unique set of challenges for Umpqua. The Board of Directors believes the management team is taking the right steps for our shareholders to serve our customers and our communities and protect the health and safety of our associates. We could not be more proud of the efforts of Cort and his team. Cort will share more on Umpqua's response at the end of the meeting. Thank you for your ongoing support as a shareholder and for joining us for our first virtual annual meeting today.

Now I'll open the polls for voting and turn it over to Andrew Ognall.

## **Unknown Executive**

Thanks, Peggy. I'll walk through the media logistics and proposals to be voted on. You should be able to see a link on the right-hand side of your screen to the online voting site. If you do not indicate the number of shares you intend to vote on the electronic ballot, your electronic ballot will automatically represent all shares that you're entitled to vote at this meeting.

For those shareholders who submitted proxies, the proxy holders will vote your shares as instructed, and no further action is needed unless you wish to change your vote. Also, you should be able to see a text box on the virtual annual meeting portal where you submit -- where you may submit questions. Please go ahead and start to submit your questions at this time. Notice of this meeting was sent beginning on March 5, 2020, and the notice of change of location to a virtual only meeting was sent beginning on or about March 27, 2020. I have certifications of mailing, and we'll file them with the meeting records.

Also, as required under Oregon corporate law, a link to the registered shareholder list is also available on your site. Dan Castillo from Broadridge has been appointed as the independent inspector of elections. She is participating in the meeting today and has taken and signed an oath of inspector of election that will also be filed with the meeting minutes. She's informed us that a majority of the outstanding shares held of record and entitled to vote as of the close of business on February 12, 2020. The record date for this meeting are represented at the meeting. We hereby declare that a quorum is present.

We have 3 items of business today for you to consider, all as described in the proxy statement. The first item is the election of directors. The following 11 individuals, all current directors have been nominated to serve on the Board of Directors. Peggy Fowler, Stephen Gambia, Jim Green; Luis Machuca, Cort O'Haver, Maria Pope, John Schultz, Susan Stevens, Hilliard Terry, Brian Tim and Andrea Vornado. No other nominations have been properly made and nominations are closed at this time.

Our second item of business is a vote on ratifying the selection of Deloitte as our registered public accounting firm for 2020. Our third and final item of business is the annual say on pay vote, which is an advisory vote to approve the compensation of our named executive officers as disclosed in a proxy statement.

That concludes the matters to be voted on today, and no other matters can be brought before this meeting. Peggy?

## **Peggy Yvonne Fowler**

*Chairman & Lead Independent Director*

Thank you, Andrew. I declare that the polls are closed. Could you please provide us the preliminary vote results.

## Unknown Executive

Yes. I have received a preliminary tabulation from Broadridge. And based on that, I'm pleased to report that all of the director nominees were elected and each of the proposals approved. Final voting results of today's meeting will be reported on a Form 8-K with the SEC filed within 4 business days of this meeting.

We'll open the meeting up for a Q&A session shortly. We'll answer as many questions as we can in the time allotted, and we will group similar questions.

I'll now turn it over to Cort for his presentation.

Cort Lane O'Haver  
*President, CEO & Director*

All right. Well, thanks, Andrew. Welcome, everyone, and thanks for joining us for Umpqua Holdings Corporation's 2020 Annual Shareholder Meeting. At almost \$30 billion in assets with locations across 5 states, Umpqua is 1 of the largest banks in the West Coast and the largest bank headquartered in the Pacific Northwest. A combination of enough size to scale and ability to invest in the future without losing that human connection to our associates, customers and communities provides Umpqua a unique advantage, especially in times like these.

I will get to our highlights and 2019 financial results soon. But I would be remiss if I didn't mention how Umpqua has and is responding to the variety of matters brought upon us by the COVID-19 global pandemic. Our thoughts remain with the individuals and communities impacted by this virus, but I want to give a special thanks to the health care workers, first responders and other individuals, providing essential services that are helping all of us respond to this crisis. I also want to share my sincere appreciation for our own Umpqua store associates, who have kept our stores open and a modified operating environment and continue to provide essential services to our customers.

Specific to Umpqua, I couldn't be more proud of how our company quickly stabilized our operations and adapted to continue serving customers during the past 90 days of unprecedented disruption. The vast majority of our stores have remained open throughout. And within days of local guidelines, we deployed 90% of our non store associates to work remotely, due to the technology investments we've made since introducing Umpqua next-gen in late 2017. Whether you're a small business and middle market corporation or individual consumer, everyone has been impacted by this health care crisis. Helping our customers navigate their own paths of recovery is Umpqua's #1 priority and we've activated our initial response across multiple areas. We quickly developed and deployed individual programs to assist our associates, customers and communities with a goal of supporting economic recovery long term. Details of all of our programs are available on our website at [umpquabank.com](http://umpquabank.com).

