COLUMBIA BANK BUILDING A PREMIER REGIONAL COMMUNITY BANK

Third 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
Eugene
Bend
Oregon
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

September 2016: (National rate: 5.0%)		**Jobs added year over year**
WA: 5.6% unemployment rate	(5.2% Sept. 2015)	103,700
OR: 5.5% unemployment rate	(6.2% Sept. 2015)	58,200
ID: 3.8% unemployment rate	(4.2% Sept. 2015)	24,700

- **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

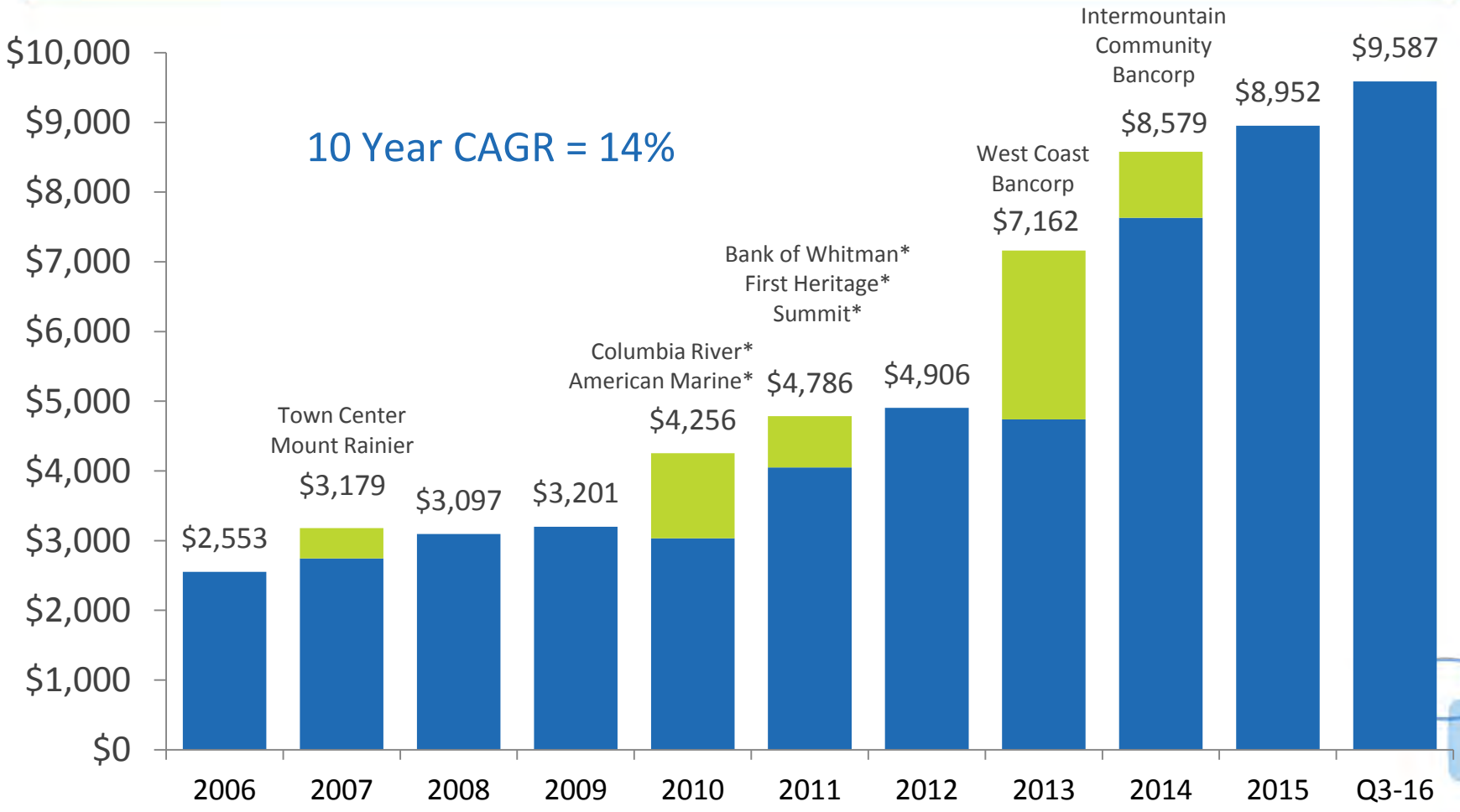
✓ *Better Than or Equal to U.S. Average*		Seattle/ Tacoma/ Bellevue	Portland/ Vancouver	Boise	Washington	Oregon	Idaho	United States
Demographics	Population as of 2015 *(in millions)*	3.73	2.41	0.68	7.13	4.04	1.66	321.8
	Population Increase *(2010 – 2015)*	6.49%✓	5.36%✓	8.23%✓	5.34%✓	3.76%✓	4.23%✓	3.47%
	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] *(metro: Aug 2016; state: Sept 2016)*	4.5% ✓	5.3%	3.8% ✓	5.6%	5.5%	3.8%✓	5.0%
	Home Price Index Change *12 months ending Aug 2016* *Low in 1Q12 – Aug 2016*	11.4%✓ 58.7%✓	11.7%✓ 60.8%✓	n/a	n/a	n/a	n/a	5.3% 37.6%
	Annual Housing Starts/Permits [2] *(Sept 2015 – Aug 2016)*	9,459	7,553	5,110	21,852	10,360	8,599	8.7MM
	Compound Average Growth Rate of Annual Housing Starts/Permits over past 3 Years [2]	2%	13%✓	14%✓	5%	7%✓	10%✓	6%

