COLUMBIA BANK BUILDING A PREMIER REGIONAL COMMUNITY BANK

Second Quarter 2016

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, which can be identified by words such as “may,” “expected,” “anticipate”, “continue,” or other comparable words. In addition, all statements other than statements of historical facts that address activities that Columbia expects or anticipates will or may occur in the future are forward-looking statements. Readers are encouraged to read the SEC reports of Columbia, particularly its form 10-K for the Fiscal Year ended December 31, 2015, for meaningful cautionary language discussing why actual results may vary materially from those anticipated by management.


Columbia Footprint
143 locations throughout the Northwest built through de novo branching and strategic acquisitions
Washington
Seattle
Tacoma
Spokane
Coeur d'Alene
Yakima
Walla Walla
Portland
Idaho
Oregon
Eugene
Bend
Boise
Twin Falls
5
90
82
84

Positive Business Climate & Economic Outlook

- **Leading economic indicators** such as employment trends, housing, consumer confidence and spending point to continuing forward momentum in the Northwest's export-driven, diversified economy, particularly in Seattle, Portland and Boise metro areas.

- **The Northwest has an established presence** in growing sectors such as aerospace, technology, agriculture and consumer products. Local world-class companies, including Boeing, Starbucks, Microsoft, Amazon. Costco and Nike, are anchors of these sectors.

- Agriculture is a key component of Northwest's success, adding over $80 billion to the region's GDP. In the U.S., Washington is the #1 producer of apples and hops; Oregon #1 for Christmas trees, hazelnuts and blackberries; Idaho is #1 for potatoes and trout.

- **Employment trends improving** in the Pacific Northwest, with net gain in jobs and workers entering the job market

June 2016: (National rate: 4.9%)		**Jobs added year over year**
WA: 5.8% unemployment rate	(5.6% June 2015)	96,900
OR: 4.8% unemployment rate	(5.8% June 2015)	67,000
ID: 3.7% unemployment rate	(4.2% June 2015)	26,215

- **Tacoma, Seattle and Portland ports are big economic drivers in the region.** The Northwest Seaport Alliance (Seattle and Tacoma ports) is the 3rd largest cargo gateway in North America. International container volumes were up 8% in 2015. International container volumes rebounded strongly, increasing 4% in 2015. The value of the ports' two-way international trade totaled more than $75 billion in 2015

- **Survey of our business customers** shows continued confidence in their business' future in all industries and optimism about their industry's general conditions. However, businesses are reluctant to invest in capital projects due to concerns about the political climate, global economy, government regulations and taxes.

- **Military a major driver of the Northwest economy**. Over 115,000 Active and Civilian personnel across Washington, Oregon and Idaho; provides over $3 billion annually in total payroll. **Washington State**: $7.9 billion in installation expenditures and $5.2 billion in contract spending; over $13 billion in gross state product, 4% of total; 191,600 jobs supported.

Attractive Northwest Markets

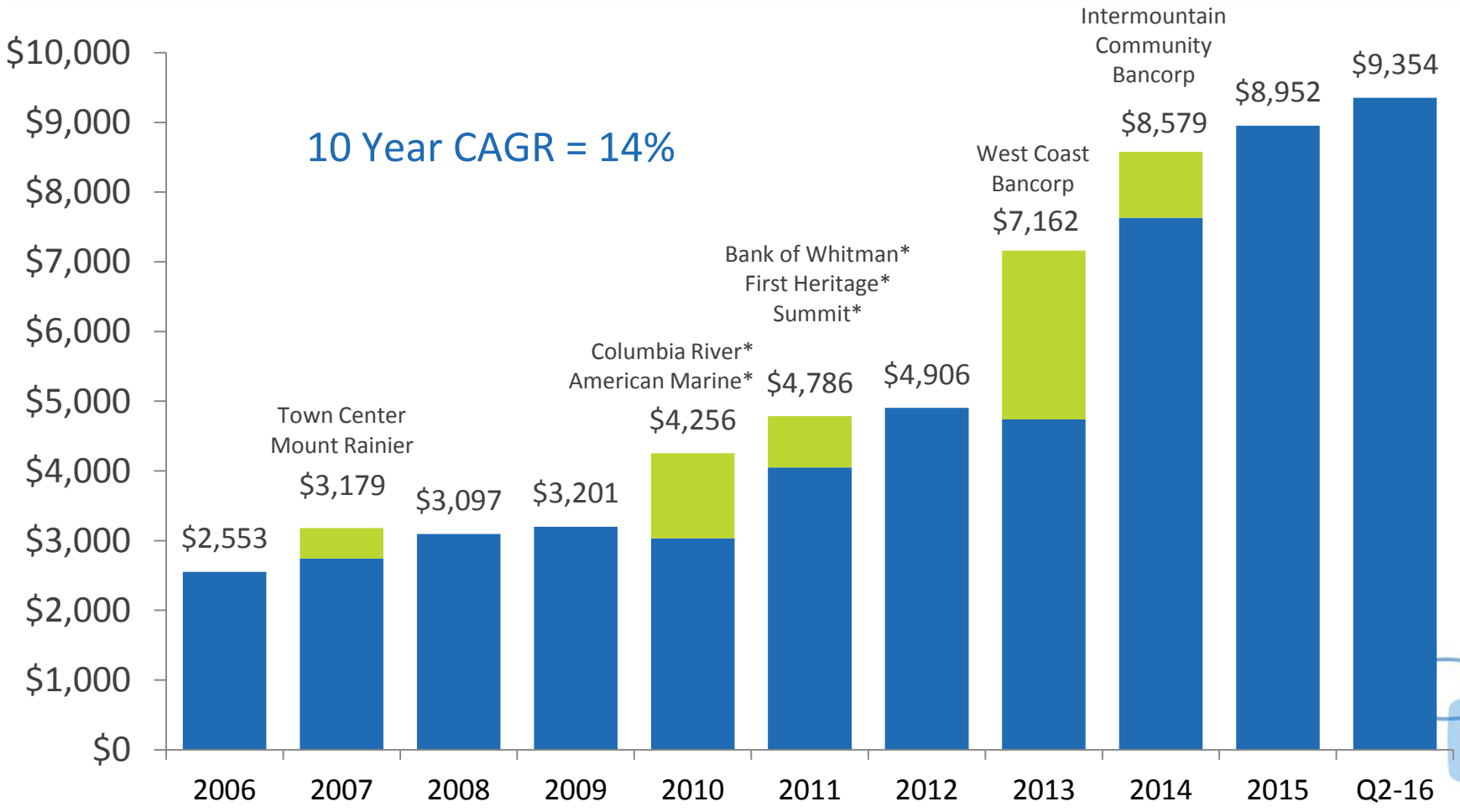
	✓ *Better Than or Equal to U.S. Average*	Seattle/ Tacoma/ Bellevue	Portland/ Vancouver	Boise	Washington	Oregon	Idaho	United States
Demographics	Population as of 2015 *(in millions)*	3.73	2.41	0.68	7.13	4.04	1.66	321.8
	Population Increase *(2010 – 2015)*	6.49%✓	5.36%✓	8.23%✓	5.34%✓	3.76%✓	4.23%✓	3.47%
	Projected Population Change *(2015-2020)*	6.16%✓	5.07%✓	7.10%✓	5.41%✓	3.90%✓	4.43%✓	3.52%
	Median Household Income *(2015)*	$68,280✓	$59,247✓	$48,750	$60,320✓	$49,964	$47,224	$53,706
	Projected HH Income Change *(2015-2020)*	6.38%	6.17%	1.91%	6.40%	6.04 %	4.56%	6.68%
Economics	Unemployment Rate [(1)] *(June 2016)*	4.7%	4.3%✓	3.2%✓	5.8%	4.8%✓	3.7%✓	4.9%
	Home Price Index Change *12 months ending April 2016* *Low in 1Q12 – April 2016*	10.7%✓ 52.7%✓	12.3%✓ 51.4%✓	n/a	n/a	n/a	n/a	5.0% 33.3%
	Annual Housing Starts/Permits [(2)] *(June 2015 – May 2016)*	9,304	7,510	4,886	21,306	10,393	8,158	738M
	Compound Average Growth Rate of Annual Housing Starts/Permits over past 3 Years [(2)]	2%	14%✓	15%✓	5%	10%✓	10%✓	8%

(1) MSA unemployment rates are not seasonally adjusted. State and US rates are seasonally adjusted.
(2) Privately Owned Housing Starts Authorized by Building Permits, Seasonally Adjusted
Sources: SNL Financial, Bureau of Labor Statistics, Case-Schiller, Federal Reserve of St. Louis

Seasoned Acquirer with Proven Integration Track Record

Nine Acquisitions in the last 9 Years	**Assets**
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 (November 2014)	$964 million

