COLUMBIA BANK

THE BEST PACIFIC NORTHWEST REGIONAL COMMUNITY BANK

November 1, 2014

NASDAQ: COLB

Columbia Banking System Inc.

Cautionary Note: Forward Looking Statements

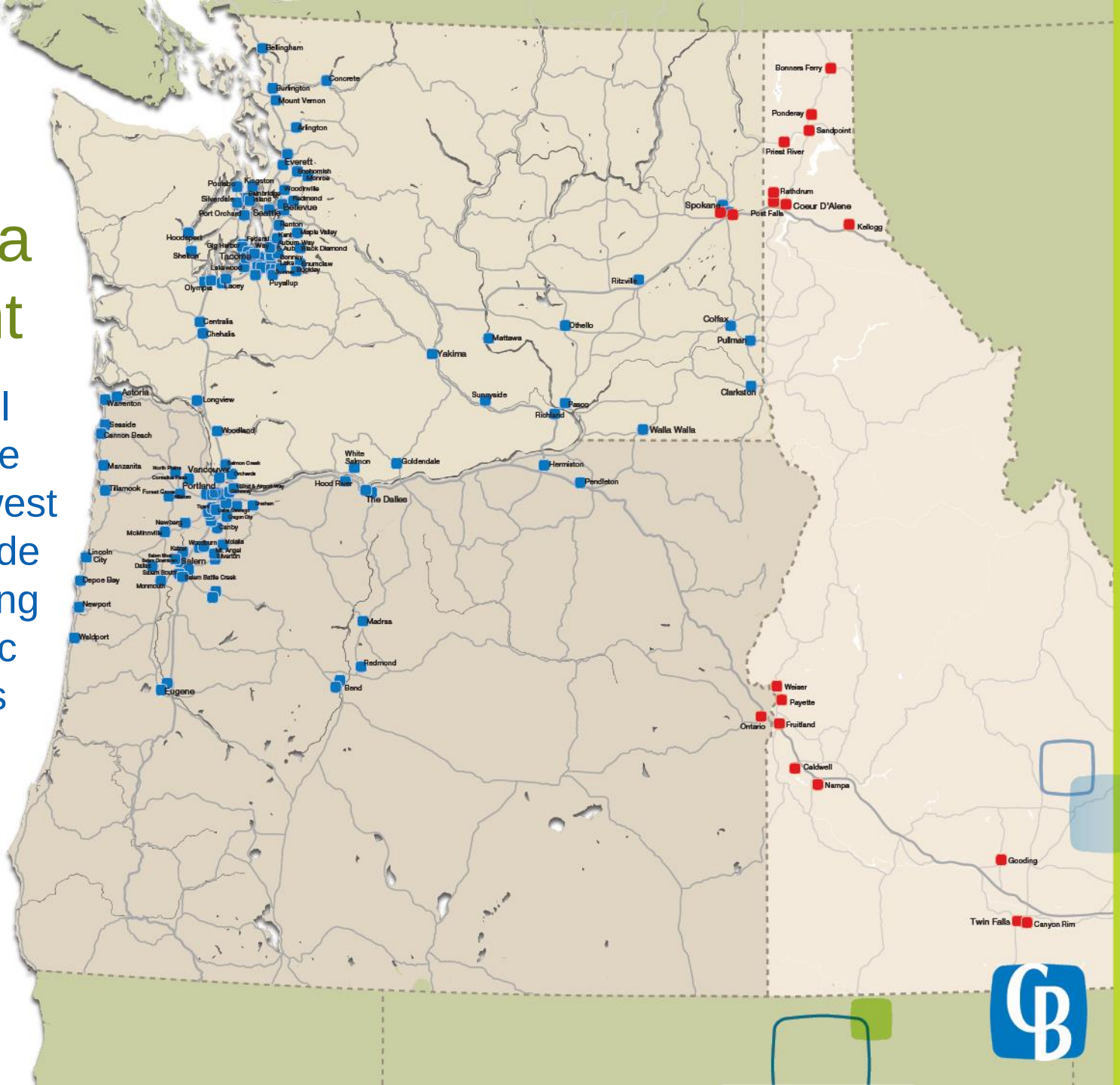
This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements relate to future events and expectations and involve known and unknown risks and uncertainties. Actual results may differ materially from those currently expected or projected in these forward-looking statements. These forward-looking statements are based on current expectations and assumptions, and we assume no obligation to update these forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements. For risks relating to these forward-looking statements and factors that could cause actual results to differ materially from those anticipated, please review Columbia's latest Annual Report on Form 10-K and Quarterly Reports on Form 10-Q (including the "Risk Factors," "Business" and "Management's Discussion and Analysis" sections therein) and other filings with the Securities and Exchange Commission.

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Columbia Footprint

Strong retail system in the Pacific Northwest built through de novo branching and strategic acquisitions



■ Established through 11/1/2014 acquisition of IMCB

Positive Business Climate & Economic Outlook

- **Economic growth continues** in the Pacific Northwest, led by Seattle, Washington (the fastest growing big city in the U.S.) and Portland, Oregon metro areas .

- **Unemployment** trends improving in Washington & Oregon, with net gain in jobs

  Sept. 2014: WA: 5.7% unemployment rate (6.9% Sept. 2013) 76,000 jobs added in past year
  OR: 7.1% unemployment rate (7.2% Sept. 2013) 37,300 jobs added in past year
  ID: 4.5% unemployment rate (6.0% Sept. 2013) 13,000 jobs added in past year

- **Portland, Tacoma and Seattle ports** rank #4, #5 and #6, respectively, in the west coast top 10 in terms of cargo tonnage.

- **Pacific Northwest businesses** feeling more optimistic.

- **Military a major driver of NW economy**. Over 95,000 Active and Civilian personnel across Washington, Oregon and Idaho; provides over $3 billion annually in total payroll.

- **Home prices** continue to rise; home sales decline due to tight inventories. Limited new-home construction, but building permits rise.

- **Export-driven, diversified economy** steadily improving in the Pacific Northwest, with world-class companies and a well-educated workforce.

