

FEDERAL RESERVE SYSTEM

Columbia Banking System, Inc.
Tacoma, Washington

Order Approving the Merger of Bank Holding Companies and Determination on a
Financial Holding Company Election

Columbia Banking System, Inc. (“Columbia”), Tacoma, Washington, a bank holding company within the meaning of the Bank Holding Company Act of 1956 (“BHC Act”),¹ has requested the Board’s approval under section 3 of the BHC Act² to acquire Umpqua Holdings Corporation (“Umpqua”), Portland, Oregon, a bank holding company, and thereby indirectly acquire its state nonmember bank, Umpqua Bank (“Umpqua Bank”), Roseburg, Oregon. Following the proposed acquisition, Columbia’s state nonmember bank, Columbia State Bank (“Columbia Bank”), Tacoma, Washington, would be merged with and into Umpqua Bank.³ In connection with this proposal, Columbia also has filed with the Board an election to become a financial holding company pursuant to sections 4(k) and (l) of the BHC Act and section 225.82 of the Board’s Regulation Y.⁴

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (86 Federal Register 69648 (December 8, 2021)).⁵ The time for submitting comments has expired, and the Board did not receive any public

¹ 12 U.S.C. § 1841 et seq.

² 12 U.S.C. § 1842.

³ The merger of Columbia Bank with and into Umpqua Bank is subject to the approval of the Federal Deposit Insurance Corporation (“FDIC”), under section 18(c) of the Federal Deposit Insurance Act. 12 U.S.C. § 1828(c) (“Bank Merger Act”).

⁴ 12 U.S.C. § 1843(k) and (l); 12 CFR 225.82.

⁵ 12 CFR 262.3(b).

comments. The Board has considered the proposal in light of the factors set forth in section 3 of the BHC Act.

Columbia, with consolidated assets of approximately \$20.6 billion, is the 94th largest insured depository organization in the United States.⁶ Columbia controls approximately \$18.0 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Columbia controls Columbia Bank, which operates in California, Idaho, Oregon, and Washington.

Umpqua, with consolidated assets of approximately \$30.1 billion, is the 74th largest insured depository organization in the United States. Umpqua controls approximately \$27.4 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Umpqua controls Umpqua Bank, which operates in California, Idaho, Nevada, Oregon, and Washington.

On consummation of this proposal, Columbia would become the 54th largest insured depository organization in the United States, with consolidated assets of approximately \$50.4 billion, which would represent less than 1 percent of the total assets of insured depository institutions in the United States. Columbia would control consolidated deposits of approximately \$45.4 billion, which would represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.⁷

⁶ Consolidated asset, national deposit ranking, and market-share data are as of June 30, 2022. In this context, insured depository institutions include commercial banks, savings banks, and savings associations.

⁷ See Appendix I for deposit and ranking data by state, for states in which Columbia Bank and Umpqua Bank have banking operations. State deposit ranking and deposit data are as of June 30, 2021.

Interstate Analysis

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company that is well capitalized and well managed to acquire control of a bank located in a state other than the home state of the bank holding company without regard to whether the transaction would be prohibited under state law.⁸ The Board may not approve under this provision an application that would permit an out-of-state bank holding company to acquire a bank in a host state if the target bank has not been in existence for the lesser of the state statutory minimum period of time or five years.⁹ When determining whether to approve an application under this provision, the Board must take into account the record of the applicant's depository institution under the CRA and the applicant's record of compliance with applicable state community reinvestment laws.¹⁰ In addition, the Board may not approve an interstate application under this provision if the bank holding company controls or, upon consummation of the proposed transaction, would control more than 10 percent of the total deposits of insured depository institutions in the United States or, in certain circumstances, if the bank holding company, upon consummation, would control 30 percent or more of the total deposits of insured depository institutions in any state in which the acquirer and target have overlapping banking operations.¹¹

⁸ 12 U.S.C. § 1842(d)(1)(A).

⁹ 12 U.S.C. § 1842(d)(1)(B).

¹⁰ 12 U.S.C. § 1842(d)(3).

¹¹ 12 U.S.C. § 1842(d)(2)(A) and (B). For purposes of section 3(d) of the BHC Act, the acquiring and target organizations have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. The Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. See 12 U.S.C. § 1841(o)(4)–(7).

For purposes of this provision, the home state of Columbia is Washington.¹² Umpqua Bank is located in California, Idaho, Nevada, Oregon, and Washington. Columbia is well capitalized and well managed under applicable law. Columbia Bank has an “Outstanding” rating under the CRA.¹³ Columbia Bank has been in existence for more than five years.

On consummation of the proposed transaction, Columbia would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. Of the states in which Columbia and Umpqua have overlapping operations, Washington imposes a 30 percent limit on the total amount of in-state deposits that a single banking organization may control.¹⁴ The combined organization would control approximately 6.78 percent of the total amount of deposits of insured depository institutions in Washington, 3.88 percent of such deposits in Idaho, and 14.54 percent of such deposits in Oregon. Accordingly, in light of all the facts of record, the Board is not precluded from approving the proposal under section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant market.¹⁵ The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a

¹² 12 U.S.C. § 1841(o)(4)(C). A bank holding company’s home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

¹³ Washington has a state community reinvestment law that applies to Columbia. Wash. Rev. Code Ann. § 30A.60.010. Columbia Bank operates in compliance with Washington State community reinvestment laws. There are no other state community reinvestment laws that apply to this proposal.

¹⁴ Wash. Rev. Code Ann. § 30A.49.125(6) (30 percent).

¹⁵ 12 U.S.C. § 1842(c)(1)(A).

monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the communities to be served.¹⁶

Columbia and Umpqua have subsidiary banks that compete directly in 28 banking markets in California, Idaho, Oregon, and Washington. The Board has considered the competitive effects of the proposal in these banking markets. In particular, the Board has considered the relative share of total deposits in insured depository institutions in the markets (“market deposits”) that Columbia would control¹⁷; the concentration levels of market deposits and the increase in these levels, as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Bank Merger Competitive Review guidelines (“DOJ Bank Merger Guidelines”)¹⁸; the number

¹⁶ 12 U.S.C. § 1842(c)(1)(B).

¹⁷ Local deposit and market share data are as of June 30, 2021, and unless otherwise noted, are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. *See, e.g., Midwest Financial Group*, 75 Federal Reserve Bulletin 386 (1989); *National City Corporation*, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in market share calculations on a 50-percent weighted basis. *See, e.g., Huntington Bancshares Incorporated*, FRB Order No. 2021-07, at 5–6 (May 25, 2021); *Hancock Whitney Corporation*, FRB Order No. 2019-12 at 6 (September 5, 2019).