Growth of Total Assets 2006 - 2016

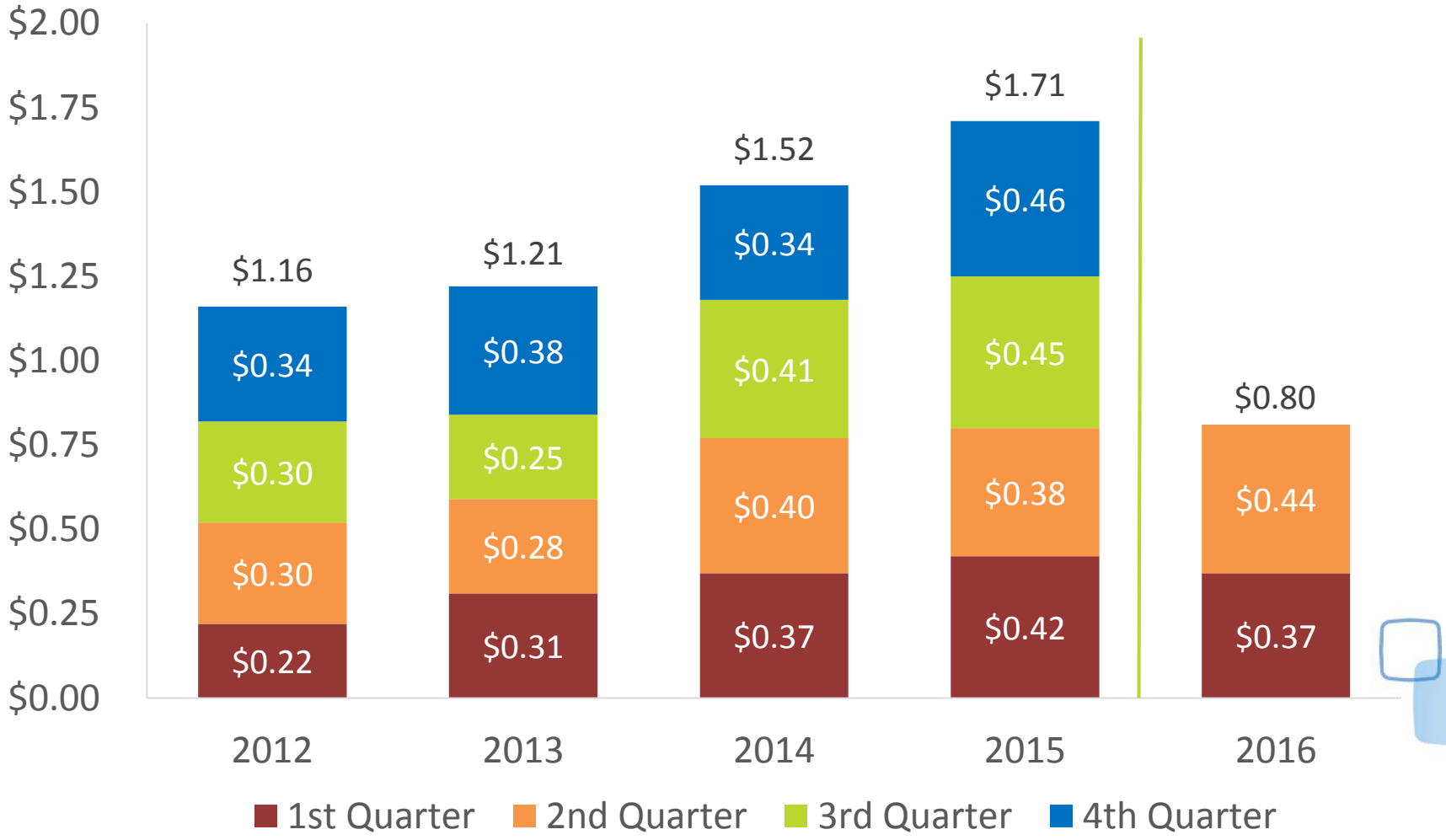


$ in Millions

Acquisitions

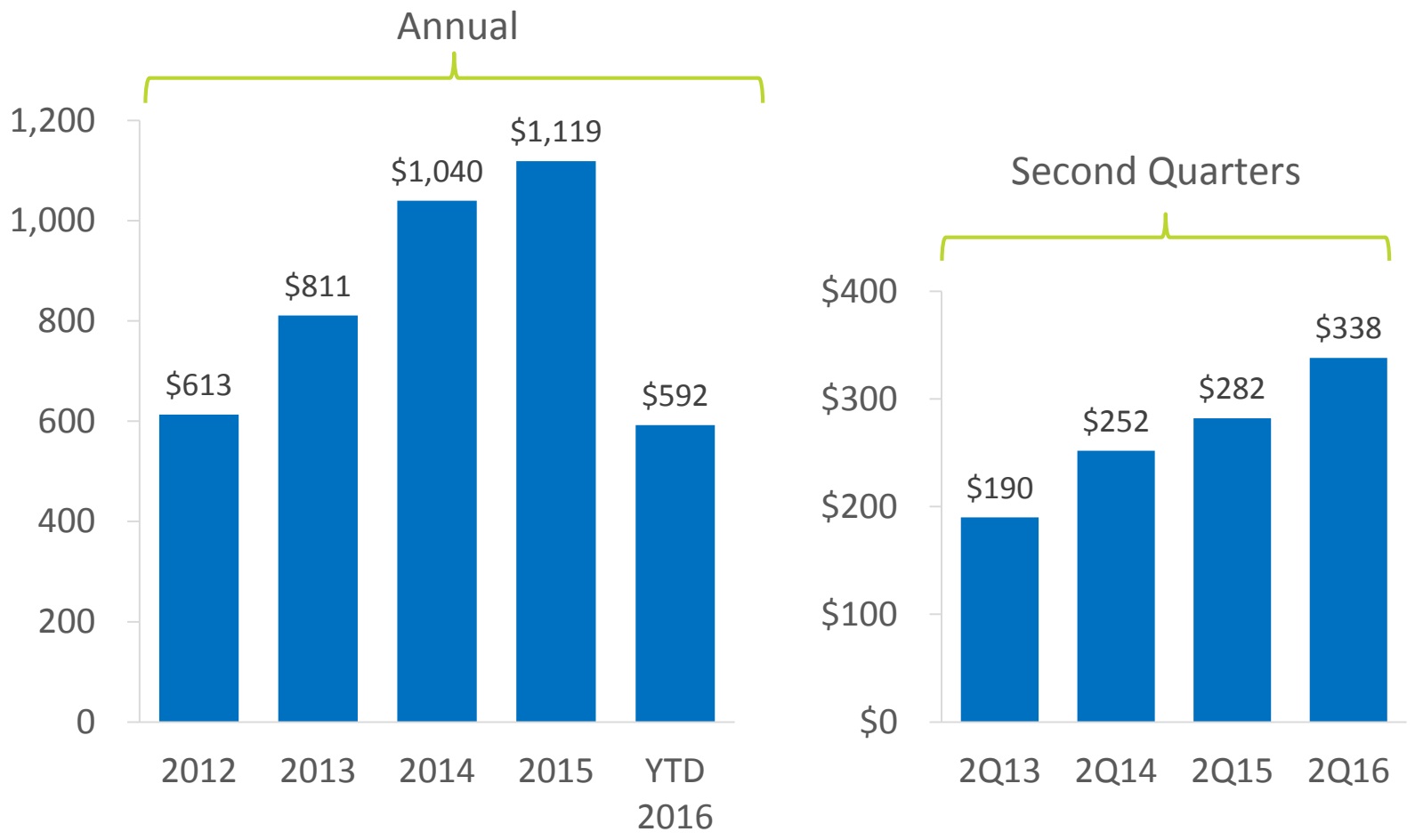
**FDIC Assisted Acquisition*

Growing EPS



Due to averaging of shares, quarterly earnings per share may not add up to the totals reported for the full year.

Record Loan Originations

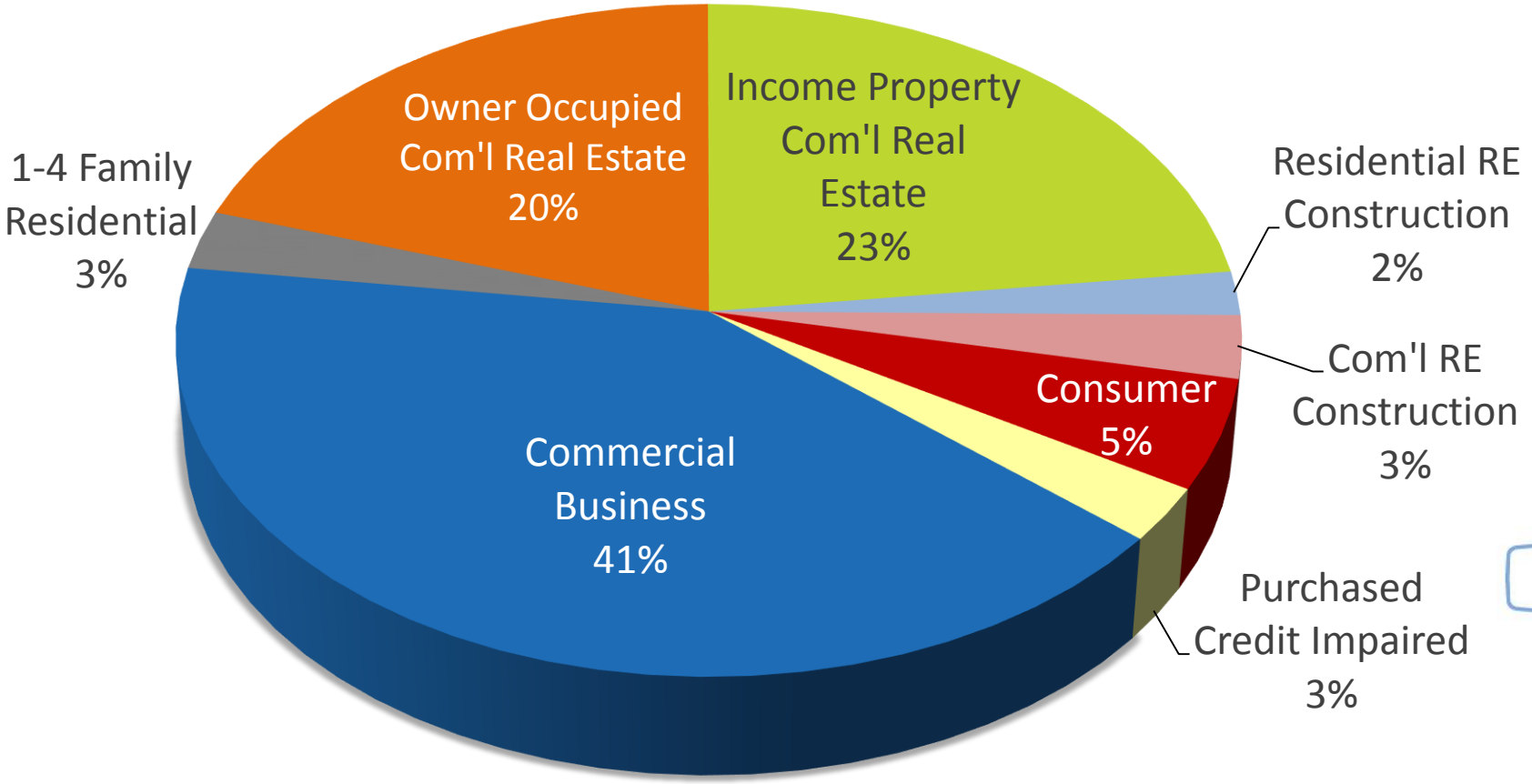


- Second quarter 2016 loan production of $338 million is 20% higher than second quarter 2015 and the second best quarter on record.