(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

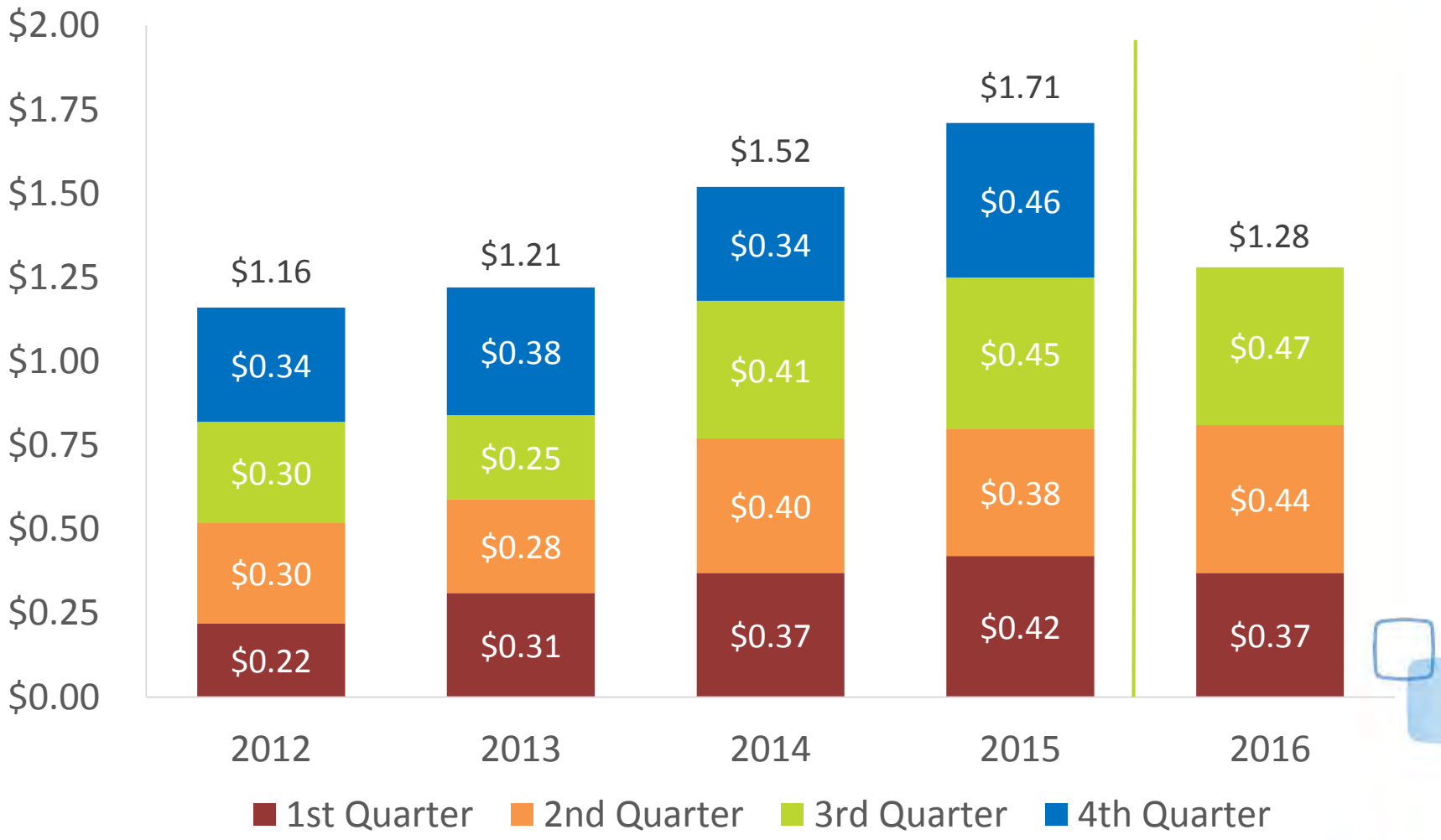


$ in Millions

Acquisitions

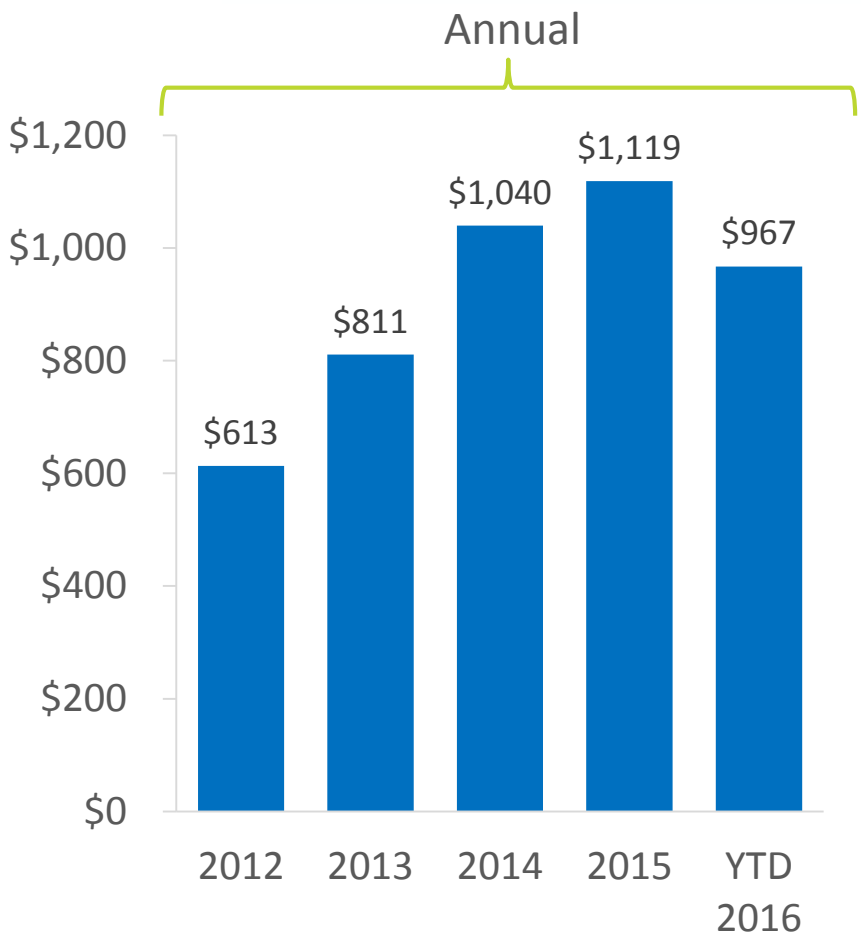
**FDIC Assisted Acquisition*

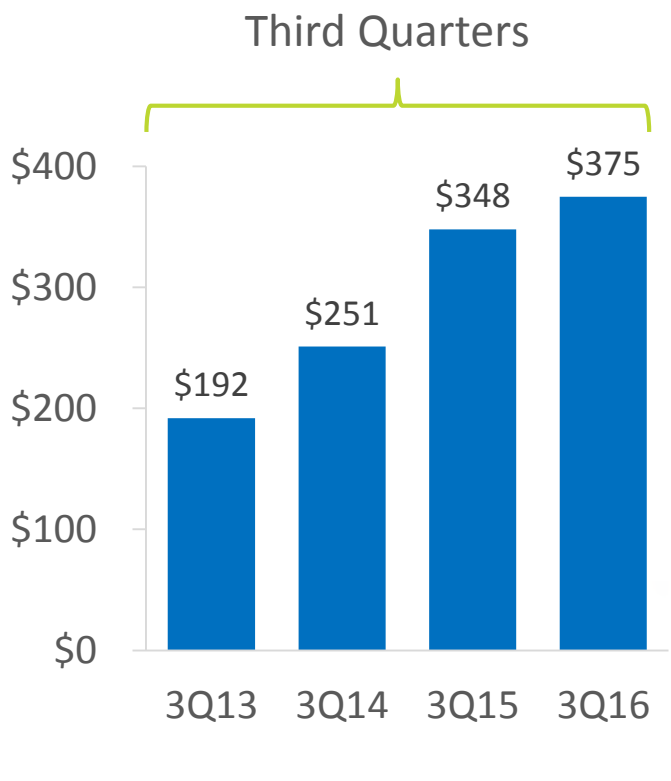
Growing EPS