¹⁸ In applying the DOJ Bank Merger Guidelines issued in 1995 (see <https://www.justice.gov/atr/bank-merger-competitive-review-introduction-and-overview-1995>), the Board looks to the DOJ’s Horizontal Merger Guidelines issued in 1992 and amended in 1997, for the characterization of a market’s concentration. See <https://www.justice.gov/atr/horizontal-merger-guidelines-0>. Under these Horizontal Merger Guidelines, which were in effect prior to 2010, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice (“DOJ”) has informed the Board that a bank merger or acquisition generally would not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. Although the DOJ and the Federal Trade Commission issued revised Horizontal Merger Guidelines in 2010 (see <https://www.justice.gov/atr/horizontal-merger-guidelines-08192010>), the DOJ has

of competitors that would remain in each market; other characteristics of the markets; and, as discussed below, commitments made by Columbia to divest branches in certain markets.¹⁹

Banking Markets Within Established Guidelines

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Bank Merger Guidelines in 21 banking markets. The change in the HHI in these markets generally would either be small or the resulting level of HHI would not be highly concentrated, consistent with Board precedent, and within the thresholds in the DOJ Bank Merger Guidelines. In addition, numerous competitors would remain in most of these banking markets.²⁰

Banking Markets Warranting Special Scrutiny

The effects that consummation of the proposal would have in seven banking markets, in California, Oregon, and Washington warrant special scrutiny and a detailed review, because the concentration levels on consummation would exceed the thresholds in the DOJ Bank Merger Guidelines, when using initial competitive screening data. In four of these markets, Columbia has committed to divest deposits equal to or exceeding its current market share and, therefore, the levels of concentration as measured by the HHI would either remain unchanged or decrease slightly on consummation of the merger and proposed divestitures.²¹ In these and the remaining markets, the Board has

confirmed that its Bank Merger Guidelines, which were issued in 1995, were not modified. See Press Release, Department of Justice (August 19, 2010), available at www.justice.gov/opa/pr/2010/August/10-at-938.html.

¹⁹ In connection with the transaction, Columbia has committed to divest 10 branches, representing approximately \$598.3 million in deposits, in California, Oregon, and Washington.

²⁰ These banking markets and the competitive effects of the proposal in these markets are described in Appendix II.

²¹ In this context, insured depository institution includes commercial banks, savings and loan associations, and savings banks.

considered whether factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition.²²

Banking Market Without Divestitures

Centralia, Washington Banking Market. Columbia Bank is the 3rd largest insured depository institution in the Centralia banking market, controlling approximately \$155.6 million in deposits, which represent 11.3 percent of market deposits.²³ Umpqua Bank is the 2nd largest insured depository institution in the market, controlling approximately \$157.7 million in deposits, which represent 11.5 percent of market deposits. On consummation, Umpqua Bank would be the 2nd largest insured depository institution in the market, controlling approximately \$313.4 million deposits in the market, which would represent approximately 22.8 percent of market deposits. The HHI in this market would increase 260 points from 1851 to 2111.

The Board has considered whether factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Centralia banking market.²⁴ In particular, three credit unions exert a competitive influence in the Centralia banking market. Each institution offers a wide range of consumer banking products, operates street-level branches, and has broad membership criteria that include almost all of the residents in the relevant banking market.²⁵ The Board finds that the deposits of credit unions that exhibit these

²² These banking markets and the competitive effects of the proposal in these markets are summarized in Appendix II.

²³ The Centralia banking market is defined as Lewis County, Washington.

²⁴ The number and strength of factors necessary to mitigate the competitive effects of a proposal depend on the size of the increase in, and resulting level of, concentration in a banking market. See NationsBank Corporation, 84 Federal Reserve Bulletin 129 (1998).

²⁵ The Board previously has considered competition from certain active credit unions with these features as a mitigating factor. See, e.g., Huntington Bancshares, Incorporated, FRB Order No. 2021-07 (May 25, 2021); Huntington Bancshares Incorporated, FRB Order No. 2016-13 (July 29, 2016); BB&T Corporation, FRB Order No. 2015-18 (July 7, 2015); and Wachovia Corporation, 92 Federal Reserve Bulletin C183 (2006).

characteristics (each a “qualifying credit union”) in the Centralia banking market should be included at a 50-percent weight in calculating its estimate of market influence. This weighting takes into account the limited lending done by credit unions to small businesses relative to commercial banks’ lending levels.

This adjustment suggests that the resulting market concentration in the Centralia banking market is less significant than would appear from the initial competitive screening data. After consummation and adjusting to reflect competition from qualifying credit unions in the market, the level of concentration in the Centralia banking market as measured by HHI would increase by 181 points from 1420 to 1601, and the market share of Umpqua Bank would increase from 9.6 percent to 19.1 percent. Ten other depository institutions, including the qualifying credit unions, would remain in the market, including one depository institution with a market share of greater than 25 percent.

*Banking Markets with Divestitures*²⁶

Colusa County, California Banking Market. Columbia Bank is the 5th largest insured depository institution in the Colusa County banking market,

²⁶ As a condition of consummation of the proposed merger, Columbia has committed that it will execute, before consummation of the proposed merger, a sales agreement with a competitively suitable banking organization. Columbia has provided a similar commitment to the DOJ. Columbia also has committed to complete the divestiture of branches within 180 days after consummation of the proposed transaction. In addition, Columbia has committed that if the proposed divestiture is not completed within the 180-day period, Columbia would transfer the unsold branches to an independent trustee, who would be instructed to sell them to an alternate purchaser or purchasers in accordance with the terms of this order and without regard to price. Both the trustee and any alternate purchaser must be deemed acceptable to the Board. See, e.g., BankAmerica Corporation, 78 Federal Reserve Bulletin 338 (1992); United New Mexico Financial Corporation, 77 Federal Reserve Bulletin 484 (1991). For each branch to be divested, the amount of deposits to be divested has been determined through a householding methodology approved by the DOJ. This householding methodology assigns particular customers to a household and then assigns certain households to the divested branch, generally where the customers execute teller transactions most frequently. Therefore, subject to certain limited exceptions, the proposed divestitures include all deposits of customers that are householded to the divested branches, which is intended to minimize

controlling approximately \$27.3 million in deposits, which represent 4.8 percent of market deposits.²⁷ Umpqua Bank is the largest insured depository institution in the market, controlling approximately \$172.0 million in deposits, which represent 30.5 percent of market deposits. On consummation, Umpqua Bank would be the largest insured depository institution in the market, controlling approximately \$199.3 million of deposits in the market, which would represent approximately 35.3 percent of market deposits. The HHI in this market would increase 293 points, from 2349 to 2642.

To mitigate the potentially adverse competitive effects of the proposal in the Colusa County banking market, Columbia has committed to divest one Columbia Bank branch in the Colusa County banking market, accounting for a total of approximately \$27.3 million in deposits, to a competitively suitable institution.²⁸

After accounting for the divestiture of one Columbia Bank branch in the market, the combined organization would control approximately 30.5 percent of market deposits, and the HHI would remain unchanged at a level of 2349. Four other depository institutions would remain in the market, three of which would have a market share of more than 20.0 percent.