Balanced Loan Portfolio

Total Portfolio = $6.1 Billion

Second quarter annualized growth of 15%

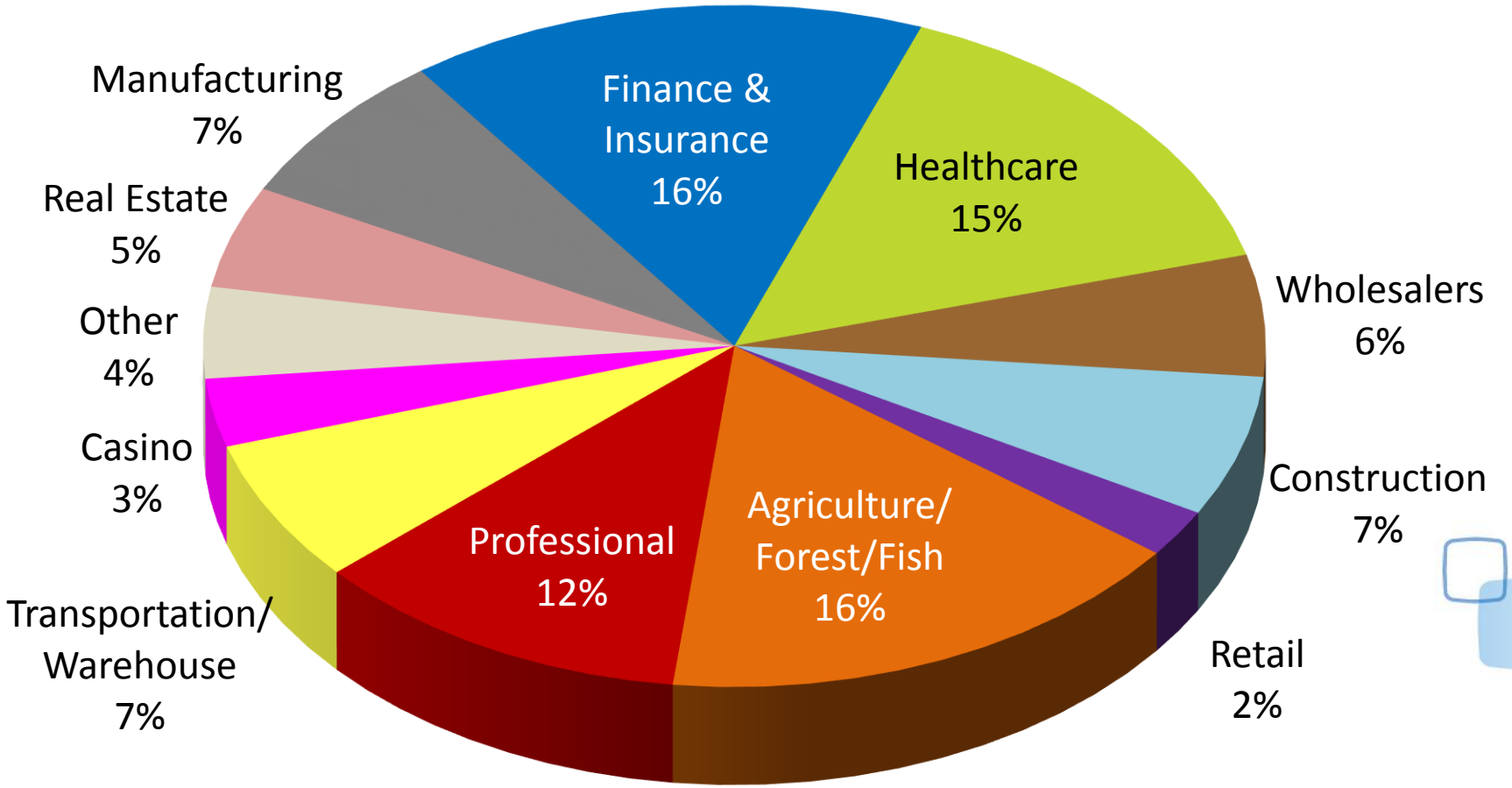


As of June 30, 2016

Diversified Commercial Business Portfolio

Total Portfolio = $2.5 Billion

Second quarter annualized growth of 20%

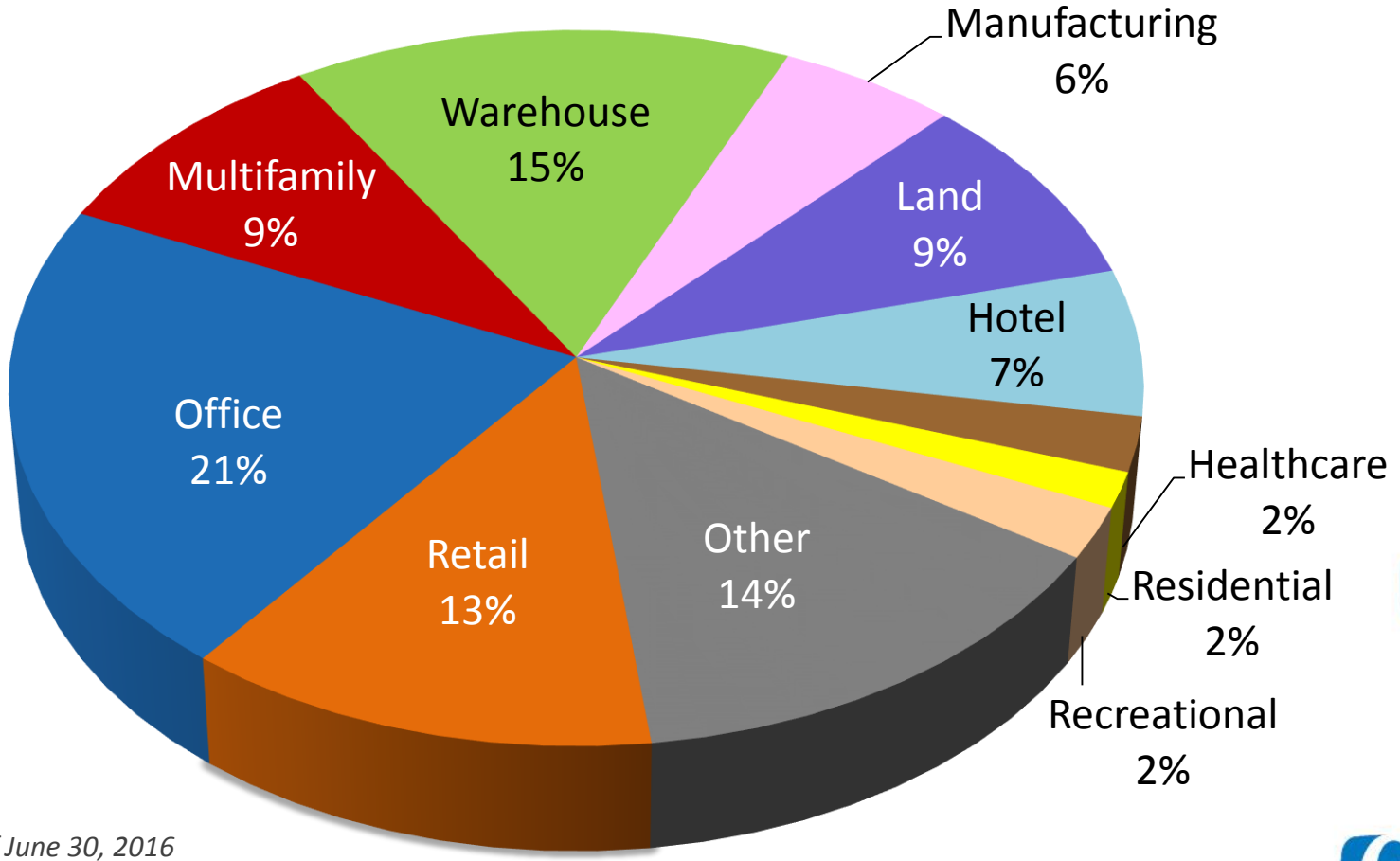


As of June 30, 2016

Commercial Real Estate Portfolio

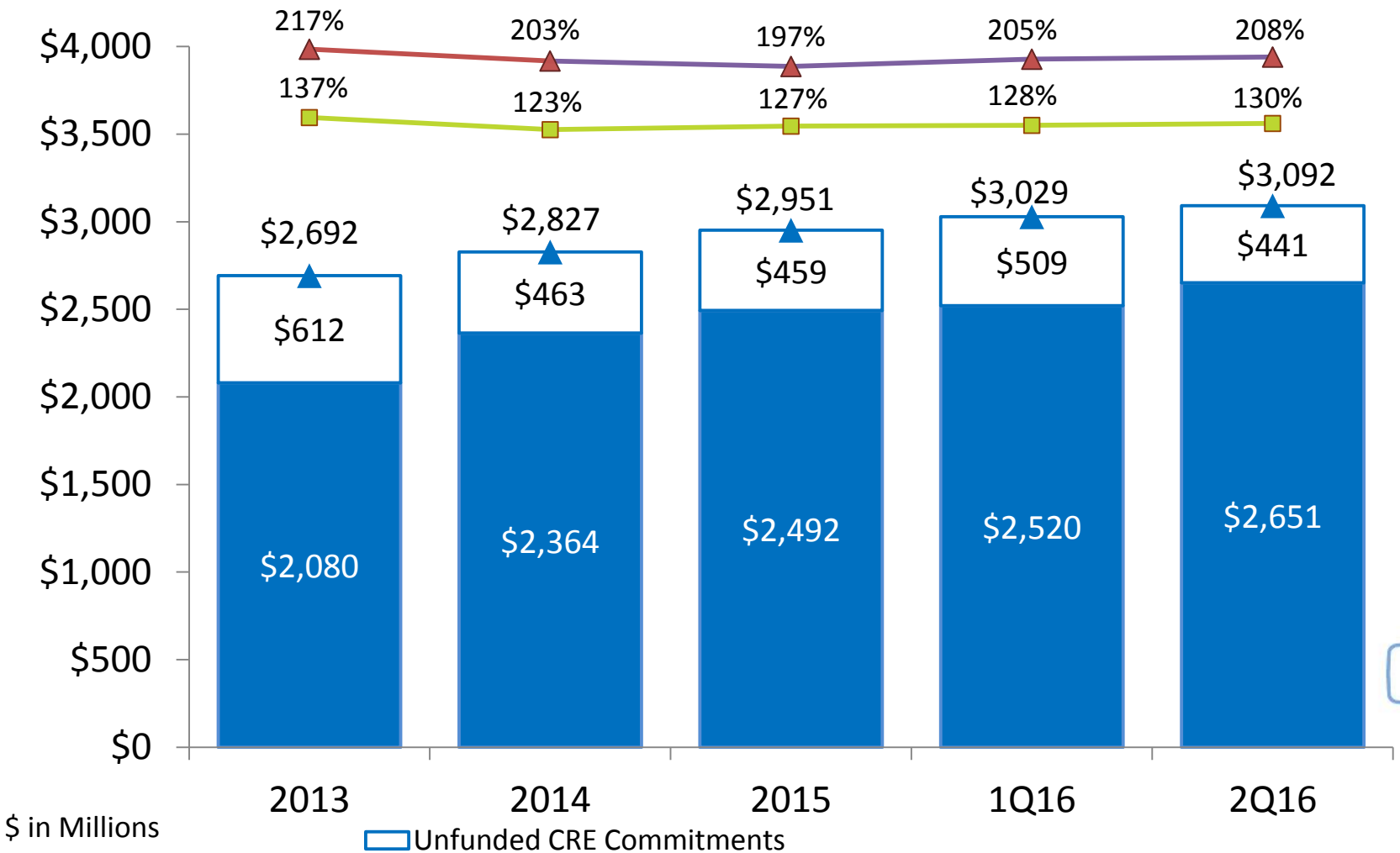
Total Portfolio = $2.7 Billion

Balanced portfolio with Income Property comprising 54% and Owner Occupied 46% of the total. *Second quarter annualized growth of 21%.*