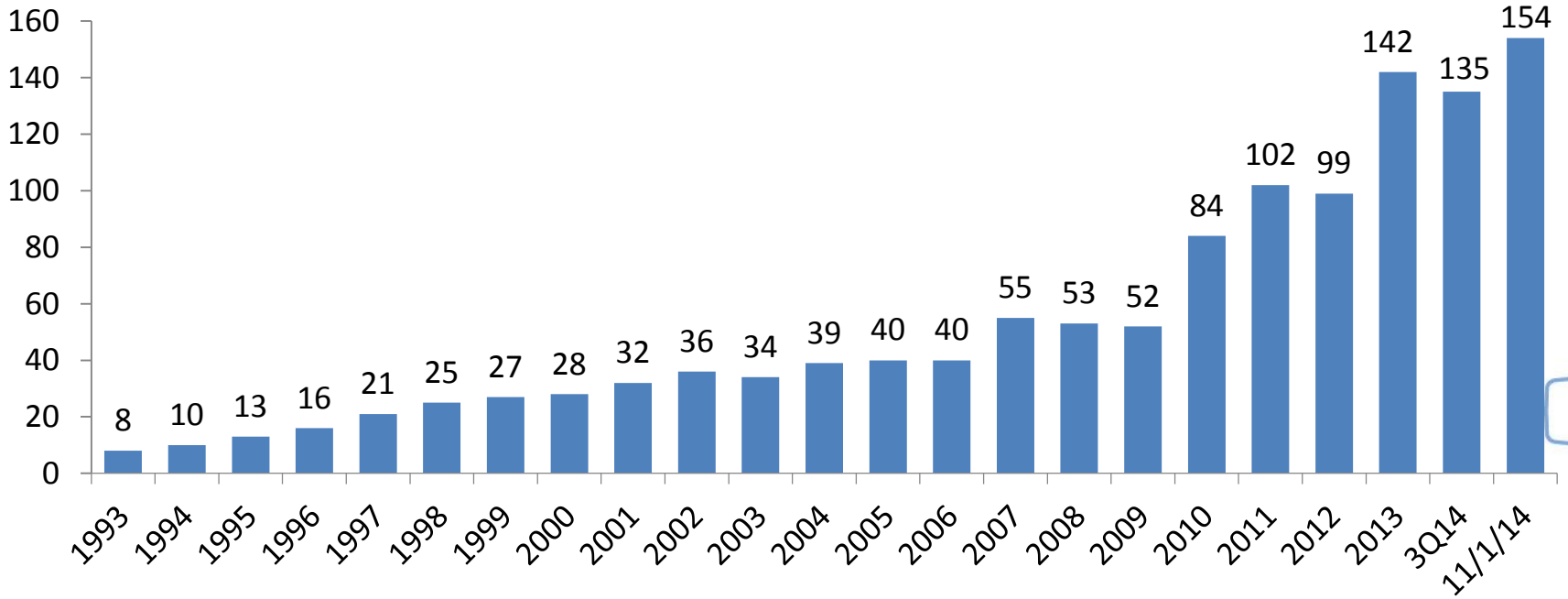
Attractive Pacific Northwest Markets

✓ *Better Than U.S. Average*		Seattle/ Tacoma/ Bellevue	Portland/ Vancouver	Washington	Oregon	Idaho	United States
Demographics	Population as of 2014 *(in millions)*	3.61	2.32	7.01	3.94	1.61	317.20
	Population Increase *(2010 – 2014)*	4.85%✓	4.28%✓	4.18%✓	2.93%✓	2.91%✓	2.74%
	Projected Population Change *(2014-2019)*	5.86%✓	5.03%✓	5.28%✓	3.75%✓	3.69%✓	3.50%
	Median Household Income *(2014)*	$66,130✓	$55,113✓	$58,935✓	$47,111	$44,225	$51,579
	Projected HH Income Change *(2014-2019)*	5.74%✓	1.65%	6.09%✓	0.75%	(0.45%)	4.05%
Economics	Unemployment Rate *(Sept 2014)*	5.1%✓	5.7%✓	5.7%✓	7.1%	4.5%✓	5.9%
	12 month net change - Unemployment Rate *(Sept 2013 – Sept 2014)*	-0.6%	-0.8%	-1.2%	-0.5%	-1.5%✓	-1.3%
	Home Price Index Change *(Low in 1Q2012 – August 2014)*	32.5%✓	32.3%✓	n/a	n/a	n/a	25.1%

Sources: SNL Financial, Bureau of Labor Statistics, Case-Schiller

Columbia Overview – A Historical Look Back

- Opened in Tacoma, Washington in August 1993
- Average annual organic growth rate for first five years: 38.9%
- Organic asset growth exceeded 75% for first 15 years
- Number of branch locations:

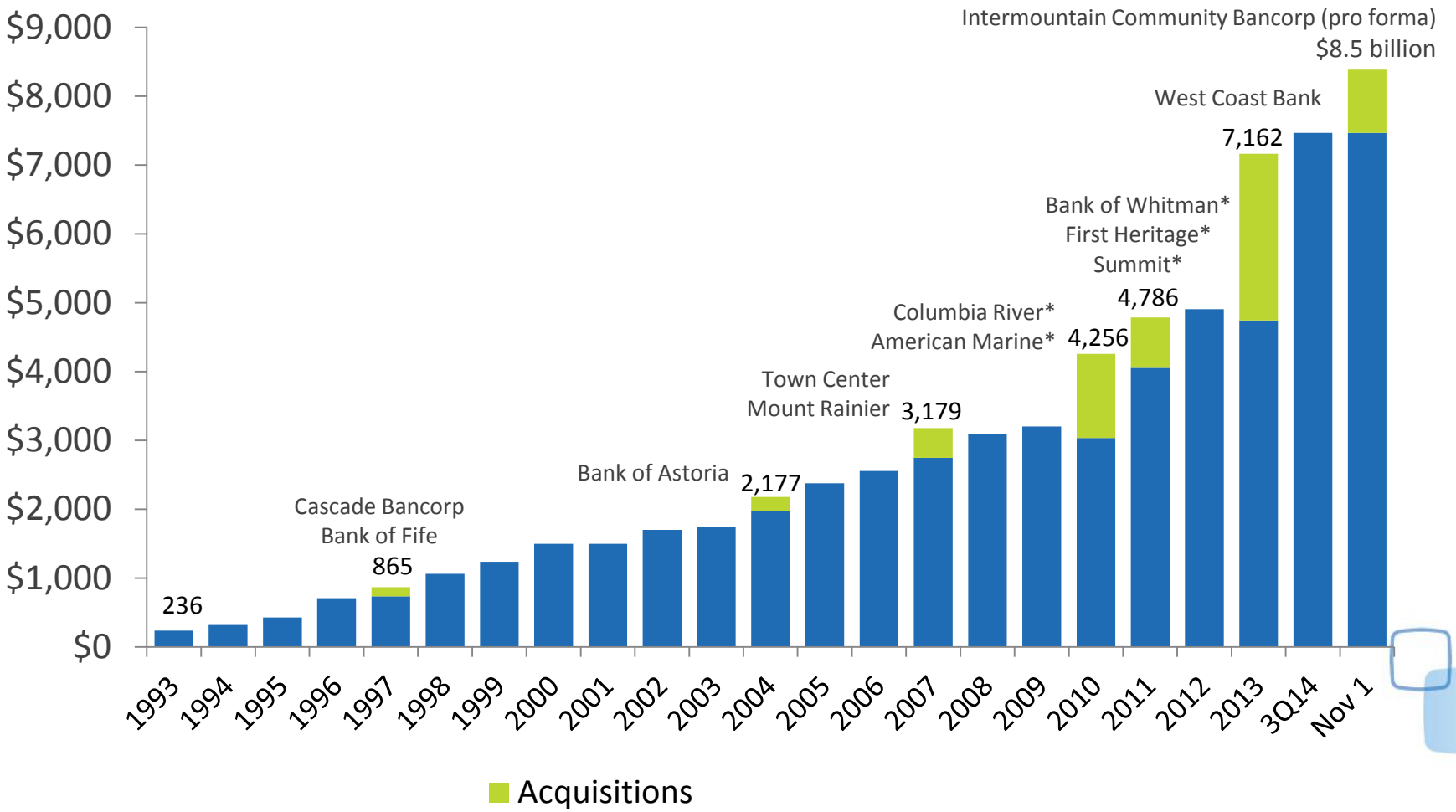


- 11/1/2014 total: 154 branches - 78 in Washington; 60 in Oregon; 16 in Idaho

Seasoned Acquirer with Proven Integration Track Record

Acquisition (Completion Date)	Assets
Cascade Bancorp (December 1997)	$ 97 million
Bank of Fife (December 1997)	$ 34 million
Bank of Astoria (October 2004)	$203 million
Mount Rainier Bank (July 2007)	$266 million
Town Center Bank (July 2007)	$166 million
FDIC-assisted acquisitions:	
Columbia River Bank (January 2010)	$913 million
American Marine Bank (January 2010)	$308 million
Summit Bank (May 2011)	$131 million
First Heritage Bank (May 2011)	$165 million
Bank of Whitman (August 2011)	$438 million
West Coast Bancorp (April 2013)	$ 2.6 billion
Intermountain Community Bancorp (Nov. 1, 2014)	$930 million pro forma