Glenn County, California Banking Market. Columbia is the 3rd largest insured depository institution in the Glenn County banking market, controlling approximately \$92.4 million in deposits, which represent 15.4 percent of market deposits.²⁹ Umpqua Bank is the 2nd largest insured depository institution in the market, controlling approximately \$164.0 million in deposits, which represent 27.3 percent of market deposits. On consummation, Umpqua Bank would be the largest insured depository institution in the market, controlling approximately \$256.4 million of deposits

the chance that those customers would revert to the combined organization following the divestitures. Because of this householding methodology, there may be de minimis changes in the HHI of markets with proposed divestitures.

²⁷ The Colusa County banking market is defined as Colusa County, California.

²⁸ See supra note 26.

²⁹ The Glenn County banking market is defined as Glenn County, California.

in the market which would represent approximately 42.7 percent of market deposits. The HHI in this market would increase 841 points, from 3144 to 3985.

The Board has considered whether factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Glenn County banking market. In particular, one qualifying credit union exerts a competitive influence in the Glenn County banking market. In addition, Columbia has committed to divest two Columbia Bank branches in the Glenn County banking market, accounting for a total of approximately \$92.4 million in deposits, to a competitively suitable institution.³⁰

After accounting for the divestiture of two Columbia Bank branches in the market and the competitive impact of the qualifying credit union, the combined organization would control approximately 25.9 percent of market deposits, and the HHI would remain unchanged at a level of 2858. Four other depository institutions would remain in the market, including the qualifying credit union and one depository institution with a market share of more than 40.0 percent.

Hood River, Oregon-Washington Banking Market. Columbia is the largest insured depository institution in the Hood River banking market, controlling approximately \$255.2 million in deposits, which represent 25.4 percent of market deposits.³¹ Umpqua Bank is the 3rd largest insured depository institution in the market, controlling approximately \$111.8 million in deposits, which represent 11.1 percent of market deposits. On consummation, Umpqua Bank would be the largest insured depository institution in the market, controlling approximately \$367.1 million in deposits in the market which would represent approximately 36.6 percent of market deposits. The HHI in this market would increase 567 points, from 1474 to 2041.

³⁰ See supra note 26.

³¹ The Hood River banking market is defined as Hood River County, Oregon and western Klickitat County, Washington.

The Board has considered whether factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Hood River banking market. In particular, two qualifying credit unions exert a competitive influence in this banking market. In addition, Columbia has committed to divest one Columbia Bank branch in this banking market, accounting for a total of approximately \$66.2 million in deposits, to a competitively suitable institution.³²

Adjusting for the qualifying credit unions and accounting for the divestiture of one Columbia Bank branch in the market suggests that the effect of the transaction on market concentration in the Hood River banking market would be less significant than would appear from the initial competitive screening data. Specifically, with these adjustments, the combined organization would control approximately 27.5 percent of market deposits, and the HHI would increase by 144 points to a level of 1425. Nine other depository institutions, including the qualifying credit unions, would remain in the market, including at least one depository institution with a market share of more than 10.0 percent.

Lincoln County, Oregon Banking Market. Columbia is the largest insured depository institution in the Lincoln County banking market, controlling approximately \$274.7 million in deposits, which represent 22.9 percent of market deposits.³³ Umpqua Bank is the 6th largest insured depository institution in the market, controlling approximately \$86.9 million in deposits, which represent 7.2 percent of market deposits. On consummation, Umpqua Bank would be the largest insured depository institution in the market, controlling approximately \$361.6 million in deposits in the market which would represent approximately 30.1 percent of market deposits. The HHI in this market would increase 331 points, from 1613 to 1944.

³² See supra note 26.

³³ The Lincoln County banking market is defined as Lincoln County, Oregon.

The Board has considered whether factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Lincoln County banking market. In particular, two qualifying credit unions exert a competitive influence in the Lincoln County banking market. In addition, Columbia has committed to divest two Columbia Bank branches in this banking market, accounting for a total of approximately \$176.1 million in deposits, to a competitively suitable institution.³⁴

Adjusting for the qualifying credit unions and accounting for the divestiture of two Columbia Bank branches in the market suggests that the effect of the transaction on market concentration in this banking market would be less significant than would appear from the initial competitive screening data. Specifically, with these adjustments, the combined organization would control approximately 13.3 percent of market deposits, and the HHI would decrease by 90 points to a level of 1203. Nine other depository institutions, including the qualifying credit unions, would remain in the market, including at least two depository institutions each with a market share of more than 10.0 percent.

The Dalles, Oregon-Washington Banking Market. Columbia is the largest insured depository institution in The Dalles banking market, controlling approximately \$249.9 million in deposits, which represent 29.6 percent of market deposits.³⁵ Umpqua Bank is the 5th largest insured depository institution in the market, controlling approximately \$66.9 million in deposits, which represent 7.9 percent of market deposits. On consummation, Umpqua Bank would be the largest insured depository institution in the market, controlling approximately \$316.8 million of deposits in the market, which would represent approximately 37.5 percent of market deposits. The HHI in this market would increase 468 points, from 1609 to 2077.

³⁴ See *supra* note 26.

³⁵ The Dalles banking market is defined as Wasco County and Sherman County in Oregon, and the Dallesport-Klickitat, Goldendale, Horse Heaven Hills Plateau townships in Klickitat County, Washington.

The Board has considered whether factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in The Dalles banking market. In particular, two qualifying credit unions exert a competitive influence in The Dalles banking market. In addition, Columbia has committed to divest one Columbia Bank branch in this banking market, accounting for a total of approximately \$60.8 million in deposits, to a competitively suitable institution.³⁶

Adjusting for the qualifying credit unions and accounting for the divestiture of one Columbia Bank branch in the market suggests that the effect of the transaction on market concentration in the Dalles banking market would be less significant than would appear from the initial competitive screening data. Specifically, with these adjustments, the combined organization would control approximately 26.8 percent of market deposits, and the HHI would increase by 25 points to a level of 1371. Ten other depository institutions, including the qualifying credit unions, would remain in the Dalles banking market, including at least three depository institutions each with a market share of more than 10.0 percent.

Tillamook County, Oregon Banking Market. Columbia is the 4th largest insured depository institution in the Tillamook County banking market, controlling approximately \$77.8 million in deposits, which represent 12.8 percent of market deposits.³⁷ Umpqua Bank is the 2nd largest insured depository institution in the market, controlling approximately \$160.4 million in deposits, which represent 26.4 percent of market deposits. On consummation, Umpqua Bank would be the largest insured depository institution in the market, controlling approximately \$238.3 million of deposits in the market which would represent approximately 39.2 percent of market deposits. The HHI in this market would increase 677 points, from 2492 to 3169.