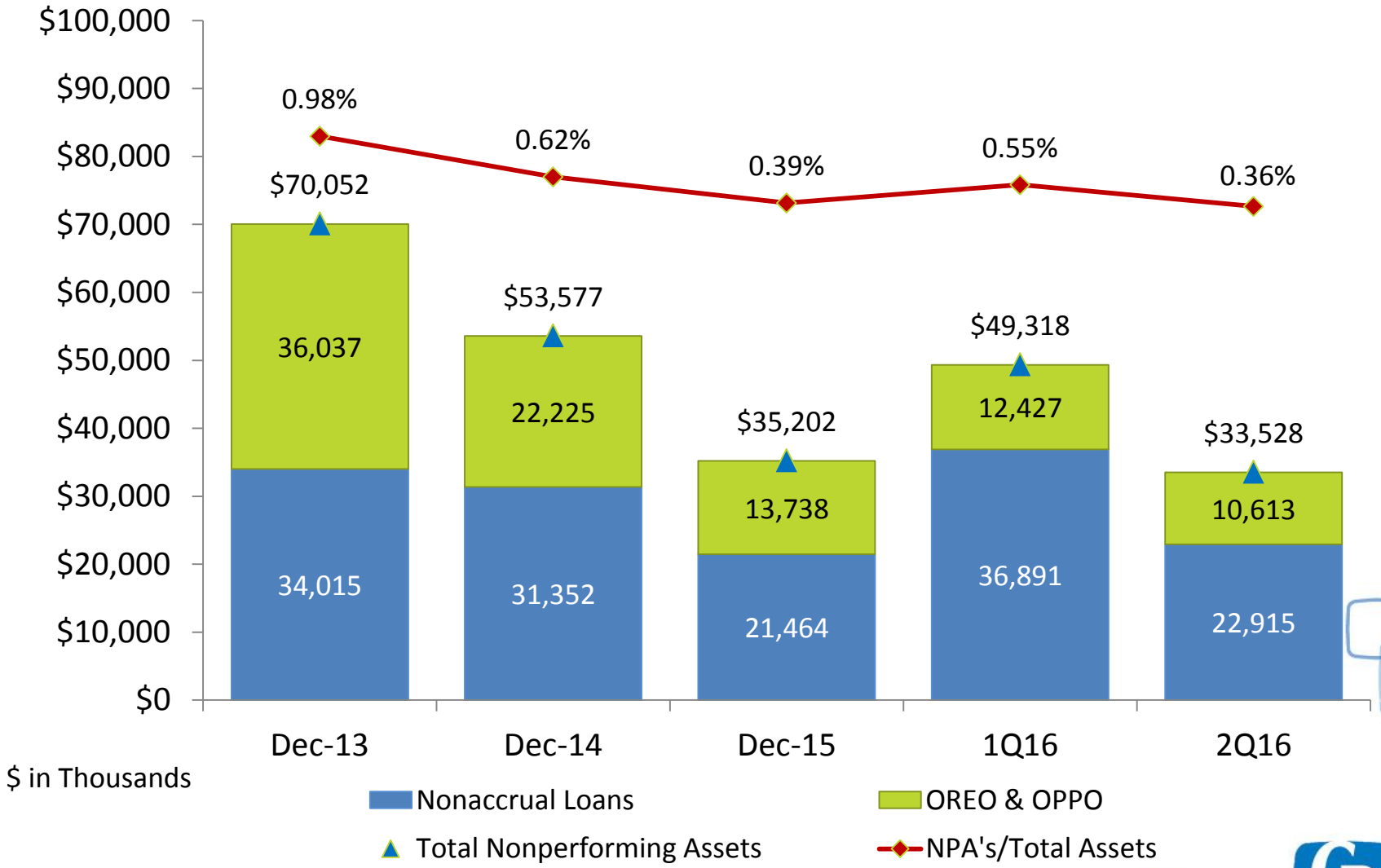


As of June 30, 2016

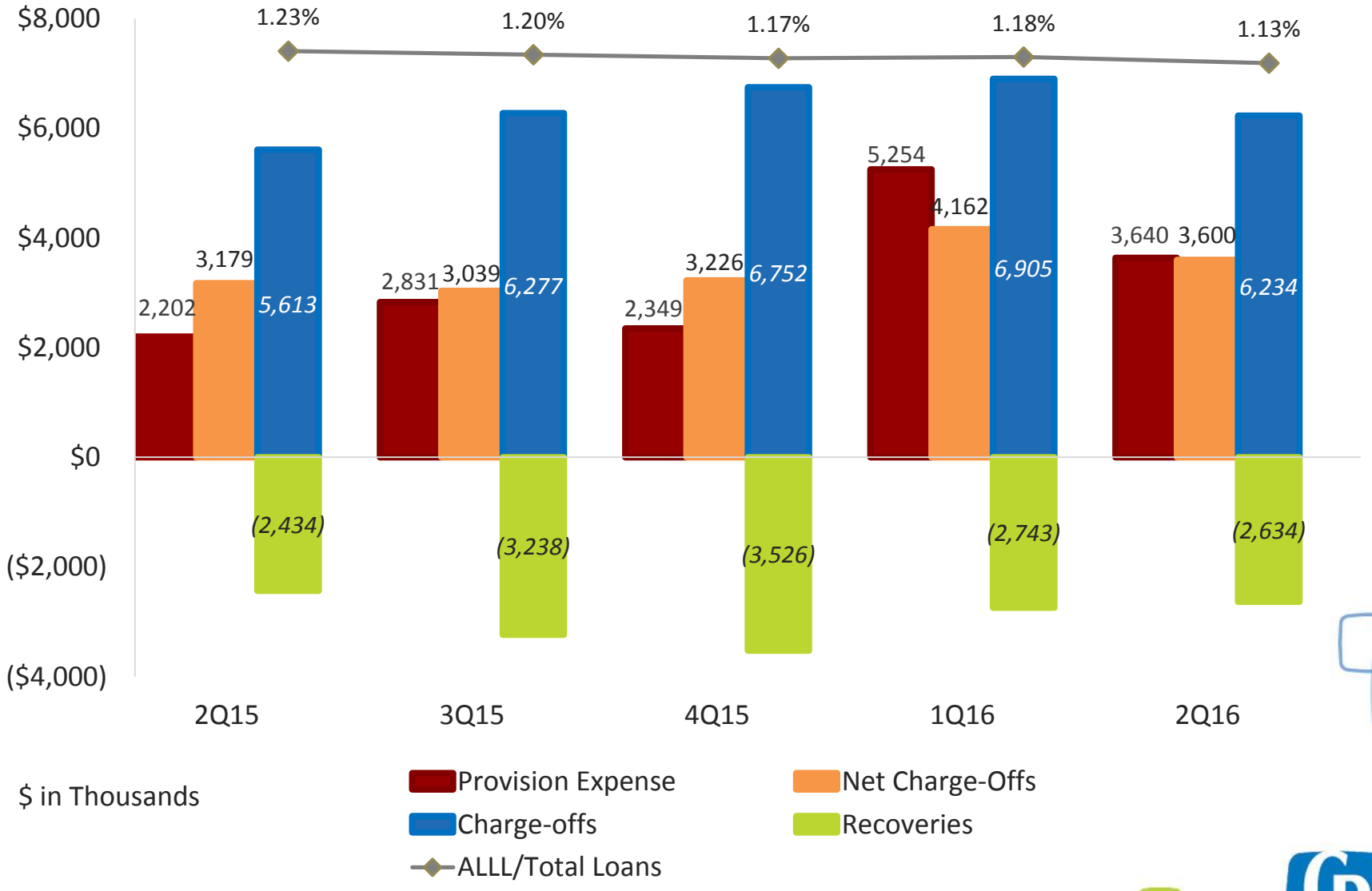
Consistent Commercial Real Estate Coverage



Effective Management of Nonperforming Assets



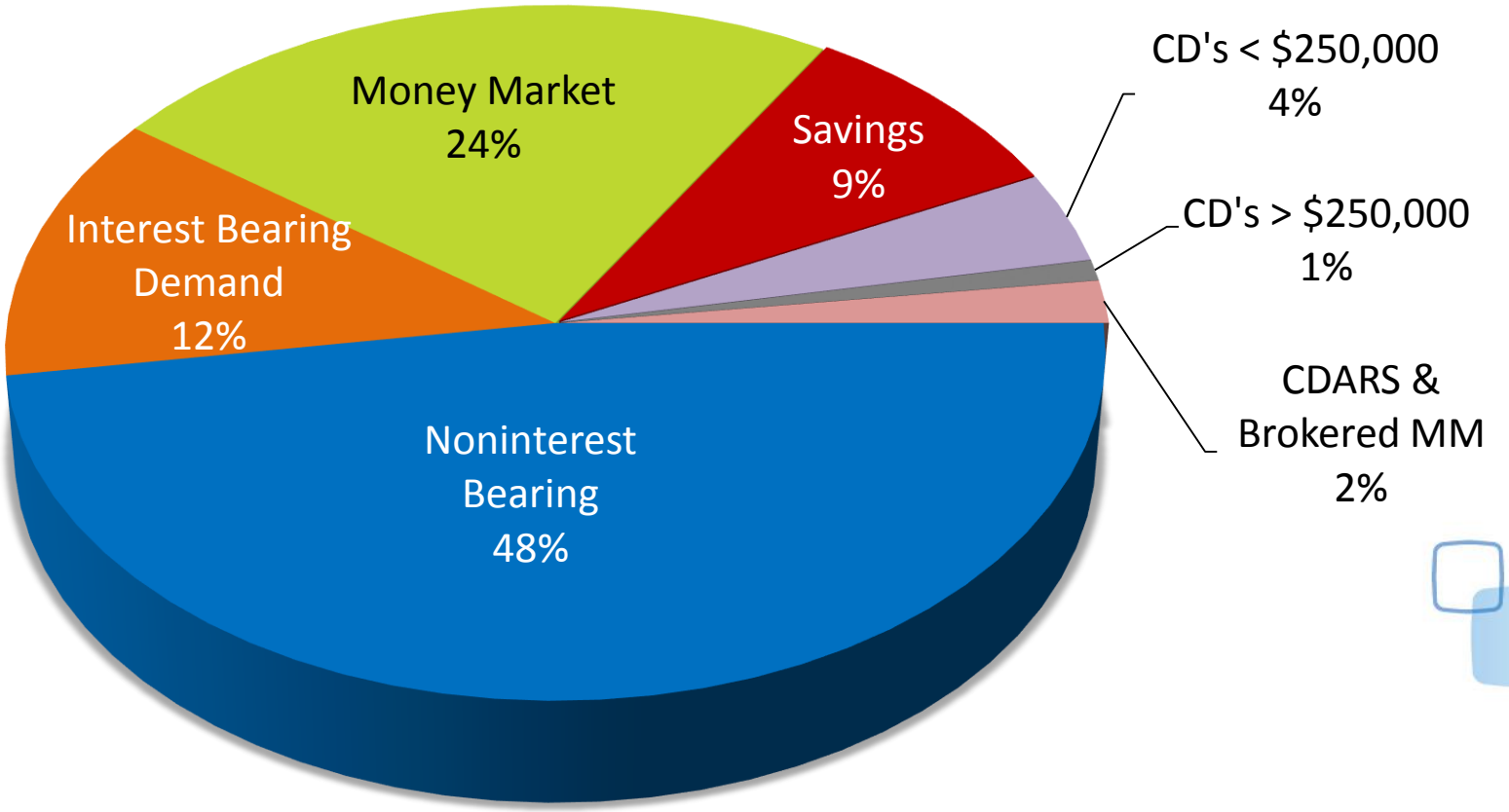
Consistent ALLL Coverage



Diversified, Relationship-Centered Deposit Base

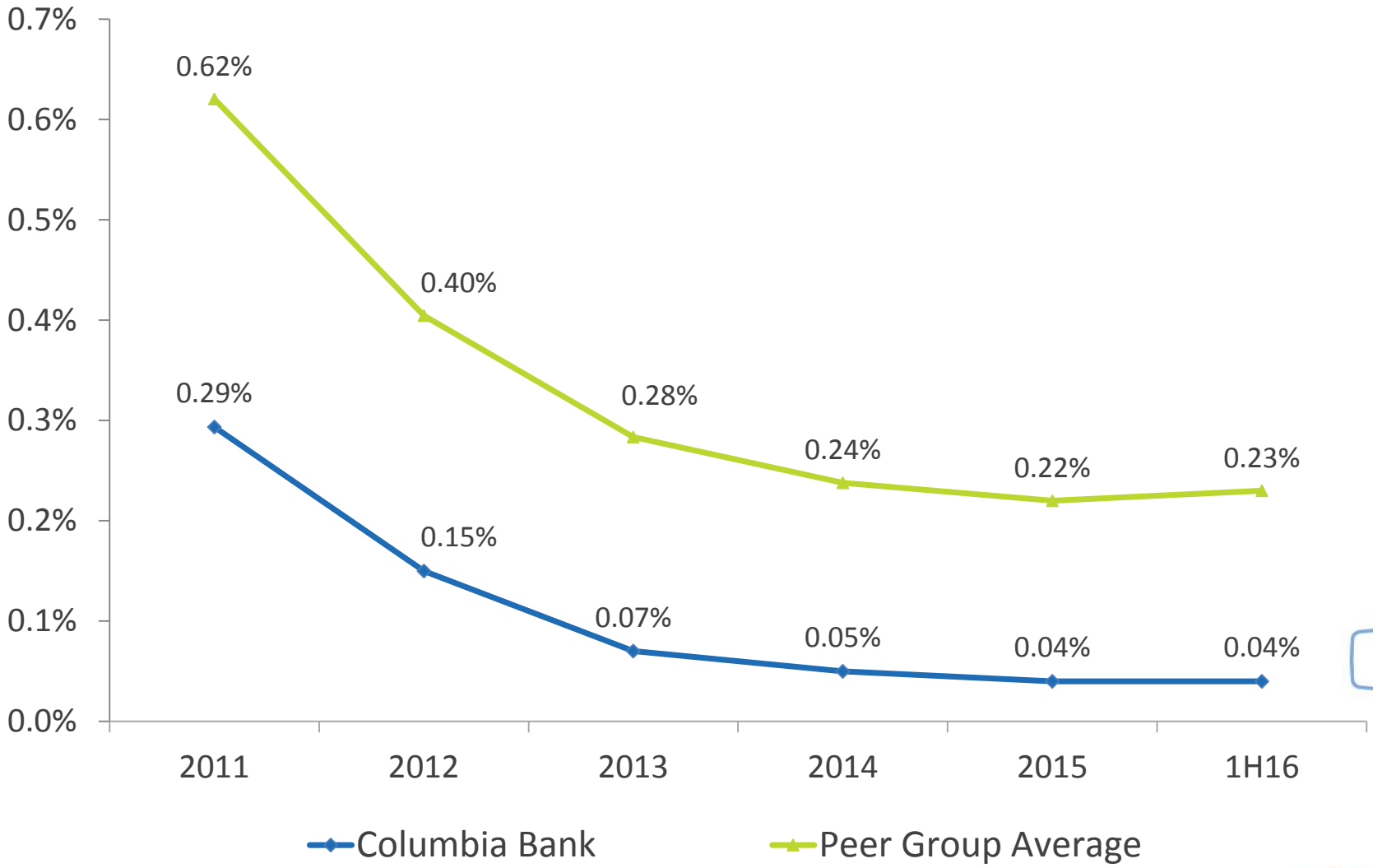
Total Deposits = $7.7 Billion

Annualized growth for the second quarter of 4%. Core deposits comprise 97% of the total, and the mix is balanced with 52% Business and 48% Consumer.