I'm also delighted to report to our shareholders that Umpqua was 1 of the first banks in the entire country to begin taking applications for the payroll protection program. To date, we've approved and received SBA PLP numbers to be able to fund more than 6,700 loans for \$1.4 billion in balances under the PPP. Finally, when the time is right and our customers and communities are ready once again to purchase homes, open new locations and restart CapEx projects, we will be there for them, willing and able to fuel their growth.

Our response to the COVID-19 global pandemic is a testament to the humanity and spirit that runs deeply here Umpqua Bank. Umpqua's strong brand and culture will drive how we pull-through this crisis together. It's in difficult times that you can see what people and their companies are made of. And it's because of our associates and their passion and commitment to serving our customers and communities that Umpqua is truly great. This past year, we were once again humbled to be recognized as 1 of the country's best financial service companies. Forbes named Umpqua one of the best banks in America and also the world. We were recognized as a most admired financial services company in Oregon for the 15th year in a row by the Portland Business Journal and were also recognized in the 2019 Greenwich Excellence Awards for U.S. middle-market banking.

Our approach to corporate responsibility reflects our ongoing desire to make a meaningful difference in the financial well-being of our communities. In 2019, we invested in educational and economic opportunity initiatives through both time and money. In total, we contributed \$3.4 million and close to 43,000 volunteer hours in our communities.

Umpqua Go-To formally launched in April of 2019 has become a tremendous success. We have more than 50,000 of our customers enrolled in our Go-To platform and as I mentioned last year, it provides everyone in our communities the chance to choose and work with their own personal banker, regardless of the size of their bank balance. During the

last 90 days, we have seen Go-To in our human digital approach to banking become a very powerful and incredibly valuable resource. GoTo is providing our customers and bankers a healthy and secure way to conduct transactions, initiate COVID-19-related relief and get answers to other critical questions. As you can imagine, enrollment is up more than 30%, and usage is up 3x from this time just a quarter ago.

2019 was another solid year financially for Umpqua, highlighted by record net income of \$354 million, which resulted in earnings per share of \$1.60. Our balanced growth initiatives resulted in loan growth of 4%, deposit growth of 6% and growth in non-mortgage fee revenue of 4%. We grew our tangible book value per share from \$10.19 to \$11.39, which when factoring in the \$0.84 dividends paid per share equates to growth of 20%. And finally, we advanced our Umpqua next-gen strategy with additional human digital investments and a sharp focus on controlling operating expenses. We launched Umpqua's next-gen strategy with financial goals that included a higher return on tangible common equity and a lower efficiency ratio, which we forecasted would be the result of a transformative corporate initiatives. While the rate curve and forward rate expectations have changed dramatically since the release of the original goals, it's important to note the financial progress that we have made thus far.

The recent drop in long-term rates will make the initiatives of balanced growth, the investments in our human digital delivery and the continuing efforts of streamlining our company operations even more important in the future. So now a quick note on the rules of conduct for taking questions during this virtual shareholder meeting. As a reminder, please limit your questions to matters of general interest. We will be discussing Q1 2020 specific items, including earnings on our earnings call scheduled for April 23 at 10:00 a.m. Pacific Standard Time. Similar questions may be grouped or addressed in order to make time -- more time for topics for as much time as we can for all the topics you have. So thank you for your interest in Umpqua Holdings, and now we will move to our Q&A session. Drew Anderson, our Investor Relations Director, will coordinate the questions.

# Question and Answer

**Drew Anderson**

*Senior VP & Director of Investor Relations*

Thanks, Cort. At this time, we have no questions. I will now turn the call back over to Chair, Peggy Fowler.

**Peggy Yvonne Fowler**

*Chairman & Lead Independent Director*

Thank you. I declare the business of today's meeting concluded and the meeting is now adjourned. On behalf of the Umpqua Board, I'd like to thank you for joining us today. We are sincerely grateful for your interest in the company and invite you to visit our Investor Relations website for additional information or for a replay of this meeting. Please stay safe and healthy during these difficult times.

And with that, we'll say goodbye.

**Operator**

Thank you for attending today's presentation. The conference has now concluded, and you may now disconnect.

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