³⁶ See supra note 26.

³⁷ The Tillamook County banking market is defined as Tillamook County, Oregon.

The Board has considered whether factors either mitigate the competitive effects of the proposal or indicate that the proposal would not have a significantly adverse effect on competition in the Tillamook County banking market. In particular, one qualifying credit union exerts a competitive influence in the Tillamook County banking market. In addition, Columbia has committed to divest two Columbia Bank branches in this banking market, accounting for a total of approximately \$77.8 million in deposits, to a competitively suitable institution.³⁸

Adjusting for the qualifying credit union and accounting for the divestiture of two Columbia Bank branches in this banking market suggests that the effect of the transaction on market concentration in the Tillamook County banking market would be less significant than would appear from the initial competitive screening data. Specifically, with the divestiture, the combined organization would control approximately 24.8 percent of market deposits, and the HHI would remain unchanged at a level of 2230. Five other depository institutions would remain in the market, including the qualifying credit union, and including at least two depository institutions each with a market share of more than 10.0 percent.

Conclusion Regarding Competitive Effects

The DOJ conducted a review of the potential competitive effects of the proposal and has advised the Board that, if the divestitures discussed above are made in accordance with the terms of the commitments, the DOJ would support a conclusion by the Board that the transaction likely would not have a significant adverse effect on competition. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in the banking markets in which Columbia and Umpqua

³⁸ See supra note 26.

compete directly or in any other relevant banking market. Accordingly, the Board determines that the competitive considerations are consistent with approval.

Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under section 3 of the BHC Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved, the effectiveness of the institutions in combatting money laundering, and any public comments on the proposal.³⁹ In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of public and supervisory information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as any public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete the proposed integration of the operations of the institutions effectively. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

Columbia, Umpqua, and their subsidiary depository institutions are well capitalized, and the combined organization would remain so on consummation of the proposal. The proposed transaction is a bank holding company merger that is structured

³⁹ 12 U.S.C. § 1842(c)(2), (5), and (6).

as a share exchange, with a subsequent merger of the subsidiary banks.⁴⁰ The capital, asset quality, earnings, and liquidity of Columbia and Umpqua are consistent with approval, and Columbia and Umpqua appear to have adequate resources to absorb the related costs of the proposal and to complete the integration of the institutions' operations. In addition, future prospects are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records of Columbia, Umpqua, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by Columbia; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; and the organizations' records of compliance with applicable banking, consumer protection, and anti-money-laundering laws.

Columbia, Umpqua, and their subsidiary depository institutions are each considered to be well managed. The combined organization's proposed directors and senior executive officers have knowledge of and experience in the banking and financial services sectors, and the proposed risk-management program appears consistent with approval of this expansionary proposal.

The Board also has considered Columbia's plans for implementing the proposal. Columbia has conducted comprehensive due diligence and is devoting significant financial and other resources to address all aspects of the post-acquisition integration process for this proposal. In addition, Columbia's management has the experience and resources to ensure that the combined organization would operate in a safe and sound manner.

⁴⁰ Columbia would effect the holding company acquisition by merging Umpqua with and into a newly formed subsidiary of Columbia ("Merger Sub"), with Merger Sub as the surviving entity. Merger Sub subsequently would merge with and into Columbia, with Columbia surviving, and Columbia Bank would then merge with and into Umpqua Bank, with Umpqua Bank as the surviving entity.

Based on all the facts of record, including Columbia’s supervisory record, managerial and operational resources, and plans for operating the combined organization after consummation, the Board determines that considerations relating to the financial and managerial resources and the future prospects of the organizations involved in the proposal, as well as the records of effectiveness of Columbia and Umpqua in combatting money-laundering activities, are consistent with approval.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.⁴¹ In its evaluation, the Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve, as well as other potential effects of the proposal on the convenience and needs of these communities. The Board considers and places particular emphasis on the records of the relevant depository institutions under the CRA. The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions’ safe and sound operation.⁴² The CRA also requires the appropriate federal financial supervisory agency to assess a depository institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) neighborhoods, in evaluating bank expansionary proposals.⁴³

In addition, the Board considers the banks’ overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, or certain other characteristics. The Board also considers assessments of the involved

⁴¹ 12 U.S.C. § 1842(c)(2).

⁴² 12 U.S.C. § 2901(b).

⁴³ 12 U.S.C. § 2903.

institutions by other relevant supervisors, the supervisory views of examiners, other supervisory information, information provided by the applicant, and any public comments on the proposal. The Board also may consider the acquiring institution's business model, marketing and outreach plans, plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of Columbia Bank and Umpqua Bank, the fair lending and compliance records of both banks, the supervisory views of the Federal Reserve Bank of San Francisco and the FDIC, confidential supervisory information, and information provided by Columbia.

Records of Performance under the CRA

In evaluating the convenience and needs factor and the CRA performance of an institution, the Board generally considers each institution's most recent CRA evaluation as well as information and supervisory views provided by the appropriate federal financial supervisor, which in this case is the FDIC with respect to both Columbia Bank and Umpqua Bank.⁴⁴ In addition, the Board considers information provided by the applicant and by any public commenters.

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.⁴⁵ An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

⁴⁴ See Interagency Questions and Answers Regarding Community Reinvestment, 81 Federal Register 48,506, 48,548 (July 25, 2016).

⁴⁵ 12 U.S.C. § 2906.

In general, federal financial supervisors apply a lending test (“Lending Test”), an investment test (“Investment Test”), and a service test (“Service Test”) to evaluate the performance of large banks, such as Columbia Bank and Umpqua Bank, in helping to meet the credit needs of the communities they serve. The Lending Test specifically evaluates an institution’s lending-related activities to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the Lending Test, examiners review and analyze an institution’s data reported under the Home Mortgage Disclosure Act of 1975 (“HMDA”), in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution’s lending activities with respect to borrowers and geographies of different income levels. The institution’s lending performance is evaluated based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution’s CRA assessment areas (“AAs”); (2) the geographic distribution of the institution’s lending, including the proportion and dispersion of the institution’s lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;⁴⁶ (4) the institution’s community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution’s use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.⁴⁷ The Investment Test evaluates the number and

⁴⁶ Examiners also consider the number and amounts of small business and small farm loans made to businesses and farms with gross annual revenues of \$1 million or less, small business and small farm loans by loan amount at origination, and consumer loans, if applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).