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

Record Loan Originations



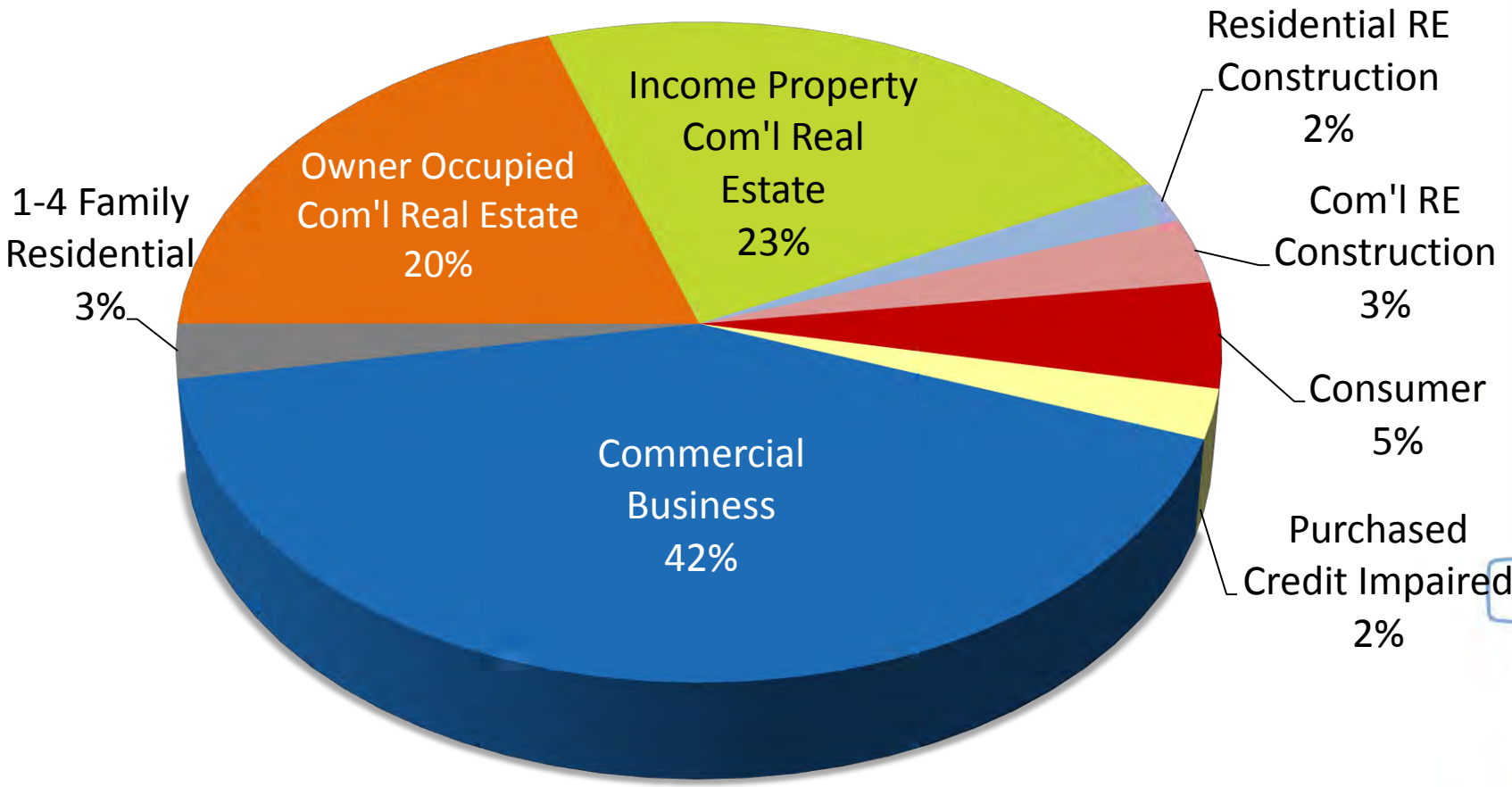


- Third quarter 2016 loan production of $375 million is the best quarter on record, driving total loans to an all time high of $6.3 billion.