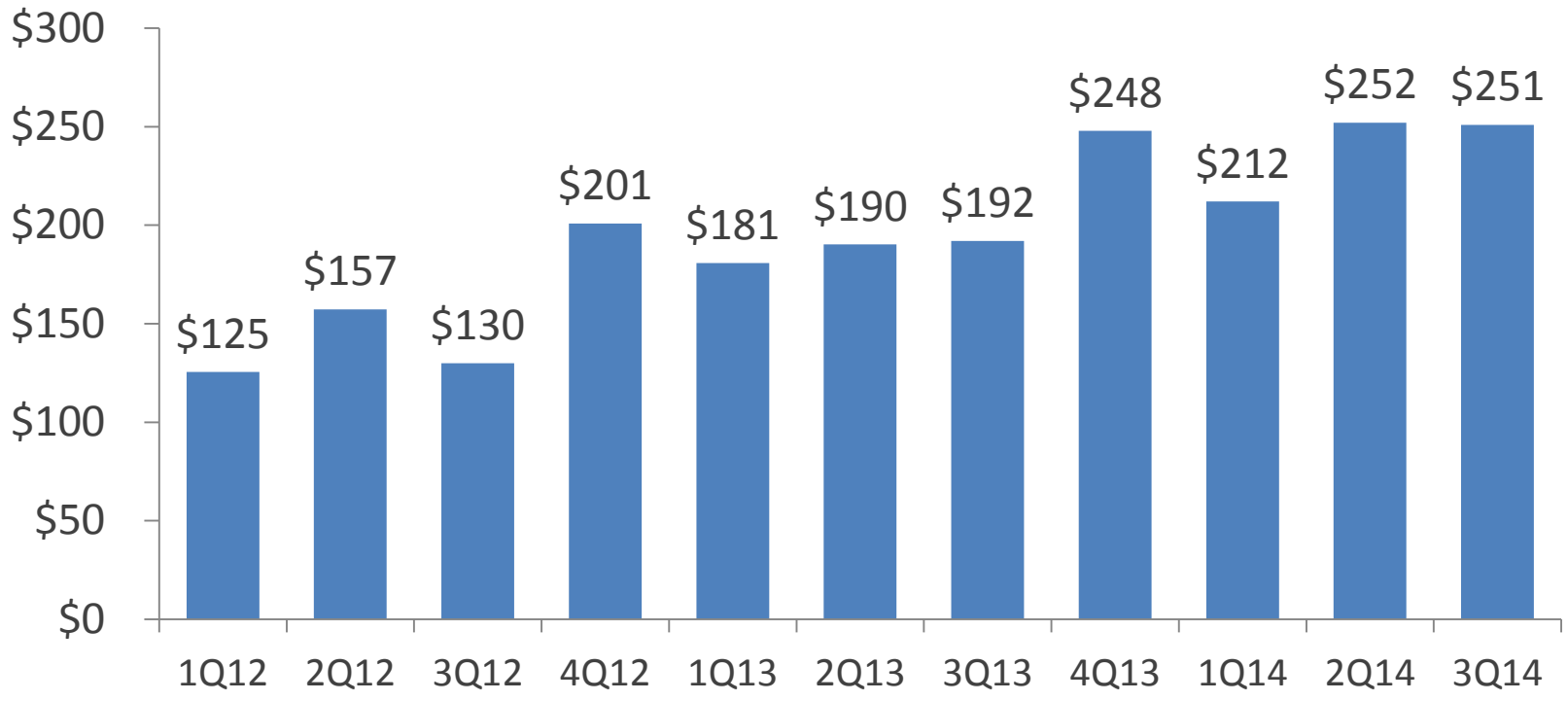
Growth of Total Assets 1993 - 2014



$ Millions

* FDIC Assisted Acquisition

New Loan Originations



Solid new loan production continues in 2014 with over $700 million generated through September.