⁴⁷ See 12 CFR 228.22(b).

amounts of qualified investments that benefit the institution's AAs. The Service Test evaluates the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of the institution's community development services.⁴⁸

CRA Performance of Columbia Bank

Columbia Bank was assigned an overall rating of "Outstanding" at its most recent CRA performance evaluation by the FDIC, as of May 4, 2020 ("Columbia Bank Evaluation").⁴⁹ The bank received a "High Satisfactory" rating for the Lending Test, and "Outstanding" ratings for the Investment Test and the Service Test.⁵⁰

With respect to the Lending Test, examiners found that Columbia Bank's lending levels reflected good responsiveness to AA credit needs. Examiners noted that a high percentage of Columbia Bank's lending was originated within the bank's designated AAs and that the overall geographic distribution of loans reflected good penetration throughout the bank's AAs. Examiners found that Columbia Bank's distribution of loans by borrower income or revenue profile varied across AAs. Examiners determined that Columbia Bank's performance in Oregon and Idaho reflected adequate penetration among customers of different income levels and businesses of different sizes; however, examiners determined that the bank's performance in Washington and the Portland-Vancouver-Hillsboro Multistate Area reflected poor penetration among retail customers

⁴⁸ See 12 CFR 228.21 et seq.

⁴⁹ The Columbia Bank Evaluation was conducted using Large Institution CRA Examination Procedures. Examiners reviewed HMDA, small business, and small farm loan data for the years 2017, 2018, and 2019, as well as community development loans, investment, and service activities from March 30, 2017, through May 4, 2020. The Columbia Bank Evaluation is available through the FDIC's website at https://cra.fdic.gov/publish/2020/33826_200504.PDF.

⁵⁰ The Columbia Bank Evaluation involved full-scope reviews of Columbia Bank's activities in five AAs, the states of Washington, Oregon, and Idaho, and the Portland-Vancouver-Hillsboro Multistate Metropolitan Statistical Area ("MSA"), and limited scope reviews of Columbia Bank's remaining 12 AAs.

of different income levels and business customers of different sizes. Nevertheless, examiners described Columbia Bank as a leader in originating community development loans throughout its AAs and noted that the bank made use of innovative and flexible lending practices to serve the credit needs of LMI individuals and geographies in its AAs.

With respect to the Investment Test, examiners found that Columbia Bank had an excellent level of qualified community development investment, particularly those that were not routinely provided by private investors, often in a leadership position. Examiners noted that Columbia Bank's level of qualified community development investments exceeded the performance of peer institutions, including those rated as having an excellent level of investments. Examiners characterized Columbia Bank's investment activities as exhibiting good responsiveness to credit and community development needs throughout the bank's combined AAs.

With respect to the Service Test, examiners found that Columbia Bank's service delivery systems were accessible to essentially all portions of the bank's AAs. Examiners noted that Columbia Bank's record of opening and closing branches had generally not adversely affected the accessibility of the bank's delivery systems and that the bank's services did not vary in a way that inconvenienced the needs of the bank's AAs, particularly in LMI geographies or for LMI individuals. Examiners characterized Columbia Bank as a leader in providing community development services within its AAs.

CRA Performance Since the Columbia Bank Evaluation

Columbia represents that, since the Columbia Bank Evaluation, Columbia Bank has continued to promote LMI homeownership through several home loan programs and financed multifamily projects in LMI geographies. Columbia asserts that Columbia Bank has continued to provide Small Business Administration ("SBA") loans as an SBA Preferred Lender, ranked 16th nationally and first in both the Portland and Seattle SBA districts. Columbia represents that the bank made \$1.5 billion in Payroll Protection Program ("PPP") loans, with \$450 million of such loans being made in LMI geographies. Columbia notes that the bank made qualified community development

investments and loans to support affordable housing construction, urban renewal, job opportunities in a tribal area, Low-Income Housing Tax Credit investments, and a small business investment company in the Pacific Northwest.

CRA Performance of Umpqua Bank

Umpqua Bank was assigned an overall rating of “Satisfactory” at its most recent CRA performance evaluation by the FDIC, as of March 31, 2020 (“Umpqua Bank Evaluation”).⁵¹ The bank received a “Low Satisfactory” rating for the Lending Test and a “High Satisfactory” rating for both the Investment and Service Tests.⁵²

With respect to the Lending Test, examiners found that Umpqua Bank’s lending activity reflected adequate responsiveness to the credit needs of the bank’s AAs. Examiners determined that a substantial majority of Umpqua Bank’s loans were made in the bank’s AAs and that the geographic distribution of Umpqua Bank’s loans reflected adequate penetration throughout the bank’s AAs. In addition, examiners noted that the distribution of borrowers reflected adequate penetration among retail customers of different income levels and business customers of different sizes, given the product lines offered by the bank. Examiners also noted that Umpqua Bank had an adequate record of servicing the credit needs of the most economically disadvantaged portions of its AAs, low-income individuals, and/or very small businesses. Examiners found that Umpqua Bank made a relatively high level of community development loans and made extensive use of innovative and/or flexible lending practices to serve the credit needs of its AAs.

⁵¹ The Umpqua Bank Evaluation was conducted using Large Institution CRA Examination Procedures for the period from December 29, 2016, through December 31, 2019. Examiners reviewed HMDA, small business, and small farm loan data from 2017, 2018, and 2019. Examiners reviewed community development loans, investments, and service activities from December 29, 2016, through December 31, 2019. The Umpqua Bank Evaluation is available through the FDIC’s website at https://crares.fdic.gov/publish/2020/17266_200331.PDF.

⁵² The Umpqua Bank Evaluation involved full-scope reviews of Umpqua Bank’s activities in eight AAs, the states of Washington, California, Oregon, Idaho, and Nevada, and the Portland-Vancouver-Hillsboro Multistate and Lewiston Multistate MSAs, as well as limited scope reviews of Umpqua Bank’s remaining 20 AAs.

With respect to the Investment Test, examiners determined that Umpqua Bank made a significant level of qualified community development investments and grants, often in a leadership position, particularly those not routinely provided by private investors. Examiners noted that Umpqua Bank made occasional use of innovative and/or complex investments to support community development initiatives and exhibited good responsiveness to credit and community development needs.

With respect to the Service Test, examiners determined that Umpqua Bank's delivery systems were accessible to essentially all portions of the bank's AAs. Examiners found that Umpqua Bank's record of opening and closing of branches generally had not affected the accessibility of the bank's delivery systems, particularly in LMI geographies or to LMI individuals. Examiners also noted that Umpqua Bank's services did not vary in a way that inconvenienced certain portions of the bank's AAs, particularly LMI geographies and/or individuals. Examiners characterized Umpqua Bank as providing a relatively high level of community development services.

CRA Performance Since the Umpqua Bank Evaluation

Columbia represents that, since the Umpqua Bank Evaluation, Umpqua Bank has continued to support LMI home ownership through Federal Home Loan Bank programs, Federal Housing Administration, Veterans Administration, U.S. Department of Agriculture, and state lending programs. Columbia also represents Umpqua Bank has remained an active small business lender through SBA loan programs and notes that Umpqua Bank is an SBA Preferred Lender and a top national SBA Lender, ranked 19th nationally. Columbia asserts that Umpqua Bank has provided capital investment into community resources and affordable housing developers and invested in nonprofit organizations, communities, and leaders through the Umpqua Bank Charitable Foundation. Columbia maintains that Umpqua Bank's community development activities have supported affordable housing, Minority Depository Institutions, entrepreneur development, and efforts to rebuild west coast communities affected by wildfires.