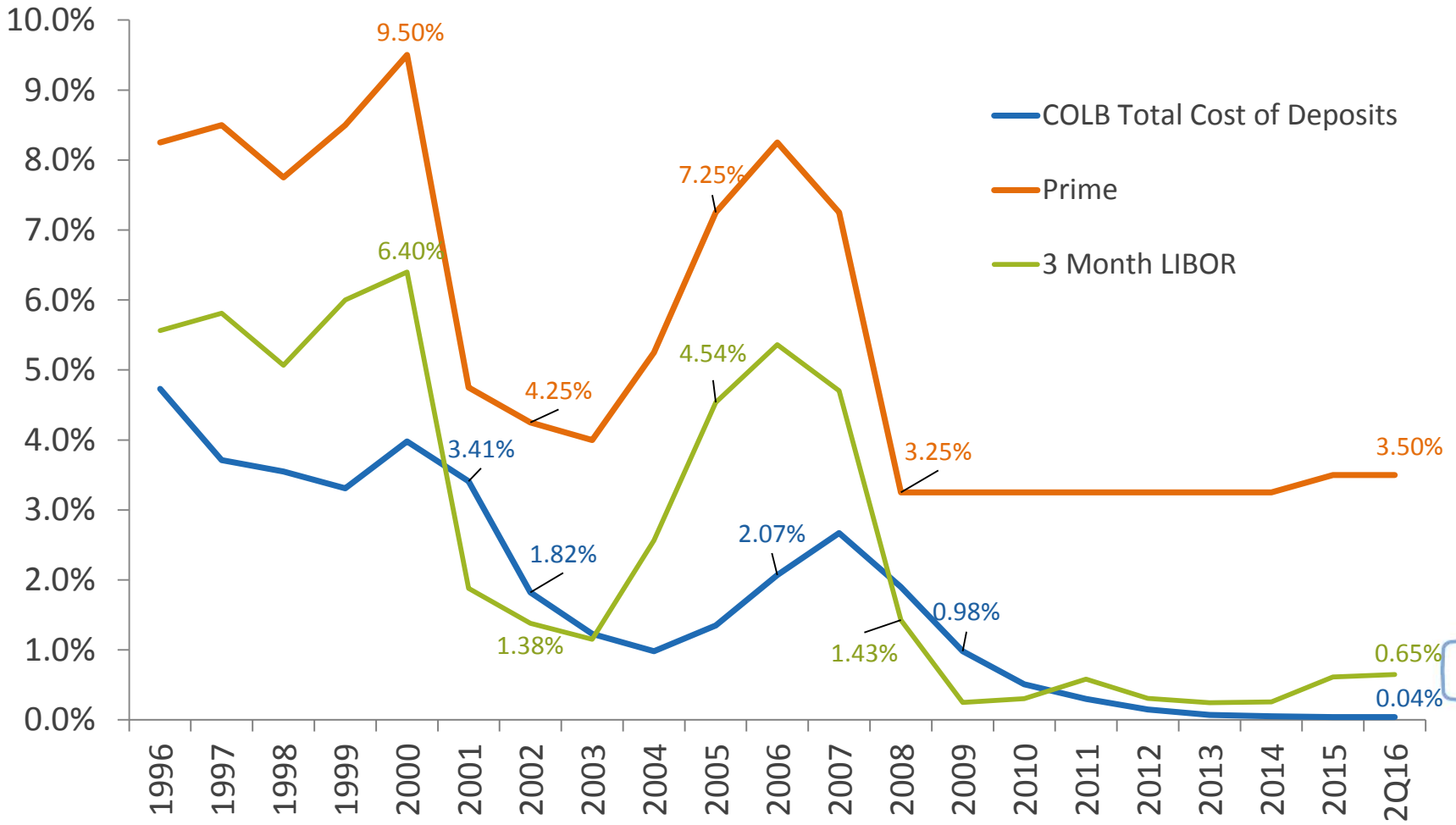


As of June 30, 2016

One of the Lowest Deposit Funding Costs in the U.S.



Historically, Deposit Costs Lag Market in Rising Rate Environments



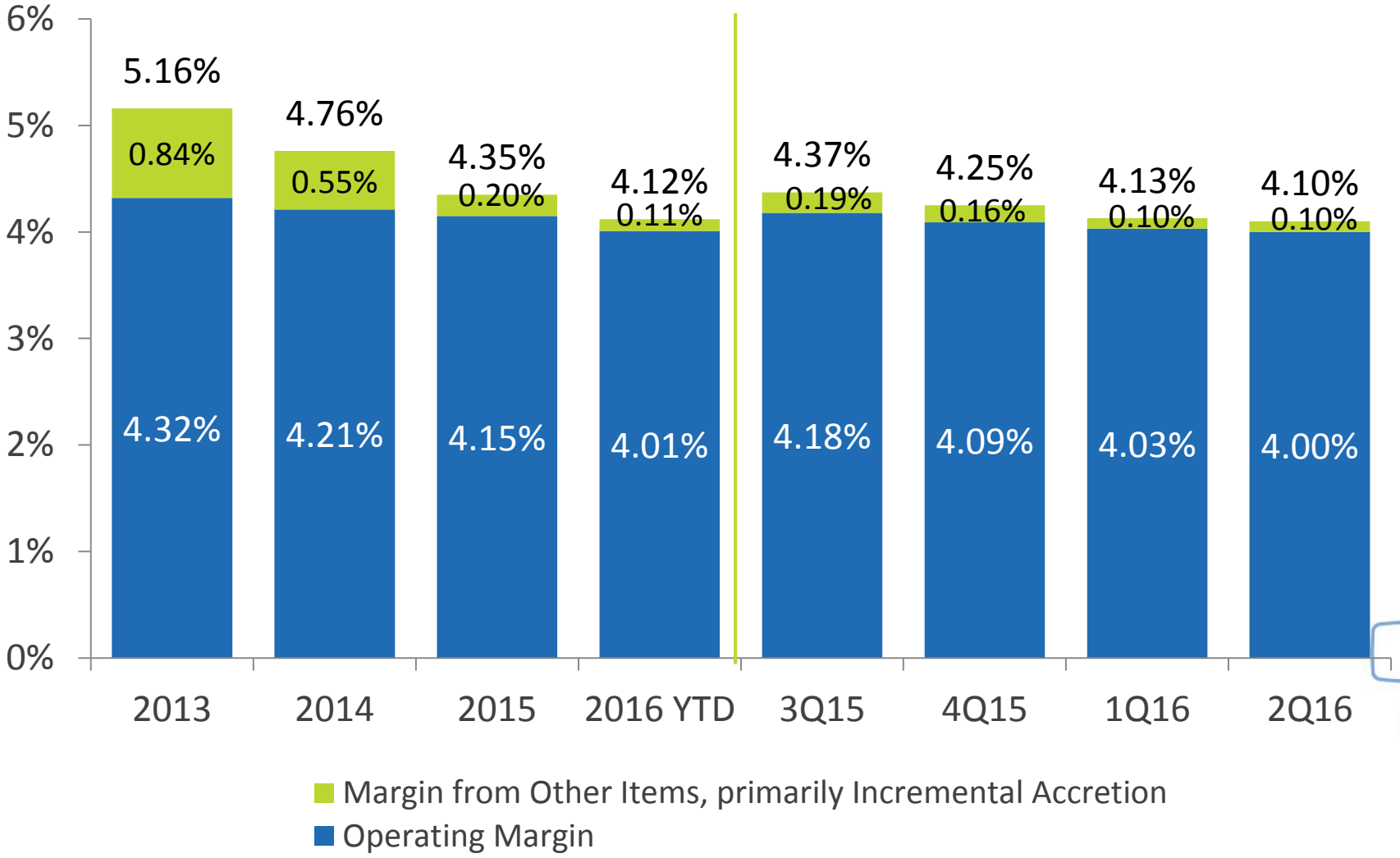
Opportunity for Deposit Market Share Growth

Pacific Northwest (Washington, Oregon and Idaho)

2015 Rank	Institution (ST)	2015 Deposits ($000s)	2015 Market Share*
1	Bank of America (NC)	39,181,724	17.66%
2	Wells Fargo (CA)	32,991,032	14.87%
3	U.S. Bank (MN)	31,818,504	14.34%
4	JP Morgan Chase (NY)	19,467,169	8.77%
5	Key Bank (OH)	14,338,736	6.46%
6	Umpqua Bank (OR)	11,957,743	5.39%
7	Washington Federal (WA)	7,751,617	3.49%
8	**Columbia Bank** (WA)	**7,052,160**	**3.18%**
9	Banner Bank (WA)	4,129,988	1.86%
10	Washington Trust (WA)	4,119,017	1.86%
Other Institutions in Market		**49,053,718**	**22.11%**
Total for Institutions in Market (127)		**221,860,408**	**100.00%**