Balanced Loan Portfolio

Total Portfolio = $6.3 Billion

Third quarter annualized growth of 10%

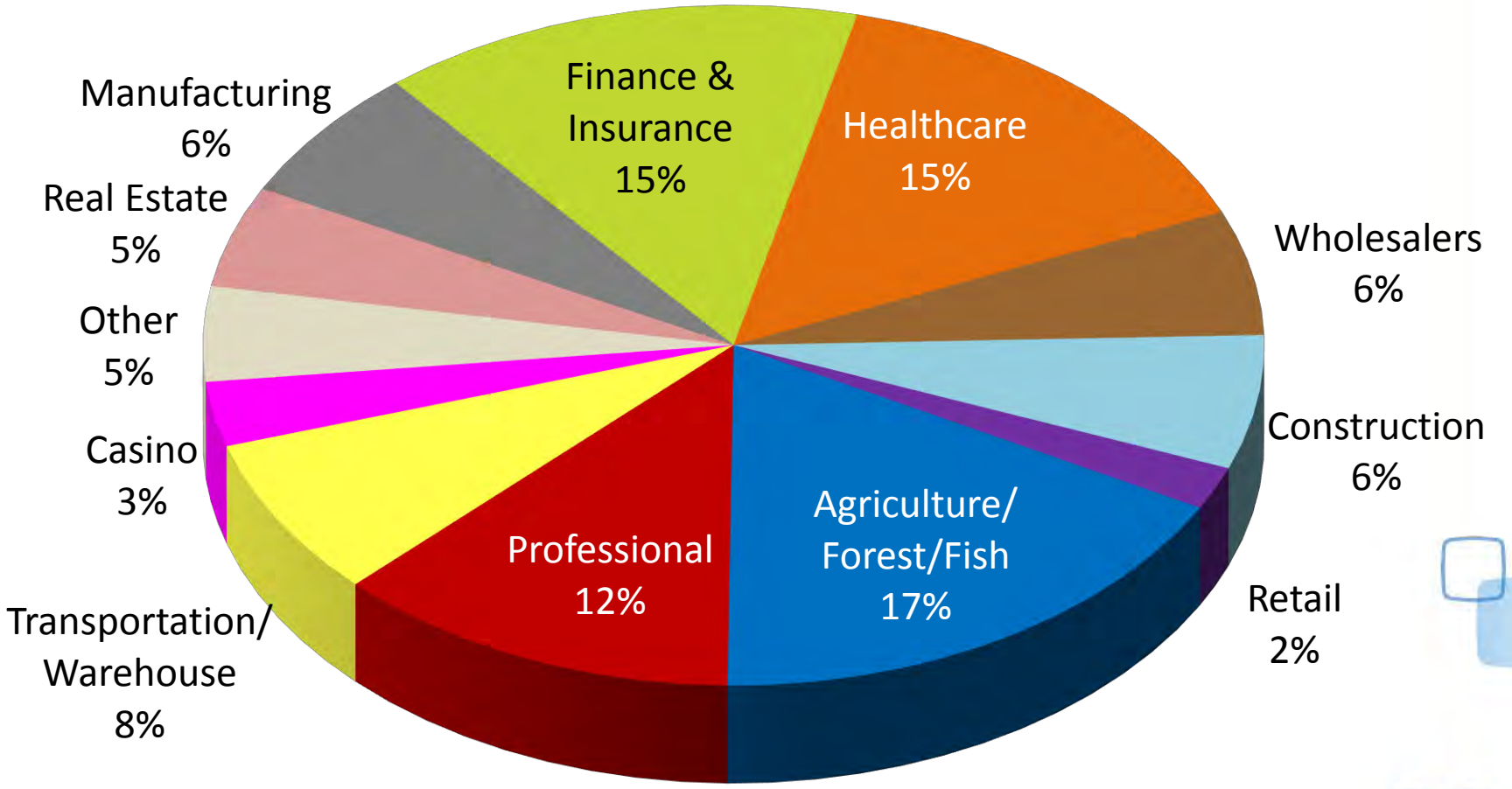


As of September 30, 2016

Diversified Commercial Business Portfolio

Total Portfolio = $2.6 Billion

Third quarter annualized growth of 18%