Branch Closures

Columbia represents that branch closings and consolidations are contemplated in connection with the proposed transaction. Specifically, Columbia represents that it intends to close or consolidate a total of 49 branches in connection with this proposal. Columbia asserts that the closures and consolidations would be due to geographic overlap between branches. Columbia maintains that there would not be any reduction in the combined bank's ability to fully service the needs of current customers or any reduction in the level of community development lending, investment, and services provided throughout the combined bank's AAs.

Columbia represents that Columbia and Umpqua conducted a detailed review of the combined bank's branch network, focusing on branches located in geographies where both banks overlap and serve similar customers. According to Columbia, the vast majority of anticipated branch closures or consolidations would be within close proximity: 20 percent of the 49 branches would be located within 1,000 feet of the receiving branch location, 67 percent of the branches would be located within one mile or less (straight line distance) of each other, and 82 percent of the branches would be located within two miles or less of each other. Columbia asserts that customers of impacted branches would receive notifications, via regular mail and e-mail, which provide the dates of planned closures, the location of the nearest branch, and information about the online and mobile banking options and ATM network of Columbia Bank and Umpqua Bank. Further, Columbia maintains that additional notices and posters alerting customers to the pending closures would be placed on all entrances, ATMs, night depositories, drive thru windows, and all other locations where deposits are accepted within the branch. Columbia represents that, in connection with the branch closures, representatives from Columbia Bank and Umpqua Bank would reach out to community groups to ensure customers are well informed about the planned changes.

Columbia represents that both Columbia Bank and Umpqua Bank offer mobile and online banking products and services, for both their small business and retail customers. Columbia states that it does not anticipate any disruptions in service during

any planned system conversion, including in integrating the two banks' online and mobile banking platforms. In addition, Columbia notes that, with respect to the most recent Columbia Bank and Umpqua Bank CRA Performance Evaluations, examiners found that the banks' opening and closing of branches had not adversely affected the accessibility of the banks' delivery systems.

Columbia represents that, as part of any future planned branch closures, Umpqua Bank would follow its Branch Closure Policy, which would include assessments of whether any contemplated branch closures would result in disparate treatment or have a disparate impact on any protected class or be based on the demographic composition of the neighborhoods and area served. Further, Columbia represents that Umpqua Bank management would seek to minimize any adverse impact on the branch's community that could result from the closing of a branch or a reduction in services. Columbia also represents that the combined bank would plan to add four new majority-minority or LMI branches post-merger to the combined bank's branching footprint.

As part of its review of the related Bank Merger Act application, the FDIC evaluated Columbia's branch closure plans, including the impact of the closures on local communities to be served by the combined bank. The Board has consulted with the FDIC in connection with the Board's consideration under section 3 of the BHC Act of the impact of the proposal on the convenience and needs of the communities to be served by the combined organization.

The Board also has considered the fact that federal banking law provides a specific mechanism for addressing branch closings, including requiring that a bank provide notice to the public and the appropriate federal supervisory agency before a branch is closed. Columbia represents that the resultant institution would continue to

comply with the requirements of section 42 of the FDI Act⁵³ and interagency guidance applicable to branch closures.⁵⁴

Additional Supervisory Views

In its review of the proposal, the Board consulted with the FDIC, as the primary federal supervisor of Columbia Bank and Umpqua Bank, and with the Consumer Financial Protection Bureau (“CFPB”), which also supervises each bank for compliance with certain consumer protection laws. The Board also considered the results of the most recent consumer compliance examinations of Columbia Bank and Umpqua Bank, which included reviews of the banks’ compliance management programs and compliance with consumer protection laws and regulations.

The Board has taken the foregoing consultations and examinations into account in evaluating the proposal, including in considering whether Columbia has the experience and resources to ensure that the combined organization would effectively implement policies and programs to enable the combined organization to meet the credit needs within the combined bank’s AAs.

Additional Convenience and Needs Considerations

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. Columbia represents that the combined organization does not anticipate eliminating any product or service for which there is no comparable product or service and that there are no plans for the combined organization to discontinue any current community development lending, investment, or service activities. Columbia notes that Columbia Bank participates in a number of programs promoting homeownership for LMI individuals and in LMI census tracts, including through the Federal Home Loan Bank's Affordable Housing Program and Home\$tart Program, Federal Housing Administration, the Veteran's Administration, U.S.

⁵³ 12 U.S.C. § 1831r-1.

⁵⁴ See Joint Policy Statement on Branch Closings by Insured Depository Institutions, <https://www.federalreserve.gov/boarddocs/press/BoardActs/1999/19990707/r-1036.pdf>.

Department of Agriculture, and state programs. Columbia represents that Umpqua Bank also offers several products to promote homeownership for LMI individuals and census tracts, including through the Federal Home Loan Bank's Affordable Housing Program and Homeownership Dream Program, the Federal Housing Administration, the Veteran's Administration, U.S. Department of Agriculture, as well as state programs. Columbia represents that each bank offers SBA Loans, with each bank being an SBA preferred lender. Columbia also represents that Columbia Bank offers a Foundation Account, a low-cost, no overdraft fee alternative checking account for LMI individuals, and the Washington State Linked Deposit Program to support small businesses in Washington through lower cost loans. Moreover, Columbia has stated that the combined organization would offer enhanced lending solutions and processes, including increased lending capacity, expanded SBA lending programs, enhanced loan origination processes, and improved access to commercial real estate lending options. Further, Columbia represents that legacy customers of Umpqua would benefit from access to Columbia's expanded consumer digital and online banking features; and, legacy Columbia customers will gain access to Umpqua's mobile customer servicing app.

Conclusion on Convenience and Needs Considerations

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA; the institutions' records of compliance with fair lending and other consumer protection laws; the views of the Federal Reserve Bank of San Francisco, FDIC, and CFPB; confidential supervisory information; information provided by Columbia; and other potential effects of the proposal on the convenience and needs of the communities to be served. Based on that review, the Board determines that the convenience and needs factor is consistent with approval.

Financial Stability Considerations

Section 3 of the BHC Act requires the Board to consider “the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system.”⁵⁵

To assess the likely effect of a proposed transaction on the stability of the U.S. banking or financial system, the Board considers a variety of metrics that capture the systemic “footprint” of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.⁵⁶ These categories are not exhaustive, and additional categories could inform the Board’s decision. In addition to these quantitative measures, the Board considers qualitative factors, such as the opacity and complexity of an institution’s internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage on the broader economy.⁵⁷

The Board’s experience has shown that proposals involving an acquisition of less than \$10 billion in total assets, or that result in a firm with less than \$100 billion in total assets, generally are not likely to pose systemic risks. Accordingly, the Board presumes that a proposal does not raise material financial stability concerns if the assets involved fall below either of these size thresholds, absent evidence that the transaction

⁵⁵ 12 U.S.C. § 1842(c)(7).