* **Based on June 30, 2015 FDIC deposit market share data**

Stable Operating Net Interest Margin*



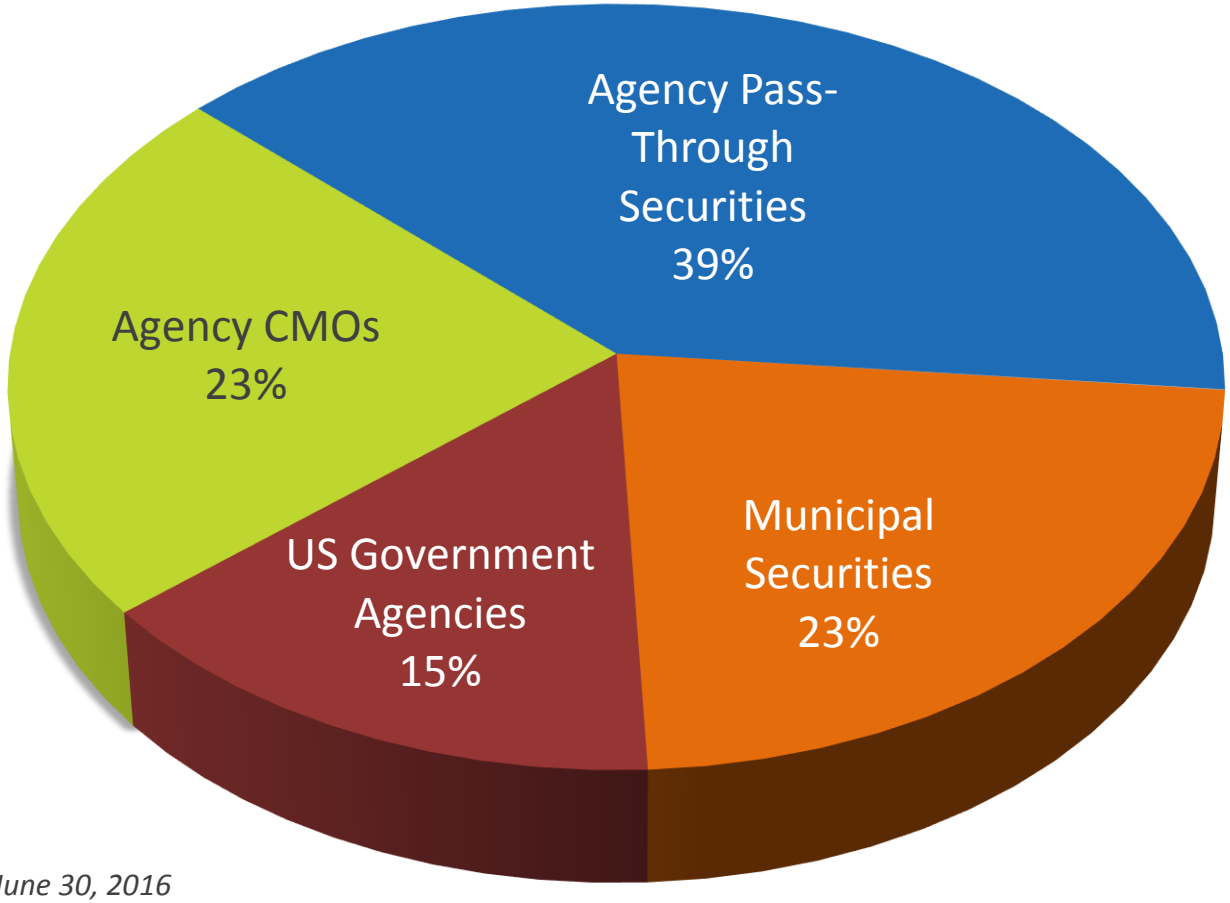
* Operating Net Interest Margin is a non-GAAP financial measure. Refer to appendix for additional information.

Conservative Investment Portfolio

Total Fair Value = $2.3 Billion

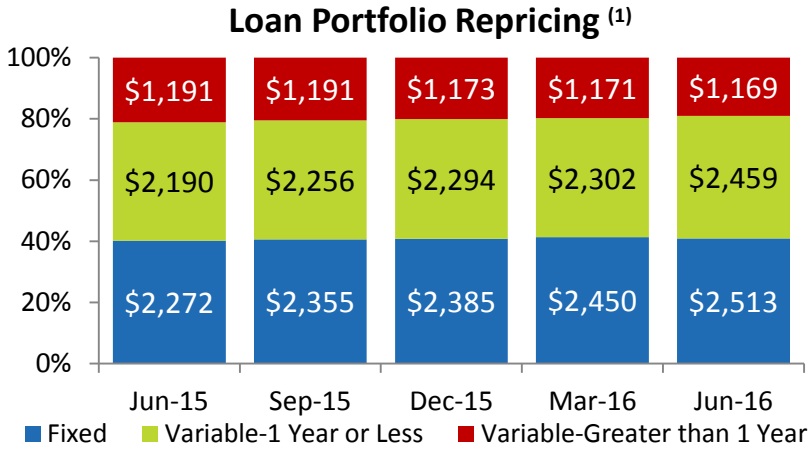
2Q16 Annualized Yield = 2.32%

Portfolio Duration = 3.7 Years



As of June 30, 2016

Interest Rate Sensitivity



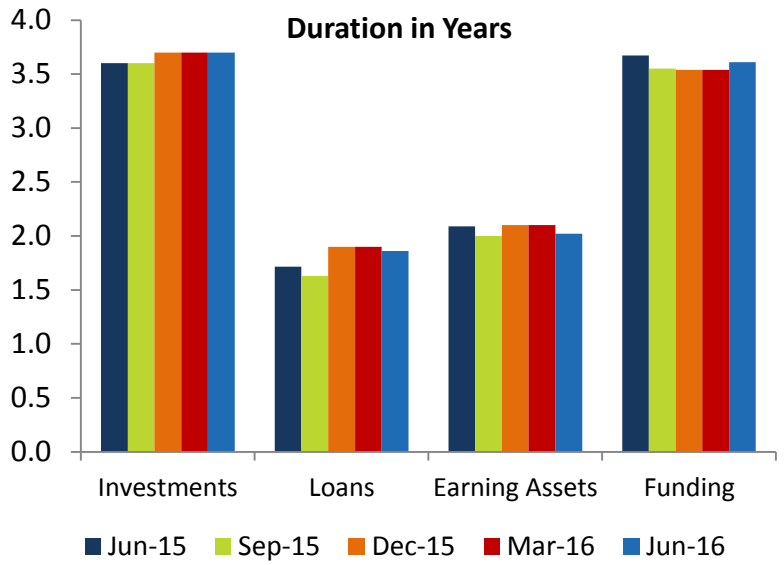
Loan Repricing Detail (1)	Jun-15	Jun-16	Jun-15	Jun-16
Fixed	2,272	2,514	40%	41%
Prime	1,237	1,284	23%	21%
Libor	870	1,110	15%	18%
1Y FHLB/UST/Libor	82	65	1%	1%
Variable-1 Year or Less	2,190	2,459	39%	40%
3Y FHLB/SWAP/UST	183	163	3%	2%
5Y FHLB/SWAP/UST	925	911	16%	15%
OVER 5Y FHLB/SWAP	84	96	1%	2%
Variable-Greater than 1Y	1,191	1,169	21%	19%
Total	**5,653**	**6,142**	**100%**	**100%**

- Slight mix shift in loan portfolio as current production is more weighted towards fixed and short-term variable
- Weighted average remaining maturity of the fixed rate loan portfolio is approximately 7 years
- Interest rate floors within the loan portfolio total $1.94 billion with 54% or $1.04 billion in the money.

  Floor Exceeds Fully Indexed Rate by (basis points):

<=50	51-100	101-150	151-200	>200
$557MM	$319MM	$103MM	$30MM	$33MM

- Asset and liability durations are estimates and remain stable
- Note that deposit durations are effective durations and are mainly based on estimated decay rates and deposit rate betas. The decay rates assume a balloon maturity of 15 years and decay rates to achieve a five year estimated life.



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

Financial Highlights

$ in Millions	2Q16	1Q16	4Q15	3Q15	2Q15
Total Assets	$9,354	$9,036	$8,952	$8,756	$8,518
Total Loans [1]	$6,107	$5,877	$5,815	$5,747	$5,612
Purchased Credit Impaired Loans [1]	$161	$173	$181	$191	$202
Investment Securities [3]	$2,298	$2,196	$2,170	$2,038	$1,926
Core Deposits [4]	$7,448	$7,385	$7,239	$7,105	$6,863
Total Deposits	$7,673	$7,597	$7,439	$7,315	$7,044
Nonperforming Assets/Total Assets	0.36%	0.55%	0.39%	0.44%	0.54%
Return on Average Assets	1.10%	0.95%	1.20%	1.19%	1.03%
Return on Average Common Equity	8.02%	6.76%	8.50%	8.32%	7.04%
Return on Average Tangible Equity [2]	12.23%	10.46%	13.07%	12.95%	11.03%

[1] Total Loans include Purchased Credit Impaired Loans. Total Loans and Purchased Credit Impaired Loans are presented net of unearned income and gross of ALLL.

[2] Return on Average Tangible Equity is a non-GAAP measure. Refer to appendix for additional information.

[3] Includes Federal Home Loan Bank Stock

[4] Core deposits now include Certificates of Deposit less than $250,000. Prior periods have been adjusted to conform to current period presentation.

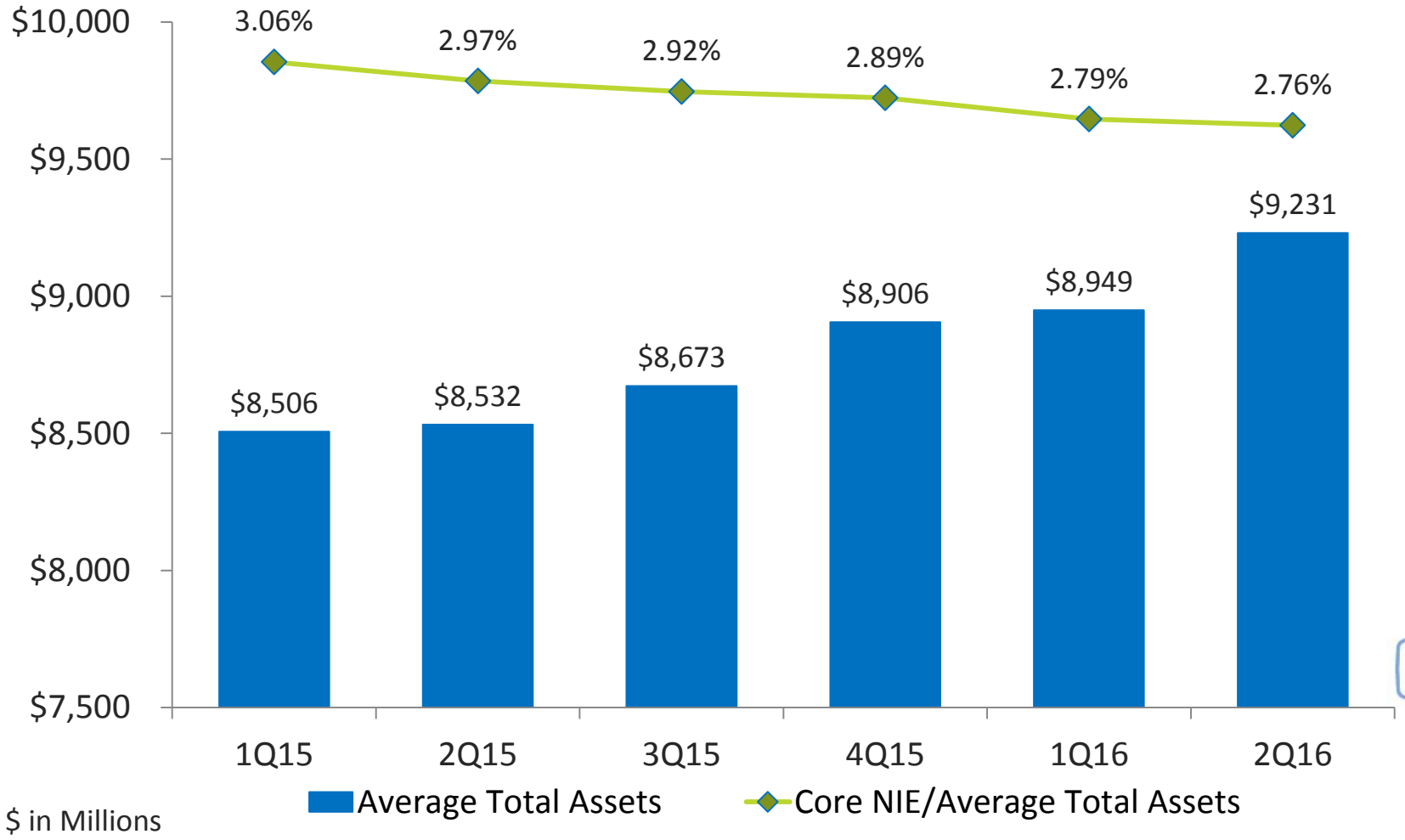
Net Income

	2Q16	1Q16	4Q15	3Q15	1st Half 2016	1st Half 2015
Reported Net Income						
Net Interest Income	$82,140	$80,170	$81,819	$81,694	$162,310	$161,374
Provision for Loan Losses	3,640	5,254	2,349	2,831	8,894	3,411
Net Interest Inc after Provision	**78,500**	**74,916**	**79,470**	**78,863**	**153,416**	**157,963**
Noninterest Income	21,940	20,646	24,745	22,499	42,586	44,229
Noninterest Expense	63,790	65,074	66,877	64,067	128,864	135,205
Pre-tax Net Income	**36,650**	**30,488**	**37,338**	**37,295**	**67,138**	**66,987**
Provision for Income Taxes	11,245	9,229	10,598	11,515	20,474	20,680
Net Income	**$25,405**	**$21,259**	**$26,740**	**$25,780**	**$46,664**	**$46,307**
Earnings per Share (Diluted)**	$0.44	$0.37	$0.46	$0.45	$0.80	$0.80
Core Pre-tax Net Income*						
Net Interest Income*	$80,840	$78,513	$79,551	$79,578	$159,353	$156,428
Provision/(Recapture) for Loan Losses*	3,550	4,600	1,000	3,350	8,150	326
Net Interest Inc after Provision*	**77,290**	**73,913**	**78,551**	**76,228**	**151,203**	**156,102**
Noninterest Income*	22,930	21,749	22,629	24,134	44,679	45,573
Noninterest Expense*	63,636	62,327	64,343	63,237	125,963	128,397
Pre-tax Net Income*	**$36,584**	**$33,335**	**$36,837**	**$37,125**	**$69,919**	**$73,278**
Pre-tax Income (before LL Prov)*	**$40,134**	**$37,935**	**$37,837**	**$40,475**	**$78,069**	**$73,604**