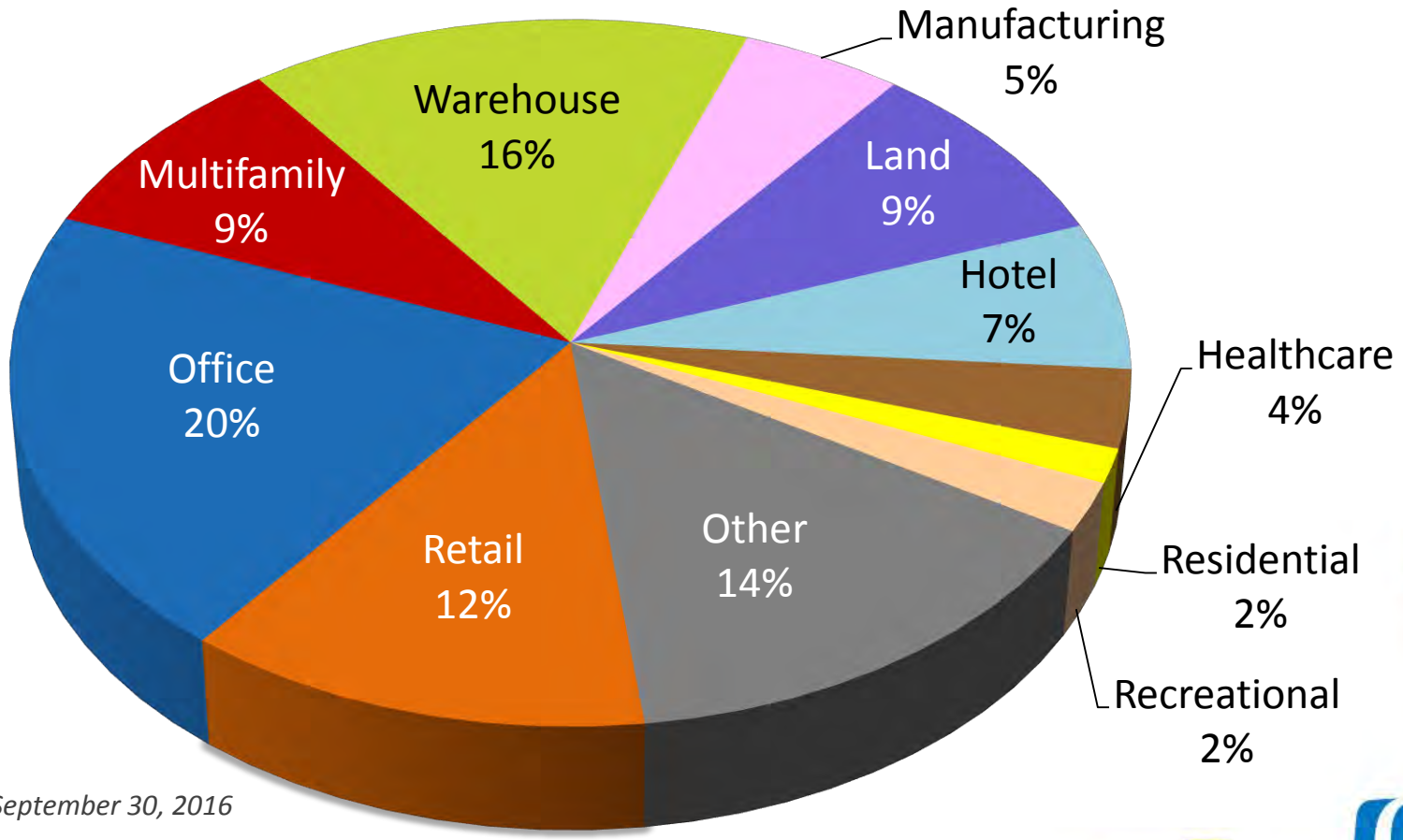


As of September 30, 2016

Commercial Real Estate Portfolio

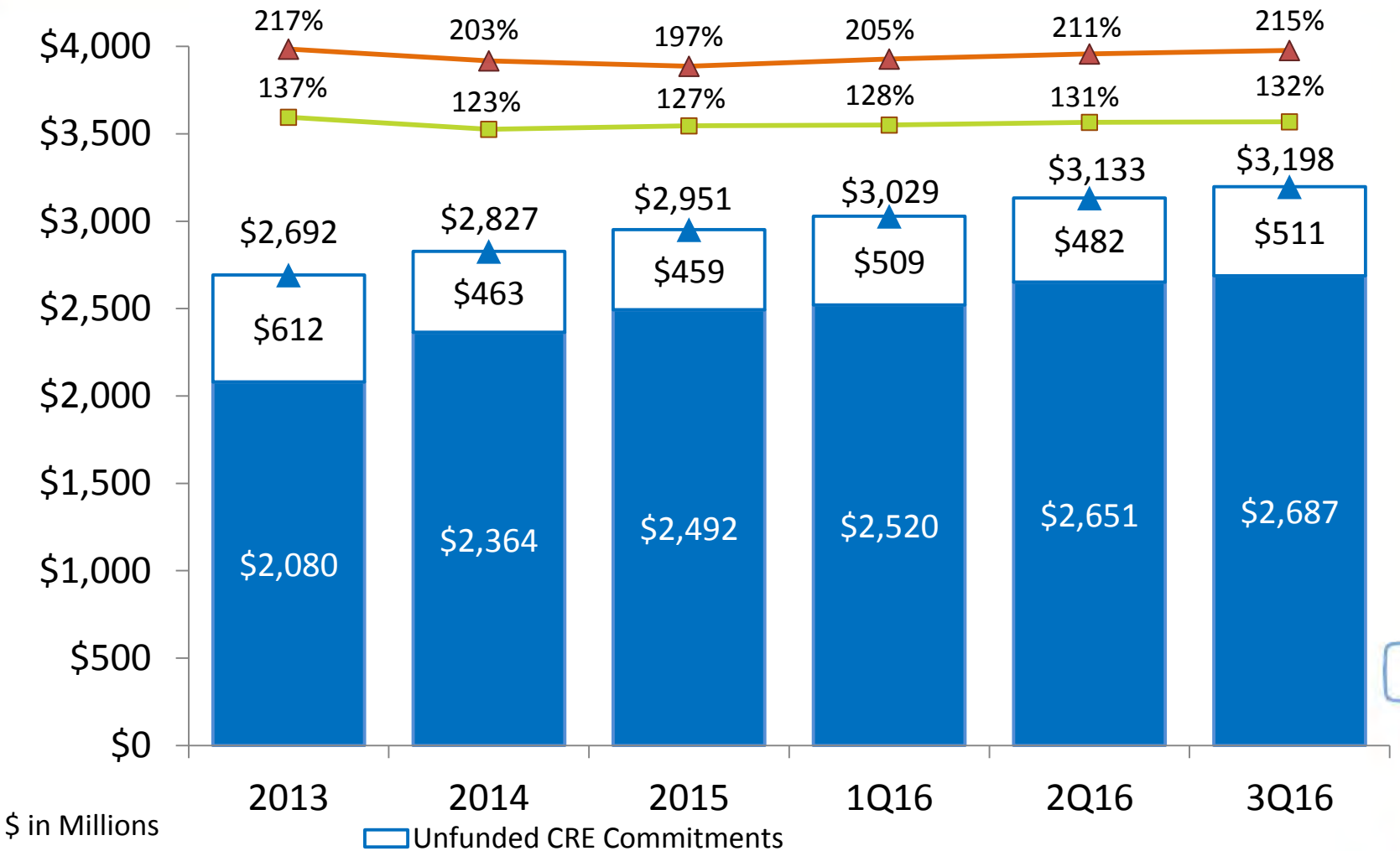
Total Portfolio = $2.7 Billion

Balanced portfolio with Income Property comprising 53% and Owner Occupied 47% of the total. *Third quarter annualized growth of 5%.*