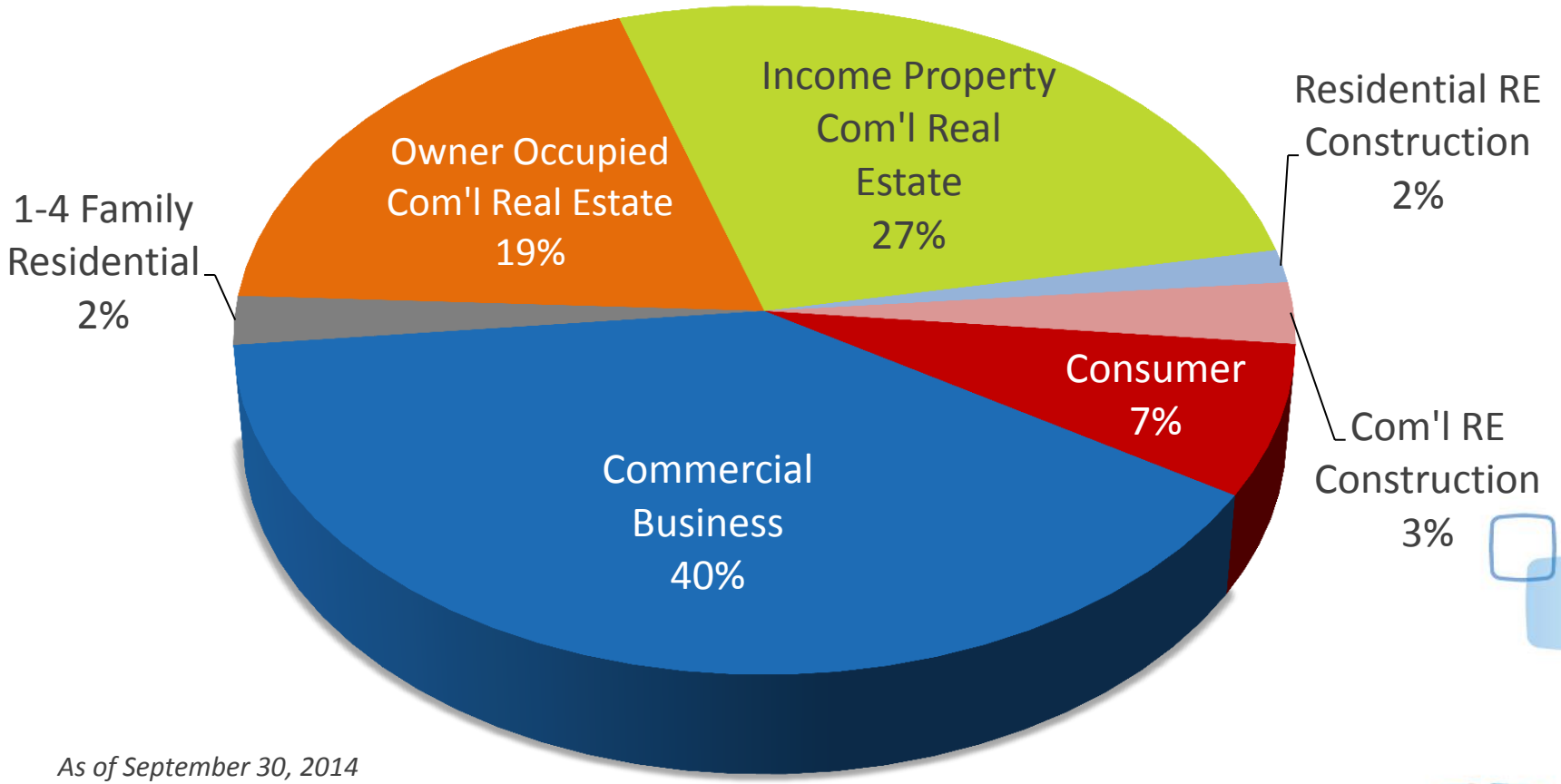
$ in Millions

Balanced Non-covered Loan Portfolio

Total Portfolio = $4.6 Billion

An increase of 8.5% over the past 12 months

Annualized 3nd quarter growth of 11%



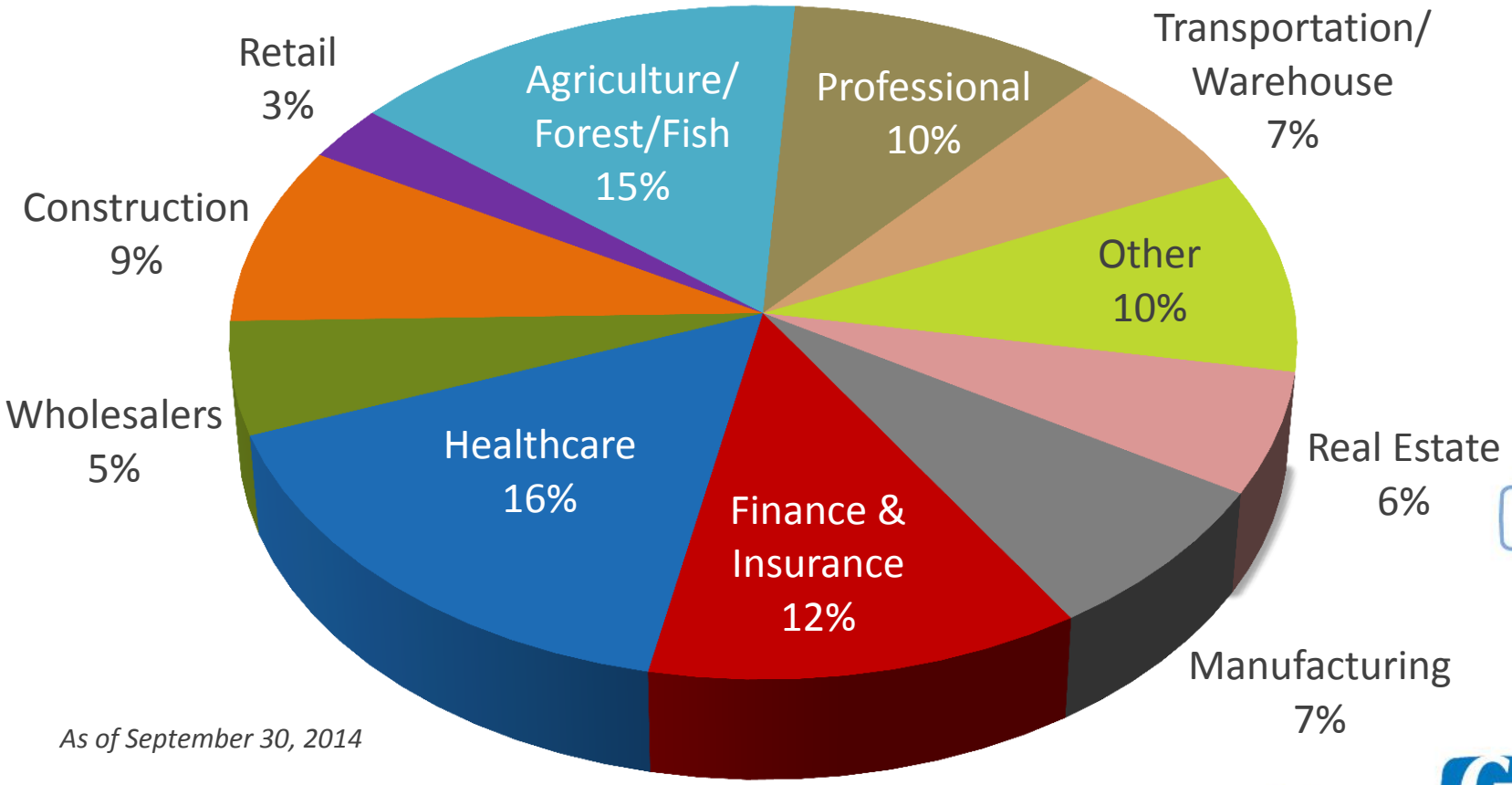
As of September 30, 2014

Non-covered Commercial Business Portfolio

Total Portfolio = $1.8 Billion

An increase of 17% over the past 12 months

Annualized 3rd quarter growth of 22%

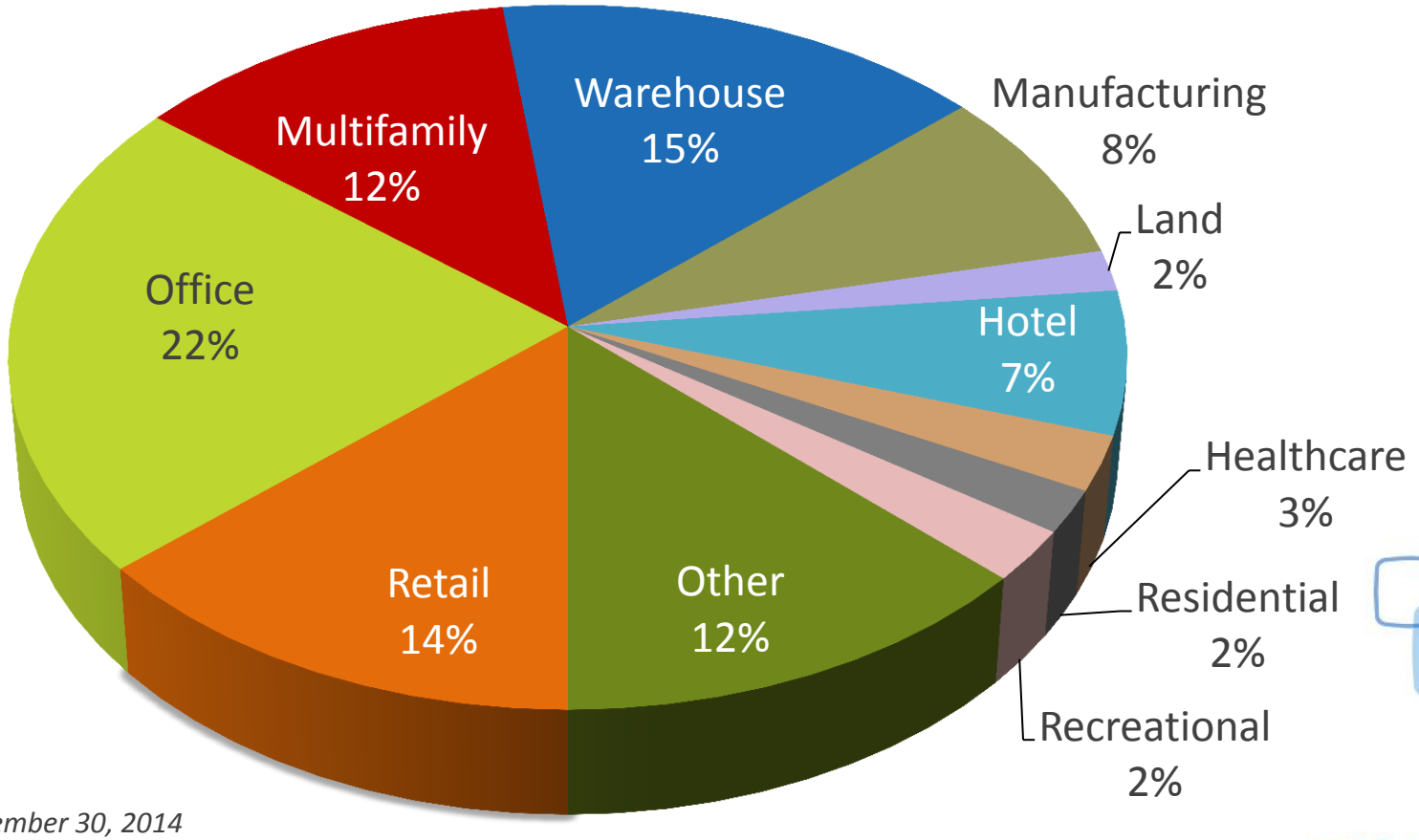


As of September 30, 2014

Non-covered Commercial Real Estate Portfolio

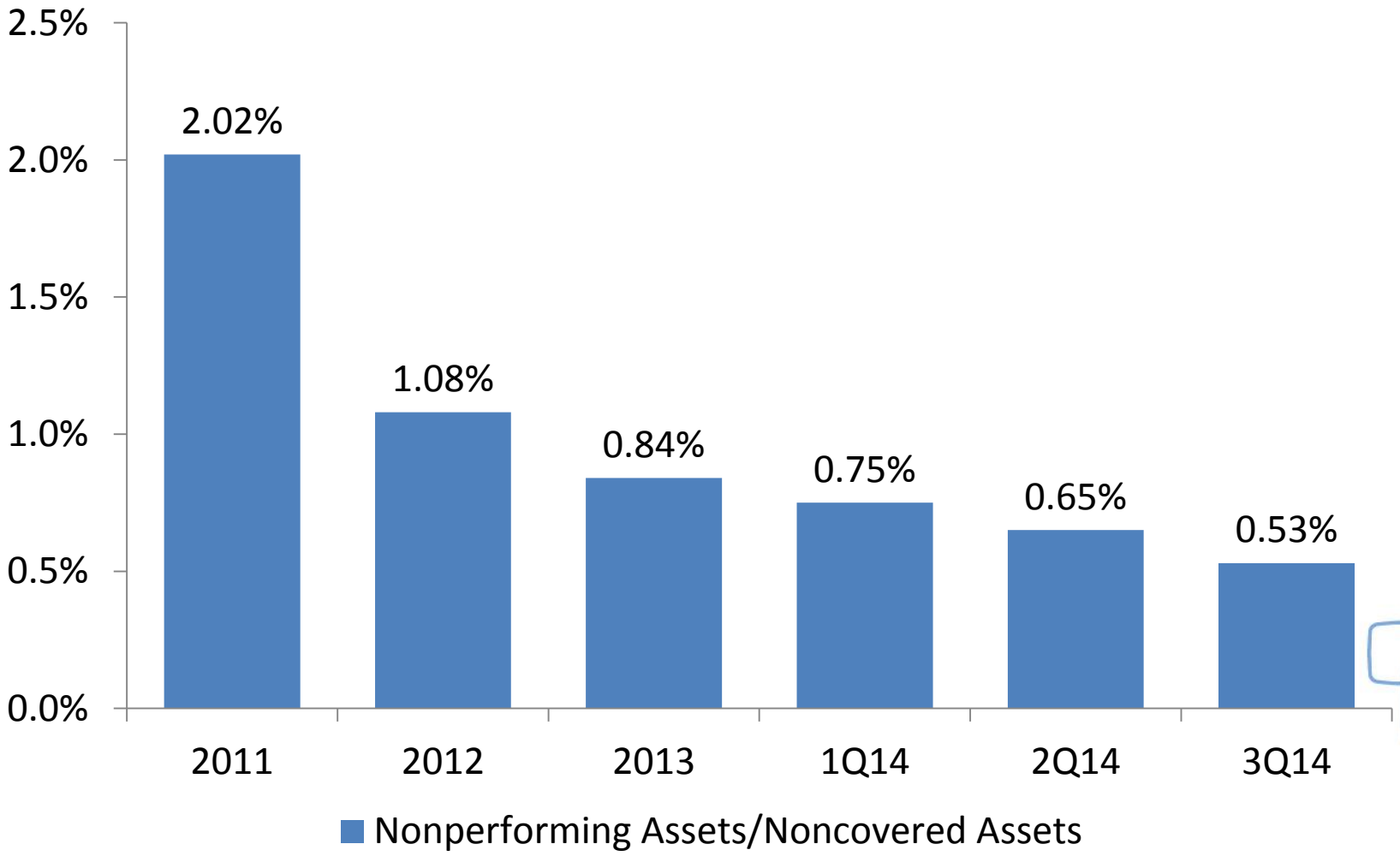
Total Portfolio = $2.1 Billion

An increase of 5% over the past 12 months



As of September 30, 2014

Effective Management of Nonperforming Assets



Share of Deposit Market

Washington

2014 Rank	Institution (ST)	2014 Deposits ($000s)	2014 Market Share*
1	Bank of America (NC)	25,422,347	20.67%
2	Wells Fargo (CA)	14,569,387	11.85%
3	U.S. Bank (MN)	12,940,872	10.52%
4	JP Morgan Chase (NY)	12,235,289	9.95%
5	Key Bank (OH)	8,935,023	7.26%
6	Umpqua Bank (OR)	5,101,869	4.15%
7	Washington Federal (WA)	4,916,698	4.00%
8	**Columbia Bank** (WA)	**3,644,783**	**2.95%**
9	Washington Trust (WA)	3,192,886	2.60%
10	Union Bank (CA)	3,098,038	2.52%
Other Institutions in Market		**28,934,272**	**23.53%**
Total for Institutions in Market		**122,991,464`**	**100.00%**