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

** Due to averaging of shares, quarterly earnings per share may not add up to the totals reported for the full year.

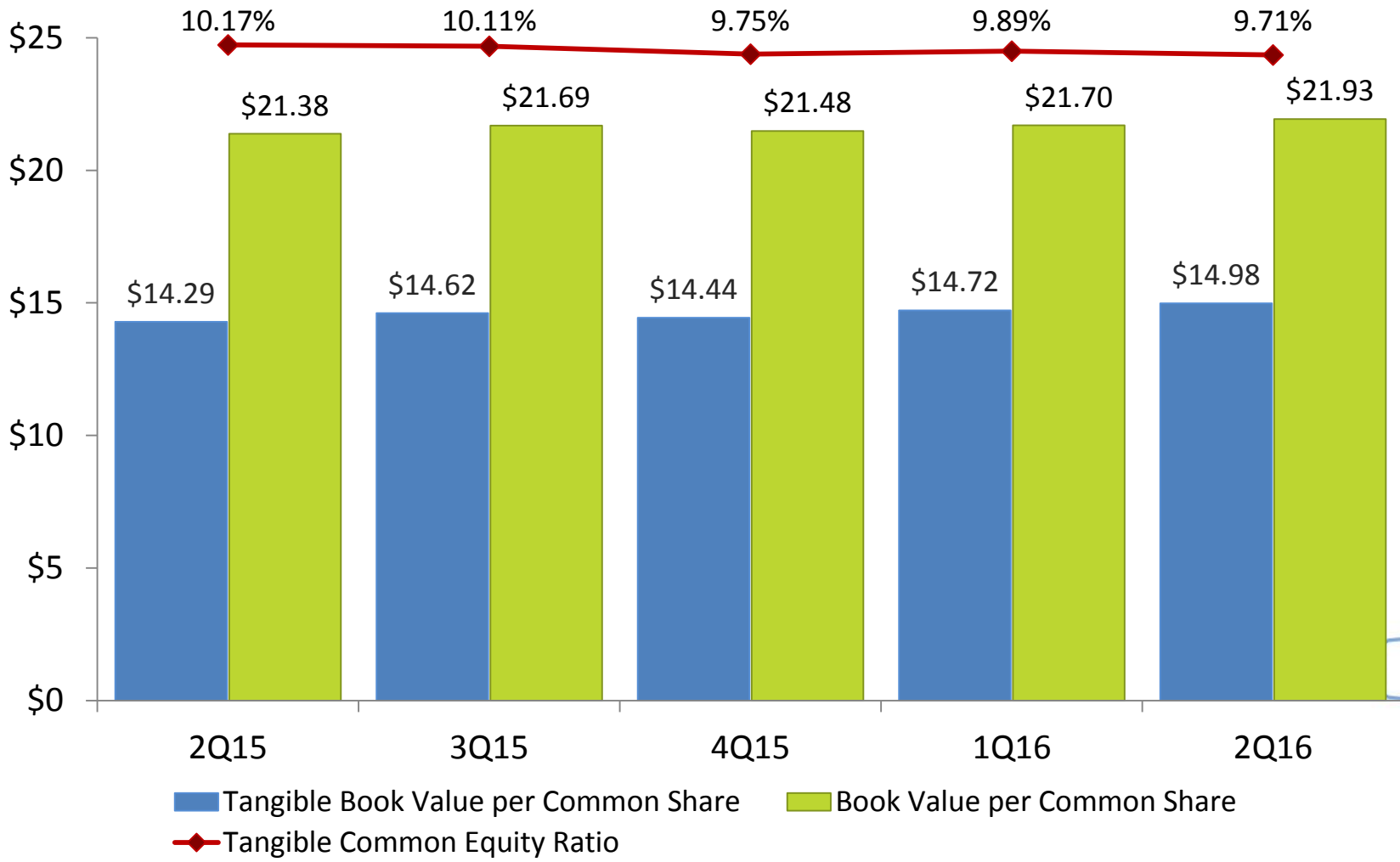
Scaling Core Noninterest Expense



$ in Millions

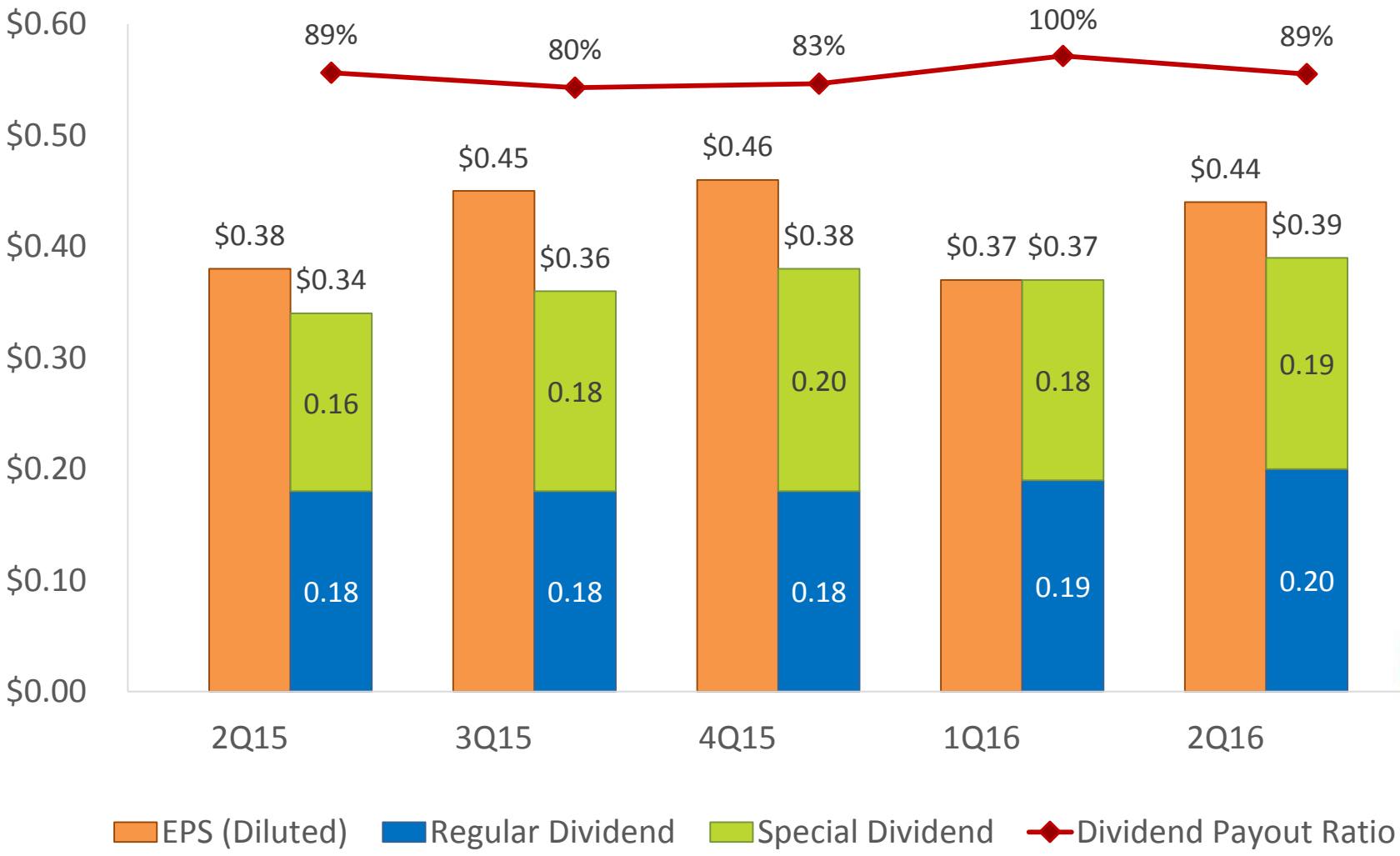
*Core NIE/Average Total Assets is a non-GAAP measure. Refer to appendix for additional information.

Consistently Well Capitalized



*Tangible common book value and the tangible common equity ratio are non-GAAP measures. Refer to appendix for additional information.