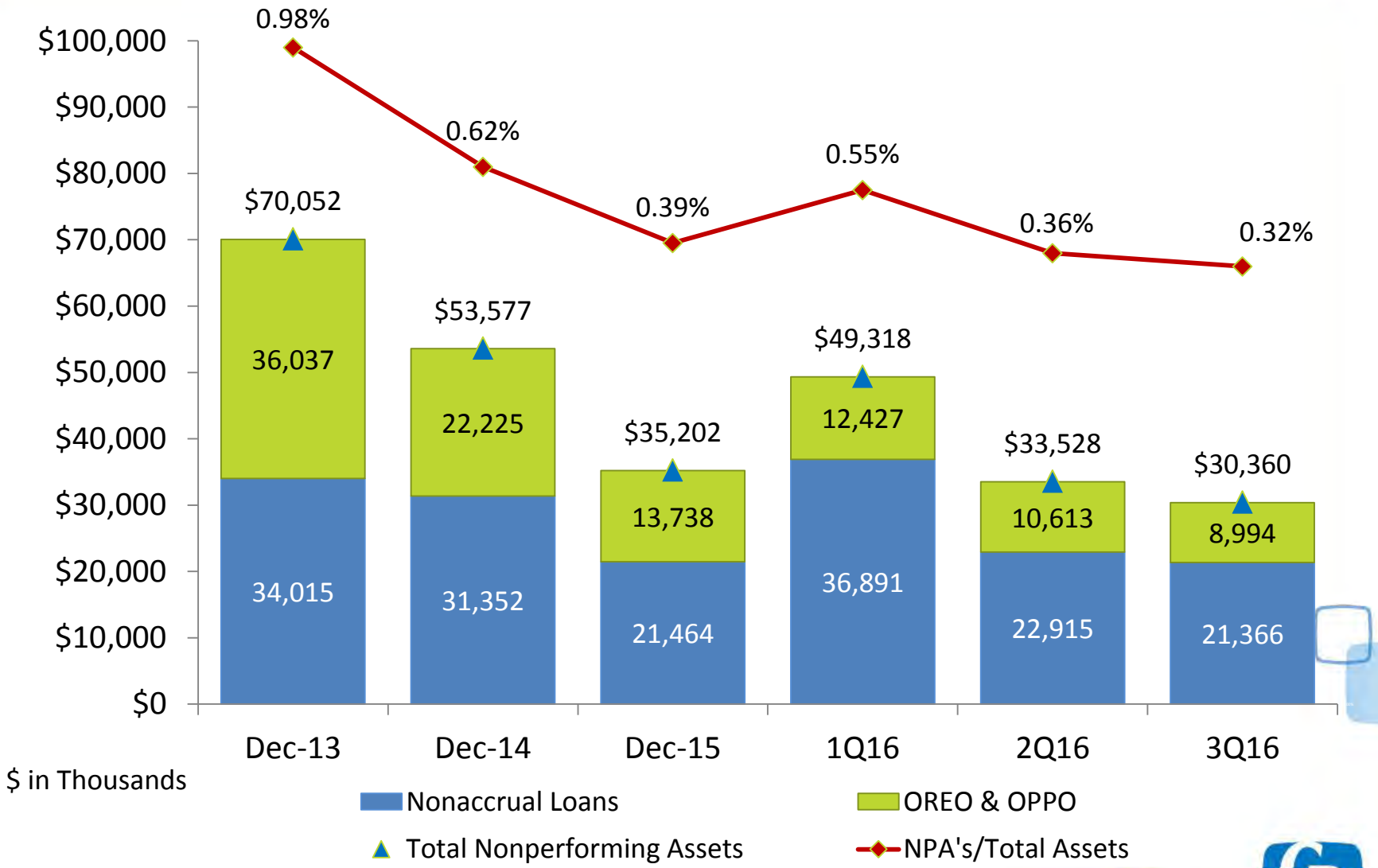


As of September 30, 2016

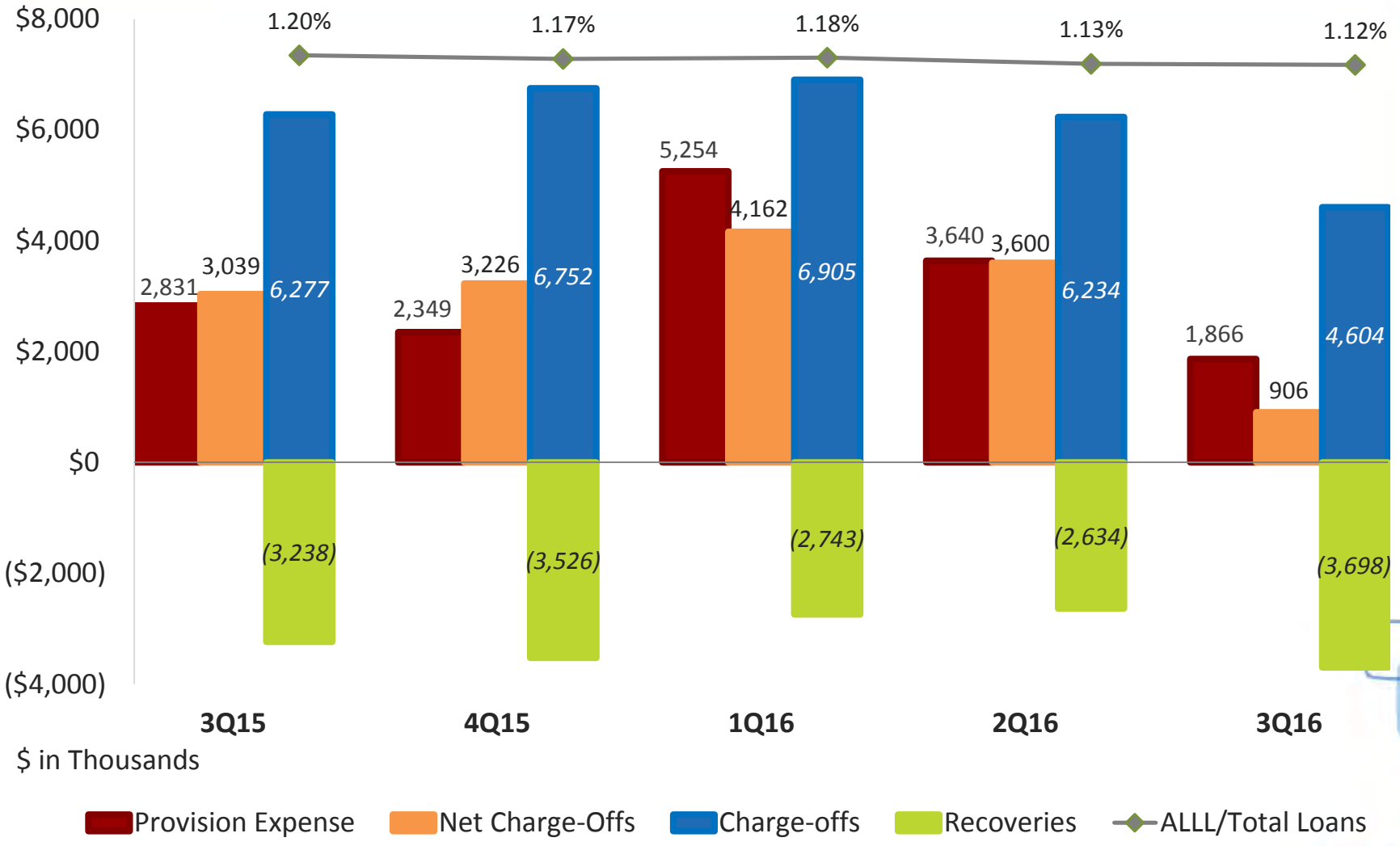
Consistent Commercial Real Estate Coverage