Oregon

2014 Rank	Institution (ST)	2014 Deposits ($000s)	2014 Market Share*
1	U.S. Bank (MN)	12,971,646	20.92%
2	Wells Fargo (CA)	10,200,874	16.45%
3	Bank of America (NC)	9,138,163	14.74%
4	Umpqua Bank (OR)	6,243,276	10.07%
5	JP Morgan Chase (NY)	4,933,719	7.96%
6	Key Bank (OH)	3,418,998	5.52%
7	**Columbia Bank** (WA)	**2,381,190**	**3.84%**
8	Washington Federal (WA)	2,002,340	3.23%
9	Bank of the Cascades ((OR)	1,324,507	2.14%
10	Bank of the West (CA)	1,173,311	1.89%
Other Institutions in Market		**8,205,072**	**13.24%**
Total for Institutions In Market		**61,993,096**	**100.00%**

As of June 30, 2014, Intermountain (Panhandle State Bank) was the third largest community bank headquartered in Idaho, with a deposit market share of 3.01%.

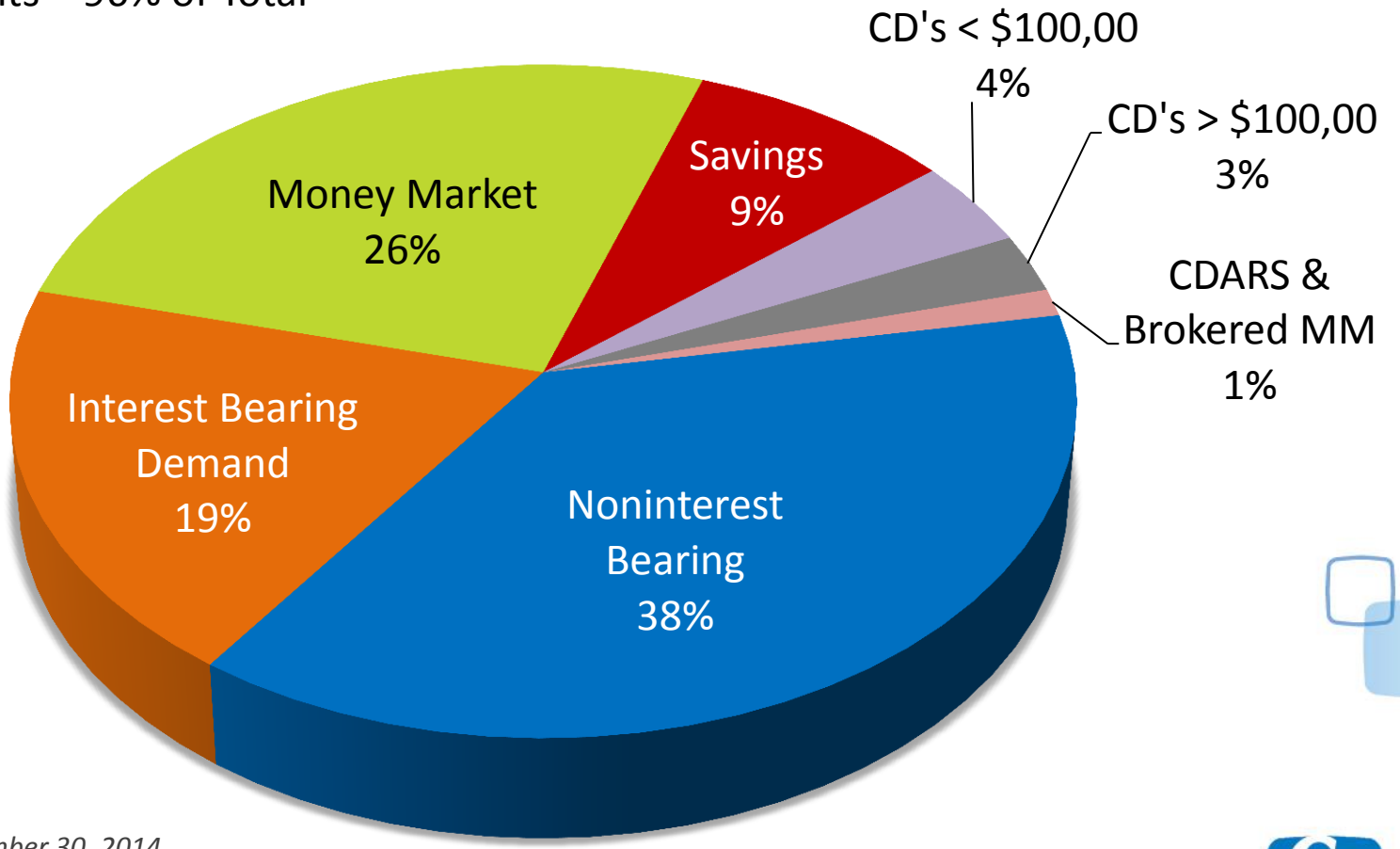
* **Based on June 30, 2014 FDIC deposit market share data**

Diversified, Relationship Based Deposit Base

Total Deposits = $6.2 Billion

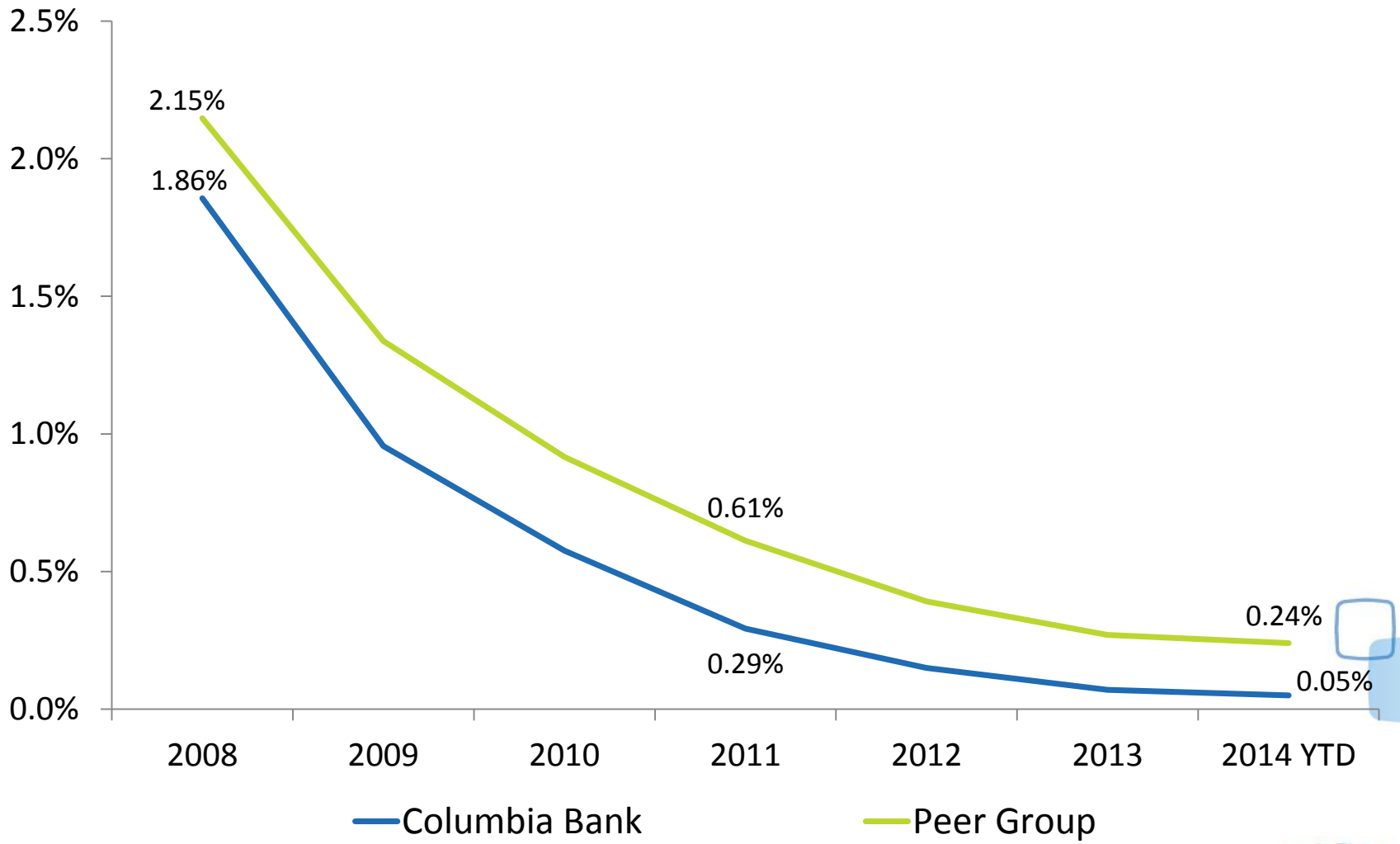
3rd Quarter 2014 Cost of Interest Bearing Deposits = 7 bps