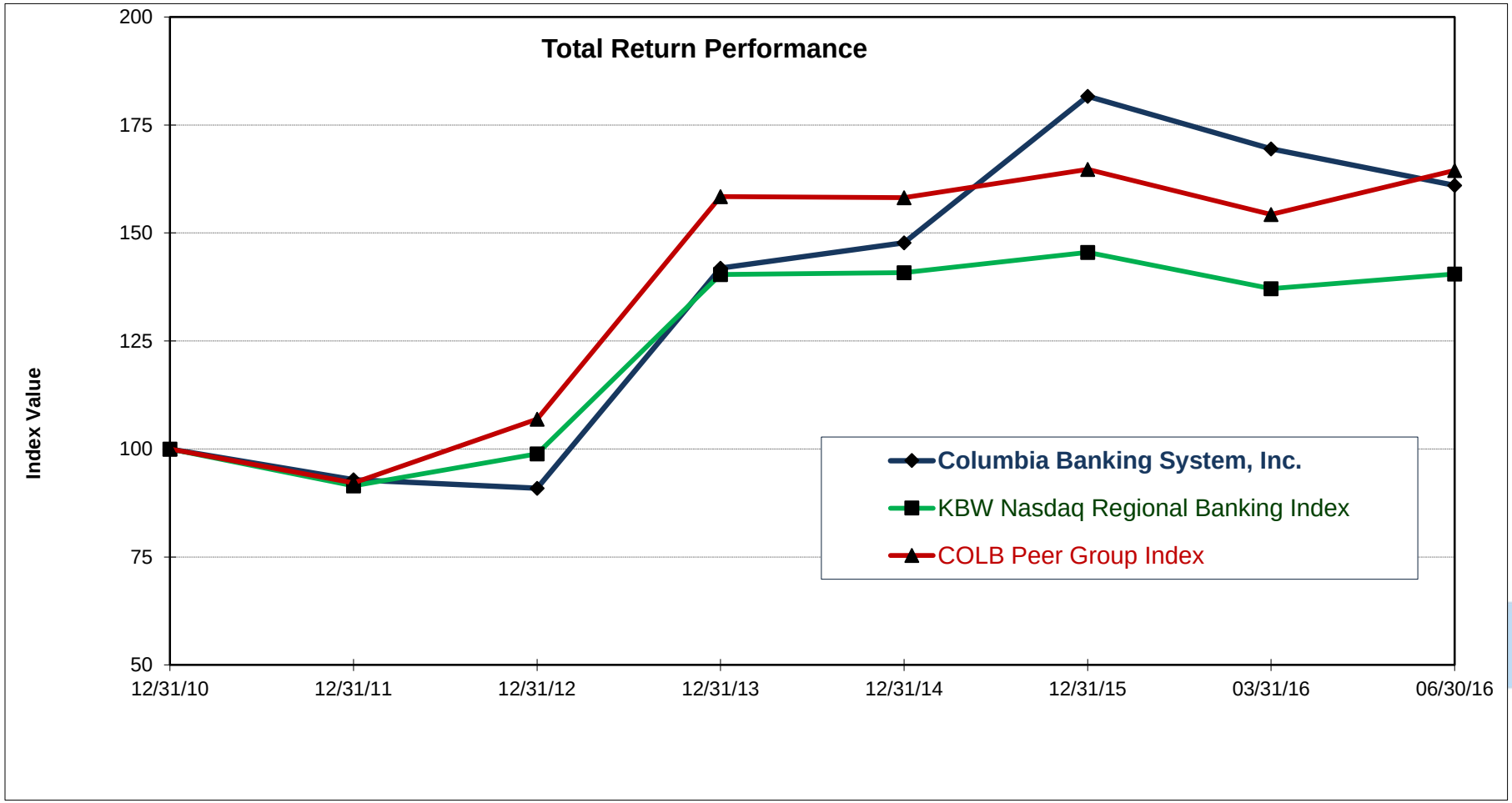
High Dividend Payout Ratio



Columbia – An Award-Winning Company

- For 10th consecutive year, named in 2016 as one of *Puget Sound Business Journal*'s "**Washington's Best Workplaces,** and named *Pierce County Business Examiner's* "Top Place to Work 2015" in the Large Employer category
- *Forbes* "America's Best Banks, 2016" list ranked Columbia Bank 19th in the country, based on asset quality, capital adequacy, net interest margin and profitability among the nation's 100 largest publicly traded bank and thrifts
- Received 2015 Raymond James Community Banking Cup based on profitability, operational efficiency and balance sheet metrics
- Voted "Best Bank" and "Best Large Business" 2016 by readers of *South Sound Magazine* during annual poll
- Ranked 23rd Best Performing Regional Bank in the U.S. for 2015 by SNL Financial based on profitability, asset quality and growth
- Honored as the top Corporate Philanthropist for medium* companies in Washington State by *Puget Sound Business Journal* (*revenue of $20 to $500M; based on 2015 giving)

COLB: Total Return Performance



Appendix

Non-GAAP Financial Measures – Net Interest Margin

$ in Thousands	2013	2014	2015	2016 YTD	3Q15	4Q15	1Q16	2Q16
Net interest margin (tax equivalent)	**5.16%**	**4.76%**	**4.35%**	**4.12%**	**4.37%**	**4.25%**	**4.13%**	**4.10%**
Incremental accretion income on FDIC purchased credit impaired loans	(0.52%)	(0.31%)	(0.12%)	(0.08%)	(0.11%)	(0.11%)	(0.09%)	(0.06%)
Incremental accretion income on other FDIC acquired loans [1]	(0.04%)	(0.01%)	-	-	-	-	-	-
Incremental accretion income on other acquired loans	(0.46%)	(0.32%)	(0.23%)	(0.15%)	(0.22%)	(0.19%)	(0.15%)	(0.15%)
Premium amortization on acquired securities	0.13%	0.11%	0.13%	0.11%	0.12%	0.11%	0.12%	0.10%
Investment portfolio premium amortization adjustment	-	(0.04%)	-	-	-	-	-	-
Interest reversals on nonaccrual loans	0.02%	0.02%	0.02%	0.01%	0.02%	0.03%	0.02%	0.01%
Prepayment charges on FHLB advances	0.03%	-	-	-	-	-	-	-
Operating net interest margin (tax equivalent)	**4.32%**	**4.21%**	**4.15%**	**4.01%**	**4.18%**	**4.09%**	**4.03%**	**4.00%**

[1] For 2016, incremental accretion income on other FDIC acquired loans is no longer considered significant and is no longer tracked for non-GAAP financial measures.

Non-GAAP Financial Measures – Net Interest Margin

$ in Thousands	2013	2014	2015	2016 YTD	3Q15	4Q15	1Q16	2Q16
Net Interest Margin (tax equivalent)	**$297,139**	**$312,146**	**$334,549**	**$167,607**	**$84,254**	**$84,330**	**$82,661**	**$84,946**
Incremental accretion income on FDIC purchased credit impaired loans	(29,815)	(20,224)	(9,096)	(2,957)	(2,082)	(2,200)	(1,657)	(1,300)
Incremental accretion income on other FDIC acquired loans [1]	(2,211)	(484)	(234)	-	(34)	(68)	-	-
Incremental accretion income on other acquired loans	(26,200)	(21,093)	(17,862)	(6,147)	(4,293)	(3,746)	(3,073)	(3,074)
Premium amortization on acquired securities	7,309	7,123	10,216	4,399	2,396	2,253	2,324	2,075
Investment portfolio premium amortization adjustment	-	(2,622)	-	-	-	-	-	-
Interest reversals on nonaccrual loans	882	1,291	1,713	560	325	582	453	107
Prepayment charges on FHLB advances	1,548	-	-	-	-	-	-	-
Operating Net Interest Margin *(tax equivalent)*	**$248,652**	**$276,137**	**$319,286**	**$163,462**	**$80,566**	**$81,151**	**$80,708**	**$82,754**
Average Earning Assets	$5,754,543	$6,561,047	$7,685,734	$8,145,564	$7,711,531	$7,937,308	$8,005,945	$8,285,183
Net Interest Margin *(tax equivalent)*	**5.16%**	**4.76%**	**4.35%**	**4.12%**	**4.37%**	**4.25%**	**4.13%**	**4.10%**
Operating Net Interest Margin *(tax equivalent)*	**4.32%**	**4.21%**	**4.15%**	**4.01%**	**4.18%**	**4.09%**	**4.03%**	**4.00%**

[1] For 2016, incremental accretion income on other FDIC acquired loans is no longer considered significant and is no longer tracked for non-GAAP financial measures.

Non-GAAP Financial Measures – Core Results

$ in Thousands	2Q16	1Q16	4Q15	3Q15	1st half 2016	1st Half 2015
Reported Net Interest Income	**$82,140**	**$80,170**	**$81,819**	**$81,694**	**$162,310**	**$161,374**
- FDIC Loan Accretion	(1,300)	(1,657)	(2,268)	(2,116)	(2,957)	(4,946)
Core Net Interest Income	**$80,840**	**$78,513**	**$79,551**	**$79,578**	**$159,353**	**$156,428**
Reported Provision/(Recapture) for Loan Losses	**$3,640**	**$5,254**	**$2,349**	**$2,831**	**$8,894**	**$3,411**
- Purchased Credit Impaired (Provision)/ Recapture	(90)	(654)	(1,349)	519	(744)	(3,085)
Core Provision/(Recapture)	**$3,550**	**$4,600**	**$1,000**	**$3,350**	**$8,150**	**$326**

Non-GAAP Financial Measures – Core Results

$ in Thousands	2Q16	1Q16	4Q15	3Q15	1st Half 2016	1st Half 2015
Reported Noninterest Income	**$21,940**	**$20,646**	**$24,745**	**$22,499**	**$42,586**	**$44,229**
- Decrease/(Increase) in FDIC Loss Sharing Asset	990	1,103	1,031	1,635	2,093	1,344
- WCB Mortgage Purchase Reserve Recapture	-	-	(3,147)	-	-	-
Core Noninterest Income	**$22,930**	**$21,749**	**$22,629**	**$24,134**	**$44,679**	**$45,573**
Reported Noninterest Expense	**$63,790**	**$65,074**	**$66,877**	**$64,067**	**$128,864**	**$135,205**
- FDIC Clawback Expense/(Recap)	(70)	(209)	(812)	(174)	(279)	7
- Acquisition Related Costs	-	(2,436)	(1,872)	(428)	(2,436)	(8,617)
- OREO/OPPO Expense, Net	(84)	(102)	150	(228)	(186)	1,802
Core Noninterest Expense	**63,636**	**$62,327**	**$64,343**	**$63,237**	**$125,963**	**$128,397**
Average Assets	**$9,230,791**	**$8,949,212**	**$8,905,743**	**$8,672,692**	**$9,090,001**	**$8,519,047**
Noninterest Expense/Average Assets	2.76%	2.91%	3.00%	2.95%	2.84%	3.17%
Core NIE/Average Assets	2.76%	2.79%	2.89%	2.92%	2.77%	3.01%

Non-GAAP Financial Measures - ROATCE

$ in Thousands	2Q16	1Q16	4Q15	3Q15	2Q15
Net Income	**$25,405**	**$21,259**	**$26,740**	**$25,780**	**$21,946**
- Preferred Dividends	(38)	(39)	(37)	(35)	(35)
Net Income Applicable to Common Shareholders	**25,367**	**21,220**	**26,703**	**25,745**	**21,911**
+ Amortization of Intangibles	1,483	1,583	1,652	1,695	1,718
- Tax Effect on Intangible Amort	(519)	(554)	(578)	(593)	(601)
Adjusted Net Income	**$26,331**	**$22,249**	**$27,777**	**$26,847**	**$23,028**
Average Shareholders' Equity	**$1,267,670**	**$1,258,411**	**$1,259,117**	**$1,239,830**	**$1,247,887**
- Average Preferred Equity	(2,217)	(2,217)	(2,217)	(2,217)	(2,217)
- Average Intangibles	(403,976)	(405,508)	(407,063)	(408,515)	(410,200)
Adjusted Average Common Shareholders' Equity	**$861,477**	**$850,686**	**$849,837**	**$829,098**	**$835,470**
Return on Average Tangible Common Shareholders' Equity	**12.23%**	**10.46%**	**13.07%**	**12.95%**	**11.03%**

Non-GAAP Financial Measures – Capital Ratios

$ in Thousands	2Q15	3Q15	4Q15	1Q16	2Q16
Total Shareholders' Equity	$1,236,214	$1,254,136	$1,242,128	$1,260,788	$1,274,479
- Preferred Stock	(2,217)	(2,217)	(2,217)	(2,217)	(2,217)
- Goodwill	(382,537)	(382,762)	(382,762)	(382,762)	(382,762)
- Other Intangible Assets, net	(26,924)	(25,229)	(23,577)	(21,994)	(20,511)
Tangible Common Equity	**$824,536**	**$843,928**	**$833,572**	**$853,815**	**$868,989**
Total Assets	$8,518,019	$8,755,984	$8,951,697	$9,035,932	$9,353,651
- Goodwill	(382,537)	(382,762)	(382,762)	(382,762)	(382,762)
- Other Intangible Assets, net	(26,924)	(25,229)	(23,577)	(21,994)	(20,511)
Tangible Assets	**$8,108,558**	**$8,347,993**	**$8,545,358**	**$8,631,176**	**$8,950,378**
Tangible Common Equity Ratio	**10.17%**	**10.11%**	**9.75%**	**9.89%**	**9.71%**
Common Shares Outstanding	**57,709**	**57,729**	**57,724**	**58,008**	**58,025**
Tangible Book Value per Common Share	**$14.29**	**$14.62**	**$14.44**	**$14.72**	**$14.98**
Book Value per Common Share	**$21.38**	**$21.69**	**$21.48**	**$21.70**	**$21.93**