⁵⁶ Many of the metrics considered by the Board measure an institution’s activities relative to the United States financial system.

⁵⁷ For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order No. 2012-2 (Feb. 14, 2012).

would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.⁵⁸

In this case, the Board has considered information relevant to risks to the stability of the United States banking or financial system. The proposal involves a pro forma organization with less than \$100 billion in total assets. Both the acquirer and the target are predominantly engaged in retail and commercial banking activities.⁵⁹ The pro forma organization would not have cross-border activities or exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the U.S. banking or financial system. Based on these and all other facts of record, the Board determines that considerations relating to financial stability are consistent with approval.

Financial Holding Company Election

As noted, Columbia has elected to become a financial holding company in connection with the proposal. Columbia has certified that, upon consummation of the proposal, Columbia and Umpqua Bank would be well capitalized and well managed, and

⁵⁸ See People's United Financial, Inc., FRB Order No. 2017-08 at 25-26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.

⁵⁹ Columbia and Umpqua offer a range of retail and commercial banking products and services. Columbia has, and as a result of the proposal would continue to have, a small market share in these products and services on a nationwide basis.

Columbia has provided all of the information required under the Board's Regulation Y.⁶⁰ Based on all the facts of record, the Board determines that Columbia's election will become effective upon consummation of the proposal if, on that date, Columbia is well capitalized and well managed and all depository institutions it controls are well capitalized and well managed and have CRA ratings of at least "Satisfactory."

Conclusion

Based on the foregoing and all the facts of record, the Board determines that the application should be, and hereby is, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by Columbia and Umpqua Bank with all the conditions imposed in this order, including receipt of all required regulatory approvals, and on any commitments made to the Board in connection with the application. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated before the 15th calendar day after the effective date of this order or later than three months thereafter, unless such period is extended for good cause by the Board or the Federal Reserve Bank of San Francisco, acting under delegated authority.

By order of the Board of Governors,⁶¹ effective October 25, 2022.

Ann E. Misback (signed)

Ann E. Misback
Secretary of the Board

⁶⁰ 12 CFR Part 225.

⁶¹ Voting for this action: Chair Powell, Vice Chair Brainard, Vice Chair for Supervision Barr, Governors Bowman, Waller, Cook and Jefferson.

Appendix I

<i>Deposit Data in States Where Columbia Bank and Umpqua Bank Both Operate</i>									
	Columbia Bank			Umpqua Bank			Merged Entity		
State	Rank of Insured Depository Institution ⁶² by Deposits	Deposits Controlled (in millions)	Percentage of Total Deposits	Rank of Insured Depository Institution by Deposits	Deposits Controlled (in millions)	Percentage of Total Deposits	Rank of Insured Depository Institution by Deposits	Deposits Controlled (in millions)	Percentage of Total Deposits
California	62nd	\$1,700	0.08	27th	\$7,795	0.37	24th	\$9,375	0.45
Idaho	14th	\$849	2.13	16th	\$710	1.79	10th	\$1,5559	3.92
Nevada	-	-	-	16th	\$712	0.57	16th	\$712	0.57
Oregon	7th	\$5,619	5.00	5th	\$10,759	9.57	3rd	\$16,025	14.25
Washington	6th	\$8,925	3.97	10th	\$6,335	2.82	6th	\$15,133	6.74

⁶² In this context, insured depository institutions include commercial banks, savings and loan associations, and savings banks.

Appendix II

Columbia/Umpqua Banking Markets Consistent with Board Precedent and DOJ Bank Merger Guidelines						
Data are as of June 30, 2021. All rankings, deposit market shares, and HHIs are based on thrift deposits weighted at 50 percent. The remaining number of competitors noted in each market includes thrift institutions.						
Bellingham, WA, CA – Bellingham metropolitan area in western Whatcom County, WA.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	13	\$66.4 M	1.2	1202	5	12
<i>Umpqua Holdings Corporation</i>	11	\$123.9 M	2.2			
<i>Columbia Post-Consummation</i>	11	\$190.4 M	3.5			
Boise, ID – Boise City, Eagle, and Kuna Census County Division (“CCDs”) in Ada County, ID; Canyon County, ID except for Huston and Melba CCDs; Emmett Valley CCD in Gem County, ID; and Marsing and Homedale CCDs in Owyhee County, ID..						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	17	\$153.6.0 M	0.9	1324	1	20
<i>Umpqua Holdings Corporation</i>	19	\$68.7 M	0.4			
<i>Columbia Post-Consummation</i>	14	\$222.3 M	1.3			
Deschutes County, OR – Dechutes County, OR						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	8	\$177.4 M	3.3	1541	51	10
<i>Umpqua Holdings Corporation</i>	7	\$413.1 M	7.7			
<i>Columbia Post-Consummation</i>	5	\$590.5 M	11.0			

Eugene, OR – Eugene metropolitan area in Lane and Linn Counties, OR						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	4	\$740.9 M	10.6	1502	387	11
<i>Umpqua Holdings Corporation</i>	1	\$1,271.6 M	18.2			
<i>Columbia Post-Consummation</i>	1	\$2,012.5 M	28.8			
Lewiston, ID-WA – Lewiston metropolitan area in Nez Perce County, ID and Asotin County, WA.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	9	\$39.7 M	4.0	1532	135	8
<i>Umpqua Holdings Corporation</i>	3	\$165.4 M	16.8			
<i>Columbia Post-Consummation</i>	1	\$205.1 M	20.8			
Longview, WA-OR – Clatskanie and Rainier CCDs in Columbia County, OR; and Castle Rock, Longview-Kelso, Kalama, Rose Valley, and Northeast Cowlitz DDCs in Cowlitz County, WA.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	5	\$89.9 M	11.0	1573	176	6
<i>Umpqua Holdings Corporation</i>	7	\$65.7 M	8.0			
<i>Columbia Post-Consummation</i>	2	\$155.6 M	19.0			
McMinnville, OR – Yamhill County, OR except for Newberg CCD; and Willamina CCD in Polk County, OR.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	3	\$124.8 M	13.5	1779	128	6
<i>Umpqua Holdings Corporation</i>	8	\$44.0 M	4.8			
<i>Columbia Post-Consummation</i>	3	\$168.7 M	18.2			