Effective Management of Nonperforming Assets



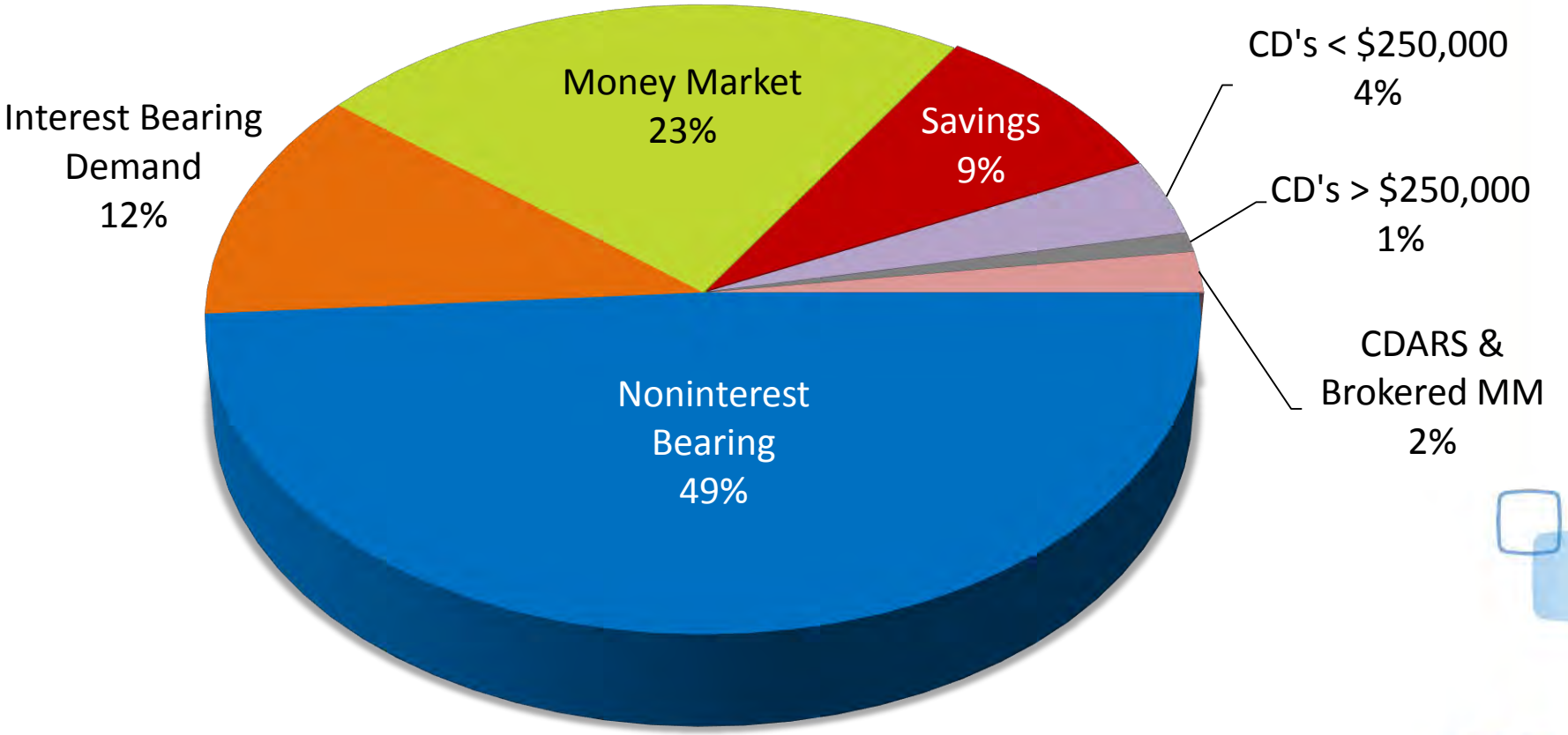
Consistent ALLL Coverage



Diversified, Relationship-Centered Deposit Base

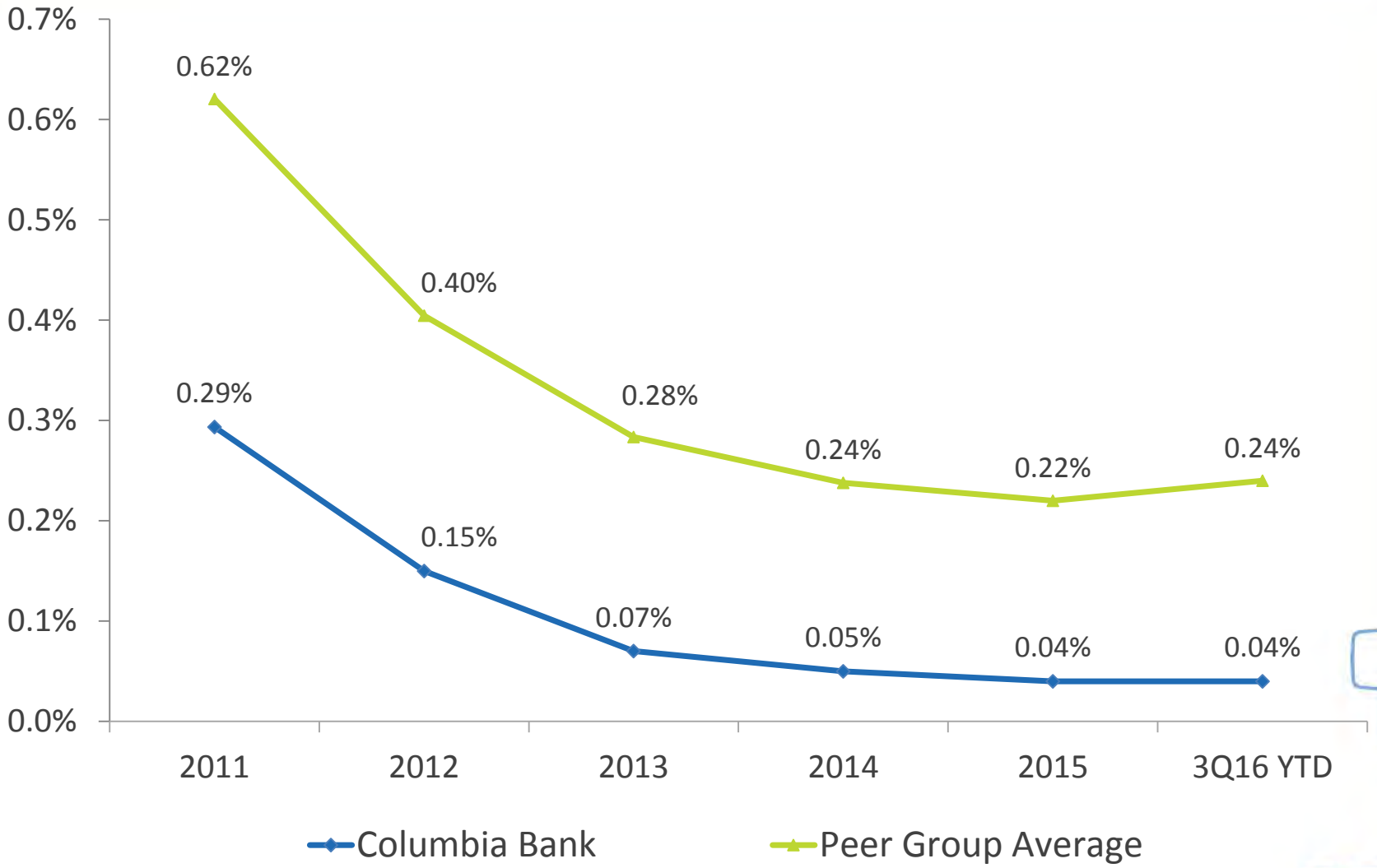
Total Deposits = $8.1 Billion