Core Deposits = 96% of Total

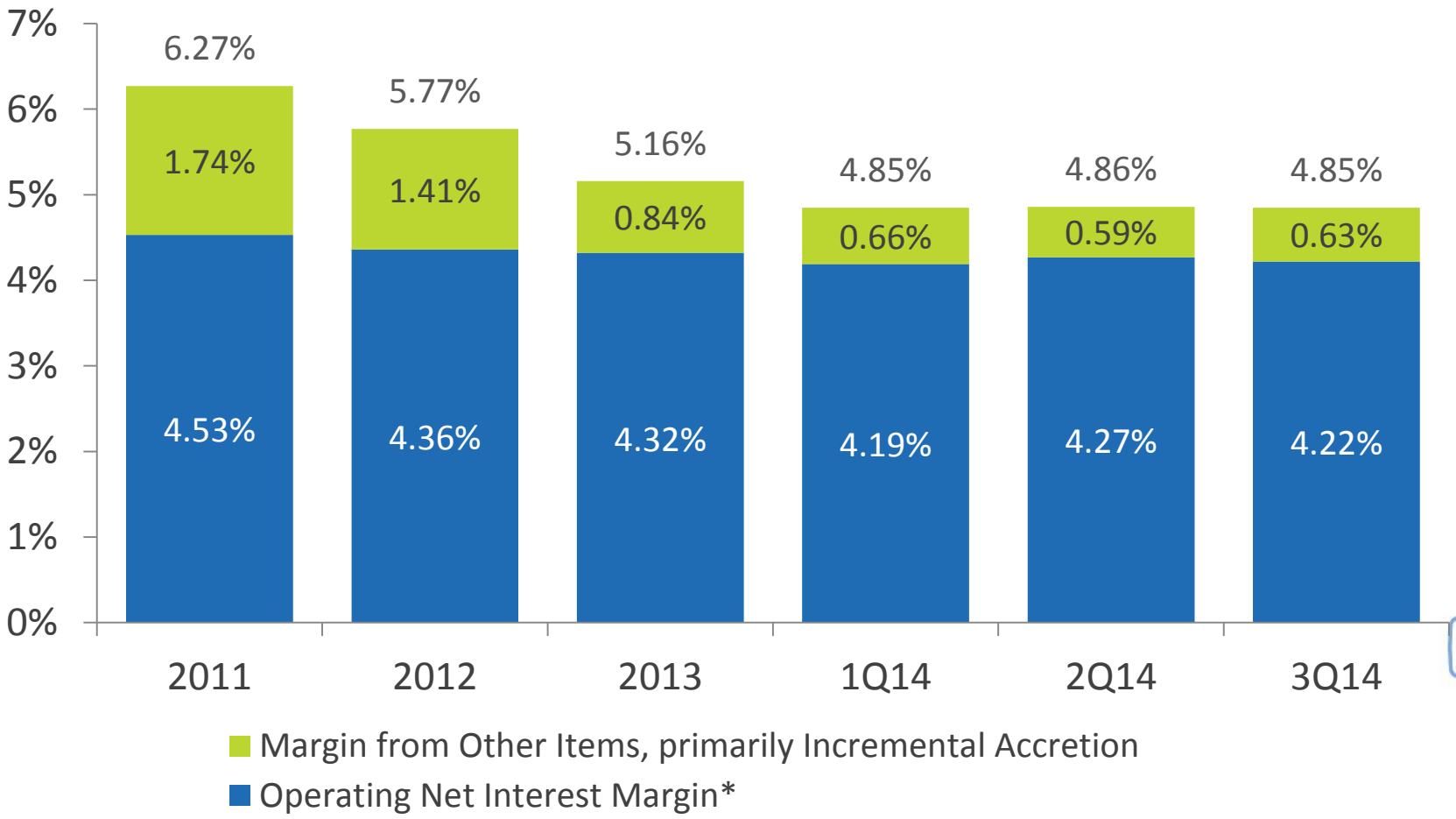


As of September 30, 2014

Total Cost of Deposits



Stable Operating Net Interest Margin*



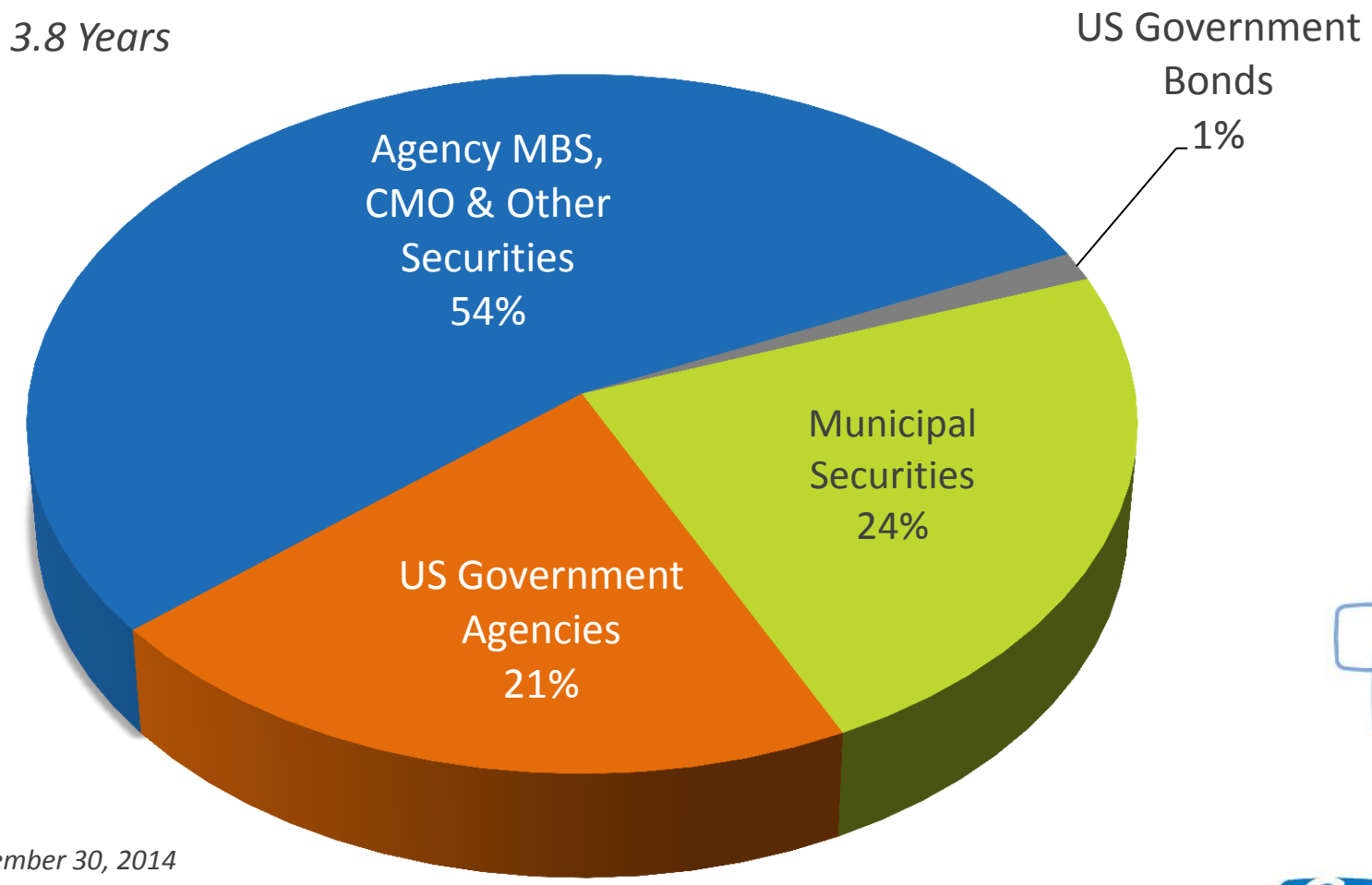
* Operating Net Interest Margin is a non-GAAP financial measure. Refer to appendix for additional information.