Pullman-Moscow, ID-WA – Western Latah County, ID, and eastern Whitman County, WA, specifically: Albion, Colfax, Palouse, and Pullman in Whitman County, WA and Moscow in Latah County ID.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	7	\$130.4 M	8.7	1657 [*]	193	8
<i>Umpqua Holdings Corporation</i>	3	\$168.3 M	11.1			
<i>Columbia Post-Consummation</i>	2	\$298.7 M	19.8			
Moses Lake, WA – Grant County, WA, except for Grand Coulee CCD; and Othello CCD in Adams County, WA.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	8	\$111.4 M	6.2	1555 [*]	66	8
<i>Umpqua Holdings Corporation</i>	9	\$95.7 M	5.3			
<i>Columbia Post-Consummation</i>	4	207.0 M	11.6			
Olympia, WA – Thurston County, WA; and West Mason, Shelton, and Kamilche CCDs in Mason County, WA.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	1	\$965.6 M	17.0	1067	88	15
<i>Umpqua Holdings Corporation</i>	12	\$147.1 M	2.6			
<i>Columbia Post-Consummation</i>	1	\$1,112.7 M	19.6			
Ontario, OR-ID – Malheur County, OR, except for Juntura and Jordan Valley CCDs; and Washington and Payette Counties, ID.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	1	\$239.4 M	20.6	1337	-7	10
<i>Umpqua Holdings Corporation</i>	5	\$94.9 M	8.2			

<i>Columbia Post-Consummation</i> ⁶³	1	\$236.0 M	20.3			
Pendleton, OR – Most of Umatilla County, OR, except for Milton-Freewater on the border with Washington; Morrow County, OR and Arlington in Gilliam County, OR, specifically Arlington in Gilliam County, OR; Boardman, Heppner, Ione, Irrigon, and Lexington in Morrow County, OR; and Adams, Athena, Echo, Hermiston, Pendleton, Pilot Rock, Stanfield, Umatilla, and Weston in Umatilla County OR.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	4	\$161.2 M	4.6	2356	107	6
<i>Umpqua Holdings Corporation</i>	6	\$64.7 M	11.5			
<i>Columbia Post-Consummation</i>	3	\$225.9 M	16.1			
Portland, OR-WA – Clackamas and Washington Counties, OR; Vernonia, Scappoose, St. Helens, and Goble CCDs in Columbia County, OR; St. Paul, Hubbard, Woodburn, and Mount Angel CCDs in Marion County, OR; Skyline, Portland West, Portland East, and Gresham CCDs in Multnomah County, OR; and Newberg CCD in Yamhill County, OR. Clark and Skamania Counties, WA; and Woodland CCD in Cowlitz County, WA.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	7	\$2,762.0 M	3.7	1411	42	30
<i>Umpqua Holdings Corporation</i>	6	\$4,160.7 M	5.6			
<i>Columbia Post-Consummation</i>	5	\$6,922.7 M	9.3			
Redding, CA – Shasta Count, CA, except for East Shasta CCD.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	2	\$671.7 M	15.7	1471	69	12
<i>Umpqua Holdings Corporation</i>	9	\$93.8 M	2.2			
<i>Columbia Post-Consummation</i>	2	\$765.6 M	17.9			

⁶³ The post-consummation calculations reflect Columbia’s commitment to divest one Columbia Bank branch in the Ontario banking market to a competitively suitable institution.

Richland, WA – The Tri-Cities area in central Washington in Benton, Franklin, and Walla Walla Counties, WA, specifically Benton City, Finley, Kennewick, Pasco, Richland, and West Richland in Benton County, WA; Burbank and Wallula in Walla Walla County WA; and Connell, Mesa, Pasco, and West Pasco in Franklin County, WA.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	12	\$102.0 M	2.2	1012	32	16
<i>Umpqua Holdings Corporation</i>	7	\$325.2 M	7.1			
<i>Columbia Post-Consummation</i>	5	\$427.2 M	9.4			
Sacramento, CA – Sacramento County, CA, except for Galt and Isleton CCDs; Placer County, CA, except for Lake Tahoe and eastern portion of Colfax-Monumental Ridge CCDs; El Dorado County, CA, except for South Lake Tahoe CCD; and East Yolo CCD in Yolo County, CA.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	11	\$837.5 M	1.3	1363	6	36
<i>Umpqua Holdings Corporation</i>	9	\$1,540.6 M	2.3			
<i>Columbia Post-Consummation</i>	8	\$2,378.1 M	3.6			
Salem, OR – Salem, Silverton, Jefferson, Stayton, and East Marion CCDs in Marion County, OR; and Salem, Dallas, Monmouth-Independence, and Falls City CCDs in Polk County, OR.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	4	\$980.0 M	13.5	1413	179	12
<i>Umpqua Holdings Corporation</i>	6	\$484.6 M	6.7			
<i>Columbia Post-Consummation</i>	1	\$1,464.5 M	20.1			
Seattle-Tacoma, WA – King, Pierce, and Snohomish Counties, WA; Camano Island and South Whidbey Island CCDs in Island County, WA; and Bainbridge Island CCD in Kitsap County, WA.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	6	\$6,080.6 M	3.9	1295	12	55
<i>Umpqua Holdings Corporation</i>	11	\$2,416.3 M	1.6			

<i>Columbia Post-Consummation</i>	6	\$8,497.0 M	5.5			
Spokane, WA-ID – Spokane metropolitan area in Spokane County, WA; and the central western portion of Kootenai County, ID, specifically Coeur D'alene, Dalton Gardens, Hayden, Hayden Lake, Post Falls, Rathdrum, Spokane in Kootenai County, ID; Airway Heights and Cheney in Spokane County, WA; and Dishman, Fairchild Air Force Base, Liberty Lake, Mead, Medical Lake, Opportunity, Spokane Valley, and Veradale in Spokane County, WA.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	10	\$226.8 M	1.4	1433	15	17
<i>Umpqua Holdings Corporation</i>	7	\$919.9 M	5.6			
<i>Columbia Post-Consummation</i>	6	\$1,147.0 M	6.9			
Tehama County, CA – Tehama County, CA.						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	9	\$27.3 M	2.7	1510	90	7
<i>Umpqua Holdings Corporation</i>	2	\$165.1 M	16.5			
<i>Columbia Post-Consummation</i>	2	\$192.3 M	19.2			
Walla Walla, WA-OR – Walla Walla metropolitan area in Walla Walla County, WA; the southern portion of Columbia County, WA; and the northeastern corner of Umatilla County, OR, specifically Milton Freewater in Umatilla County OR; Dayton in Columbia County WA; and College Place, Dixie, Garrett, Waitsburg, Walla Walla, and Walla Walla East in Walla Walla County WA..						
	Rank	Amount of Deposits	Market Deposit Shares (%)	Resulting HHI	Change in HHI	Remaining Number of Competitors
<i>Columbia Banking System</i>	9	\$35.0M	1.9	2574	12	8
<i>Umpqua Holdings Corporation</i>	6	\$60.0 M	3.2			
<i>Columbia Post-Consummation</i>	6	\$95.0 M	5.1			