Conservative Investment Portfolio

Total Book Value = $1.6 Billion

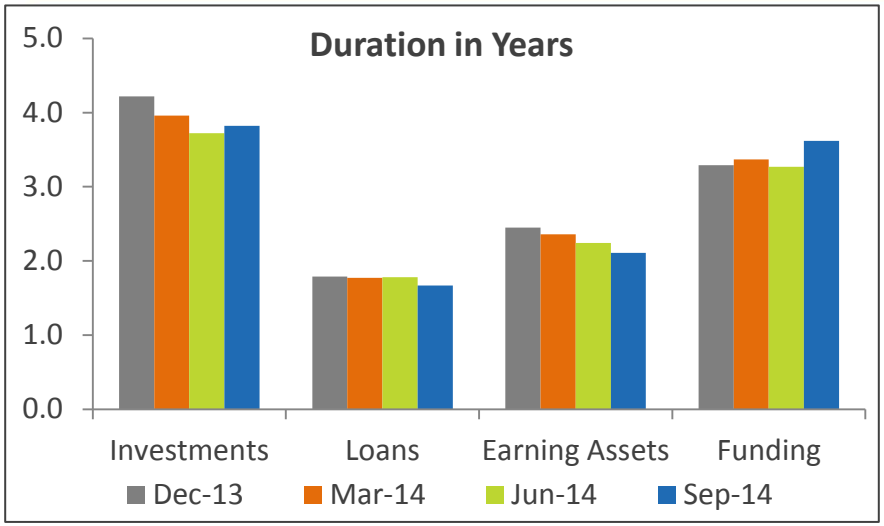
2014 YTD Yield = 2.78%

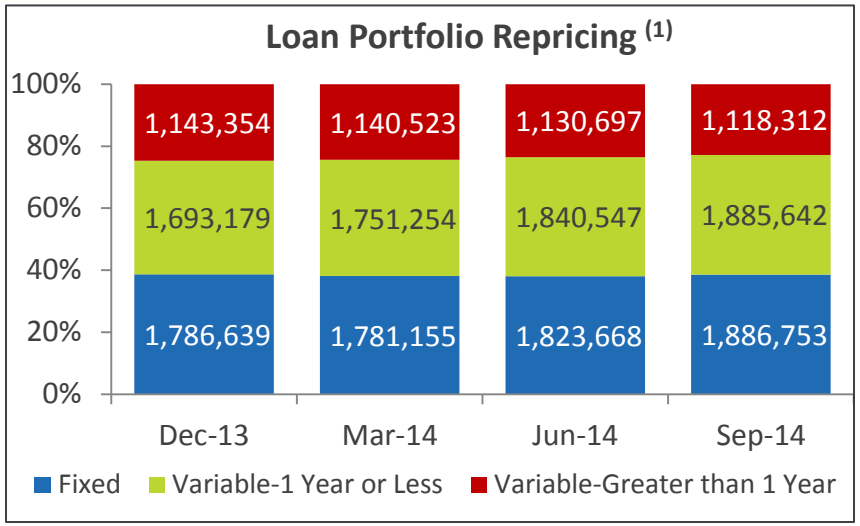
Duration = 3.8 Years



As of September 30, 2014

Interest Rate Sensitivity





- Asset duration stable for the past 12+ months
- Investment duration under 4 years
- Investments include a mix of tax exempt muni bonds, mortgage, Agency and Treasury securities
- Loan duration < 2 years as about 39% reprice in one year or less (most monthly)
- Another 23% is variable rate with most repricing in 5 years or less
- The fixed rate book generally matures in < 10 years
- Interest rate floors within the loan portfolio total $1.9 billion with about 50% in the money

Loan Repricing Detail (1)	Sep-14	
Fixed	$1,886,753	38%
Prime	1,132,535	23%
Libor	678,540	14%
1Y FHLB/UST/Libor	74,568	2%
Variable-1 Year or Less	1,885,642	39%
3Y FHLB/SWAP/UST	171,936	3%
5Y FHLB/SWAP/UST	914,424	19%
OVER 5Y FHLB/SWAP	31,951	1%
Variable-Greater than 1 Year	1,118,312	23%
Total	**$4,890,707**	**100%**

(1) Loan balances exclude deferred fees/costs and premiums/discounts. Balances in $000's.

Operating Highlights

$ in Thousands	3Q14	2Q14	1Q14	4Q13	2014 YTD	2013 YTD
Operating Net Interest Income*	$66,055	$65,760	$63,544	$65,880	$195,359	$176,725
Provision/(Recap) for Loan Losses	1,500	600	(500)	(2,100)	1,600	5,260
Operating NII after Provision*	**64,555**	**65,160**	**64,044**	**67,980**	**193,759**	**171,465**
Operating Noninterest Income*	20,120	19,363	18,572	18,804	58,055	51,005
Operating Noninterest Expense*	55,159	54,429	53,519	54,308	163,107	147,438
Pre-tax Operating Income*	**29,516**	**30,094**	**29,097**	**32,476**	**88,707**	**75,032**
Pre-tax Op Inc (before LL Prov)*	**31,016**	**30,694**	**28,597**	**30,376**	**90,307**	**80,292**
Non-Operating Adjustments:						
FDIC Acquired Loan Acctg Impact	(117)	(635)	(752)	(1,248)	(1,504)	(8,760)
Impact of Acctg on Other Acq Loans	5,040	5,481	5,615	6,540	16,136	19,660
Impact of Acq Sec Premium Amort	(1,454)	(1,554)	(1,625)	(1,828)	(4,633)	(5,481)
Inv Portfolio Premium Amort Adj	2,622	-	-	-	2,622	-
Core Deposit Intangible Amort	(1,456)	(1,480)	(1,580)	(1,657)	(4,516)	(4,389)
Washington State B&O Taxes	(1,069)	(972)	(1,075)	(908)	(3,116)	(3,818)
Acquisition Related Costs	(3,238)	(672)	(966)	(7,910)	(4,876)	(17,578)
Other Non-operating Items	1,344	(392)	(74)	2,419	878	4,460
Tax Provision	9,605	8,643	8,796	7,911	27,044	19,083
Net Income	**$21,583**	**$21,227**	**$19,844**	**$19,973**	**$62,654**	**$40,043**
Earnings per Share (Diluted)	$0.41	$0.40	$0.37	$0.38	$1.18	$0.84

* A non-GAAP financial measure. Refer to appendix for additional information.

Balance Sheet Highlights

$ in Millions	3Q14	2013	2012	2011	2010
Total Assets	$7,466	$7,162	$4,906	$4,786	$4,256
Noncovered Loans, net	$4,579	$4,219	$2,526	$2,348	$1,916
Covered Assets, net	$238	$290	$408	$560	$532
Core Deposits	$5,990	$5,696	$3,802	$3,510	$2,998
Total Deposits	$6,244	$5,959	$4,042	$3,816	$3,327
Nonperforming Assets/ Noncovered Assets	0.53%	0.84%	1.08%	2.02%	3.23%
Return on Average Assets	1.18%	0.92%	0.96%	1.07%	0.72%
Return on Average Common Equity	7.86%	6.14%	6.06%	6.57%	4.15%

Acquisition of Intermountain Community Bancorp/ Panhandle State Bank

IMCB Transaction Assumptions and Pro Forma Adjustments

Transaction Value	$134.1 million
Attractive Financial Returns	• ~2% earnings accretion / ~22% incremental earnings accretion in 2016(1) • > 15% IRR • Tangible Book Value Earnback of ~3 years • ~1% TBV Dilution at Close
Cost Savings	Estimated at approximately $8.6 million or 27.1% of IMCB's 2015e NIE Expected to be phased 50% in 2015 and 100% in 2016+
Deal Related Expenses	Approximately $18 million, pre-tax
Estimated Fair Value and Pro Forma Adjustments	Gross loan mark of $19.6 million or 3.63% of loans(1) Core Deposit Intangible equaling 1.5% of IMCB's core deposits(2) Investment Securities markup of $5.0 million Fixed Asset markdown of $13.7 million Deposit markup of $1.5 million related to CDs Trust Preferred Redemption of $16.5 million

(1) Per 3rd party loan review.

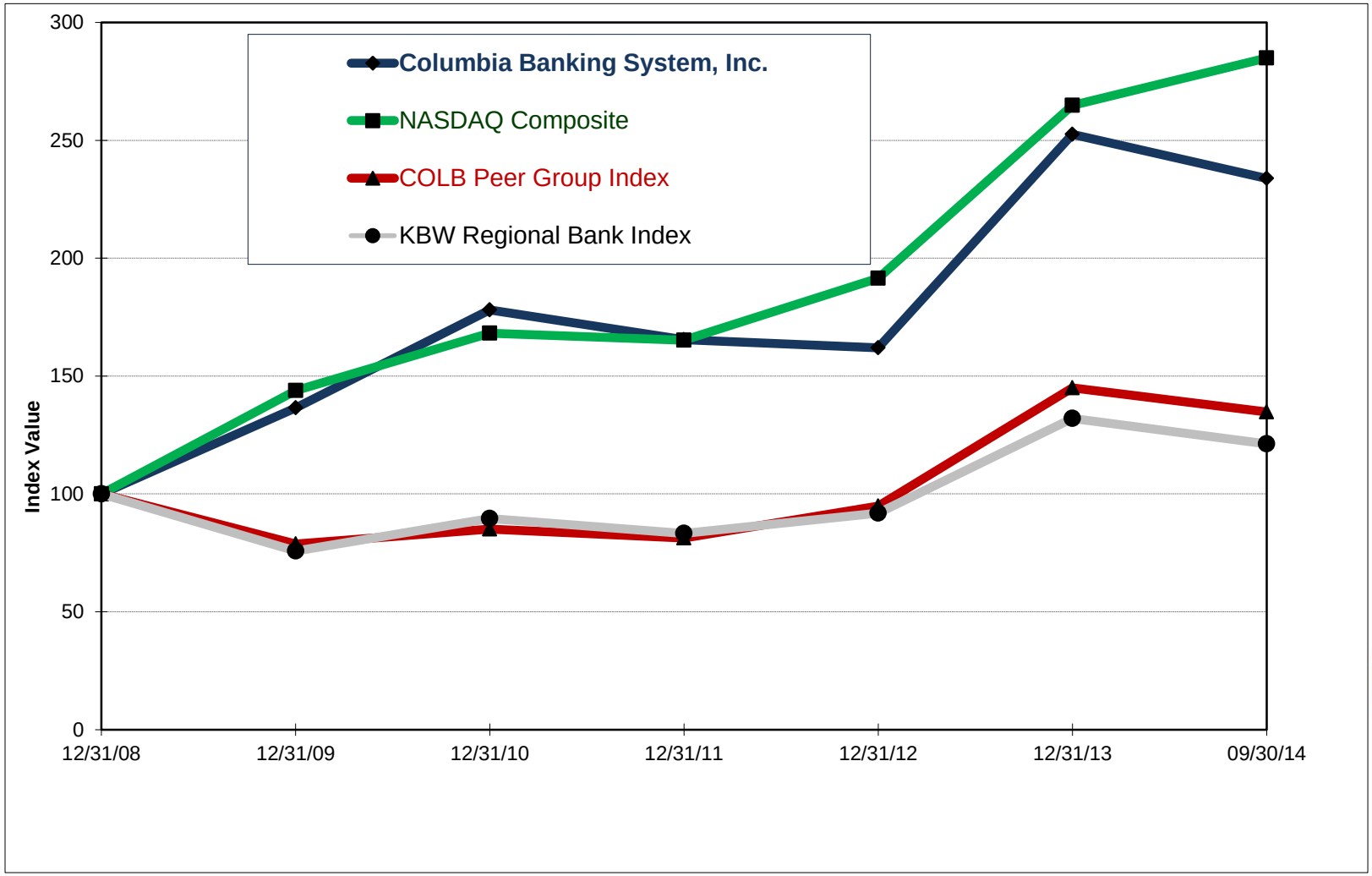
(2) Core deposits equal all deposits less CDs ≥ $100k.

Attractive Investment Opportunity

- Acquisition is in line with COLB's strategic plan, and meets COLB's investment criteria
- Entry into Idaho provides COLB a solid foothold in a contiguous state with strong growth potential
- Culturally compatible banks with similar core deposit bases and commercial banking orientation
- Increased size and scale favorably positions COLB for further acquisitions and growth strategies
- Pacific Northwest considered a "region to watch" for brightest economic future(1)
- Transaction should enhance COLB's long-term shareholder value

(1) Source: "The U.S. Economy: Regions To Watch in 2012" per www.forbes.com, published on 1/4/2012.

COLB: Total Return Performance



Source: Keefe, Bruyette & Woods

Priorities Moving Forward

- Continue to increase market share through organic growth
  - Focus on core deposits; developing and deepening new and existing customer relationships
  - Emphasis on high quality, diversified loan growth
- Emphasize expense control and growth in non-interest income
- Move forward on Intermountain integration
- Continue effective deployment of capital
- Maintain fundamental commitment to remain a true Pacific Northwest community bank

Columbia – An Award-Winning Company

- Ranked **Best Bank Headquartered in Washington State** for the 3rd year by the *Forbes* list of *America's Best Banks,* based on safety and soundness measures. Ranked 2nd in the Pacific Northwest, and 31st in the United States.
- For the 6th consecutive year, voted by readers as the **Best of 2013** by *South Sound Magazine*
- Received the **2013 Integrity Award** as one of the *Business Examiner's* 2013 Top Places to Work
- For 8th consecutive year, named in 2014 as one of *Puget Sound Business Journal*'s "**Washington's Best Workplaces**"
- President & CEO Melanie Dressel honored in 2014 for the 6th time as one of the **"25 Most Powerful Women in Banking"** by *American Banker Magazine*

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Appendix

Non-GAAP Financial Measures – Net Interest Margin

$ in Thousands	3Q14	2Q14	1Q14	2013	2012	2011
Net interest margin (tax equivalent)	**4.85%**	**4.86%**	**4.85%**	**5.16%**	**5.77%**	**6.27%**
Adjustments to net interest margin to arrive at operating net interest margin:						
Incremental accretion income on FDIC acquired impaired loans	-0.26%	-0.36%	-0.41%	-0.52%	-1.30%	-1.37%
Incremental accretion income on other FDIC acquired loans	-0.01%	-0.01%	-0.01%	-0.04%	-0.14%	-0.37%
Incremental accretion income on other acquired loans	-0.31%	-0.34%	-0.36%	-0.46%	0.00%	0.00%
Premium amortization on acquired securities	0.09%	0.10%	0.10%	0.13%	0.00%	0.00%
Investment portfolio premium amortization adjustment	-0.16%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest reversals on nonaccrual loans	0.02%	0.02%	0.02%	0.02%	0.02%	0.00%
Prepayment charges on FHLB advances	0.00%	0.00%	0.00%	0.03%	0.01%	0.00%
Operating net interest margin (tax equivalent)	**4.22%**	**4.27%**	**4.19%**	**4.32%**	**4.36%**	**4.53%**

Non-GAAP Financial Measures - Operating Results

$ in Thousands	3Q14	2Q14	1Q14	4Q13	2014 YTD	2013 YTD
Reported Net Interest Income	**$76,220**	**$75,124**	**$73,940**	**$77,209**	**$225,284**	**$213,886**
- FDIC Loan Accretion	(4,380)	(5,829)	(6,693)	(6,778)	(16,902)	(25,249)
- WCB Loan Discount Accretion	(5,040)	(5,481)	(5,615)	(6,540)	(16,136)	(19,660)
+ WCB Securities Premium Amort	1,454	1,554	1,625	1,828	4,633	5,481
- Inv Portfolio Premium Amort Adj	(2,622)	-	-	-	(2,622)	-
+ Reversed Interest	423	392	287	161	1,102	720
+ FHLB Prepayment Expense	-	-	-	-	-	1,547
Operating Net Interest Income	**$66,055**	**$65,760**	**$63,544**	**$65,880**	**$195,359**	**$176,725**

Non-GAAP Financial Measures - Operating Results

$ in Thousands	3Q14	2Q14	1Q14	4Q13	2014 YTD	2013 YTD
Reported Noninterest Income	**$15,930**	**$14,627**	**$14,008**	**$10,612**	**$44,565**	**$16,088**
+ Change in FDIC Loss Sharing Asset	4,816	5,050	4,819	9,571	14,685	35,446
- Net Gain on Sale of Inv Securities	(33)	(296)	(223)	-	(552)	(462)
- Gain on Disposal of Assets	(28)	(18)	(32)	(354)	(78)	(67)
- Other Nonrecurring Items	(565)	-	-	(1,025)	(565)	-
Operating Noninterest Income	**$20,120**	**$19,363**	**$18,572**	**$18,804**	**$58,055**	**$51,005**
Reported Noninterest Expense	**$59,982**	**$57,764**	**$57,386**	**$63,619**	**$175,132**	**$167,267**
- FDIC Clawback Expense/(Recap)	(201)	103	(204)	(36)	(302)	(242)
- Acquisition Related Costs	(3,238)	(672)	(966)	(7,910)	(4,876)	(17,578)
- OREO Expense, Net	1,256	97	(146)	1,295	1,207	6,106
- OPPO Expense, Net	(9)	20	124	13	135	125
- Core Deposit Intangible Amort	(1,456)	(1,480)	(1,580)	(1,657)	(4,516)	(4,388)
- Washington State B&O Taxes	(1,069)	(972)	(1,075)	(908)	(3,116)	(3,818)
- Loss on Disposal of Assets	(106)	(431)	(20)	(108)	(557)	(34)
Operating Noninterest Expense	**$55,159**	**$54,429**	**$53,519**	**$54,308**	**$163,107**	**$147,438**