Annualized growth for the second quarter of 20%. Core deposits comprise 97% of the total, and the mix is balanced with 53% Business and 47% Consumer.

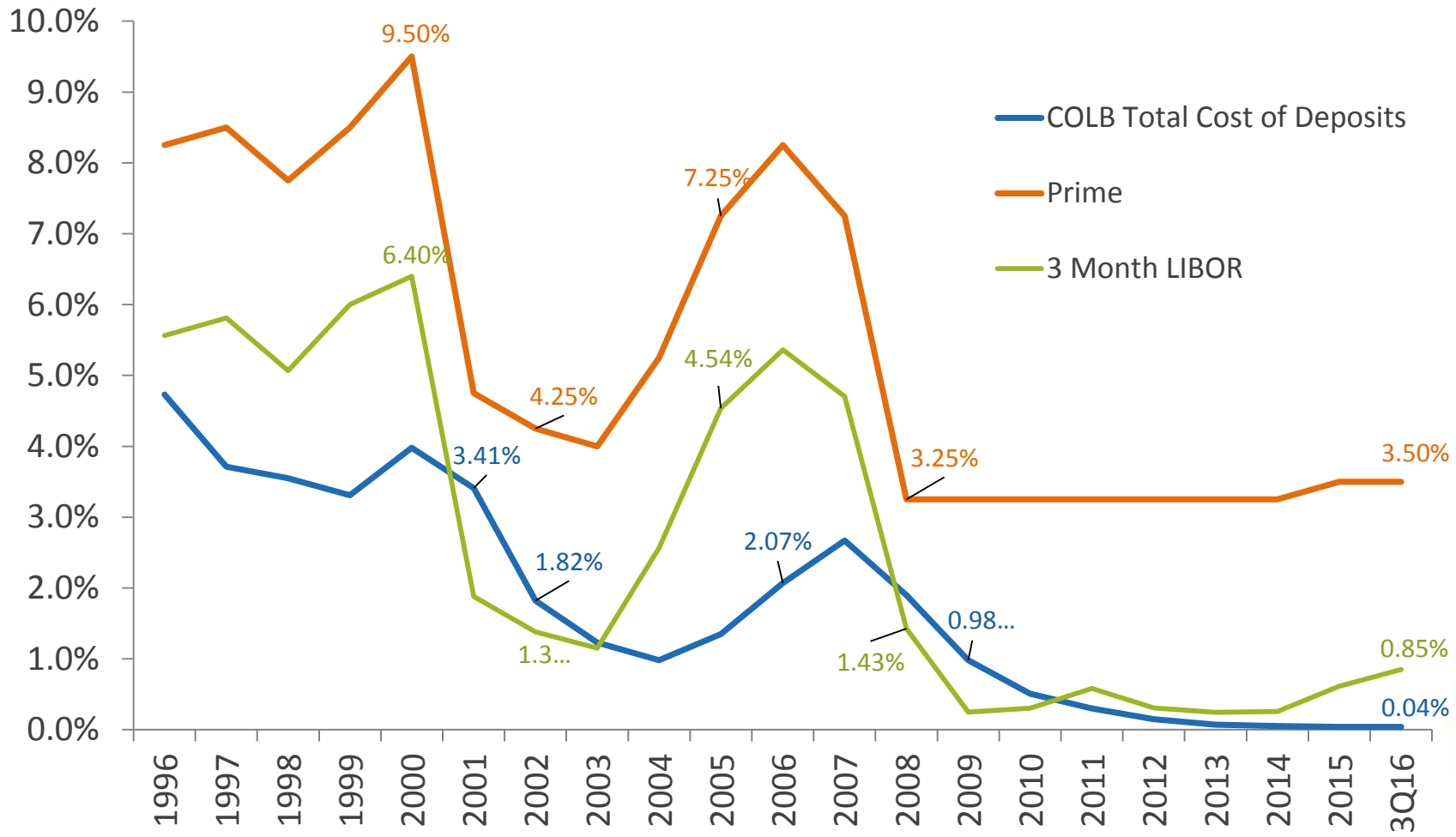


As of September 30, 2016

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

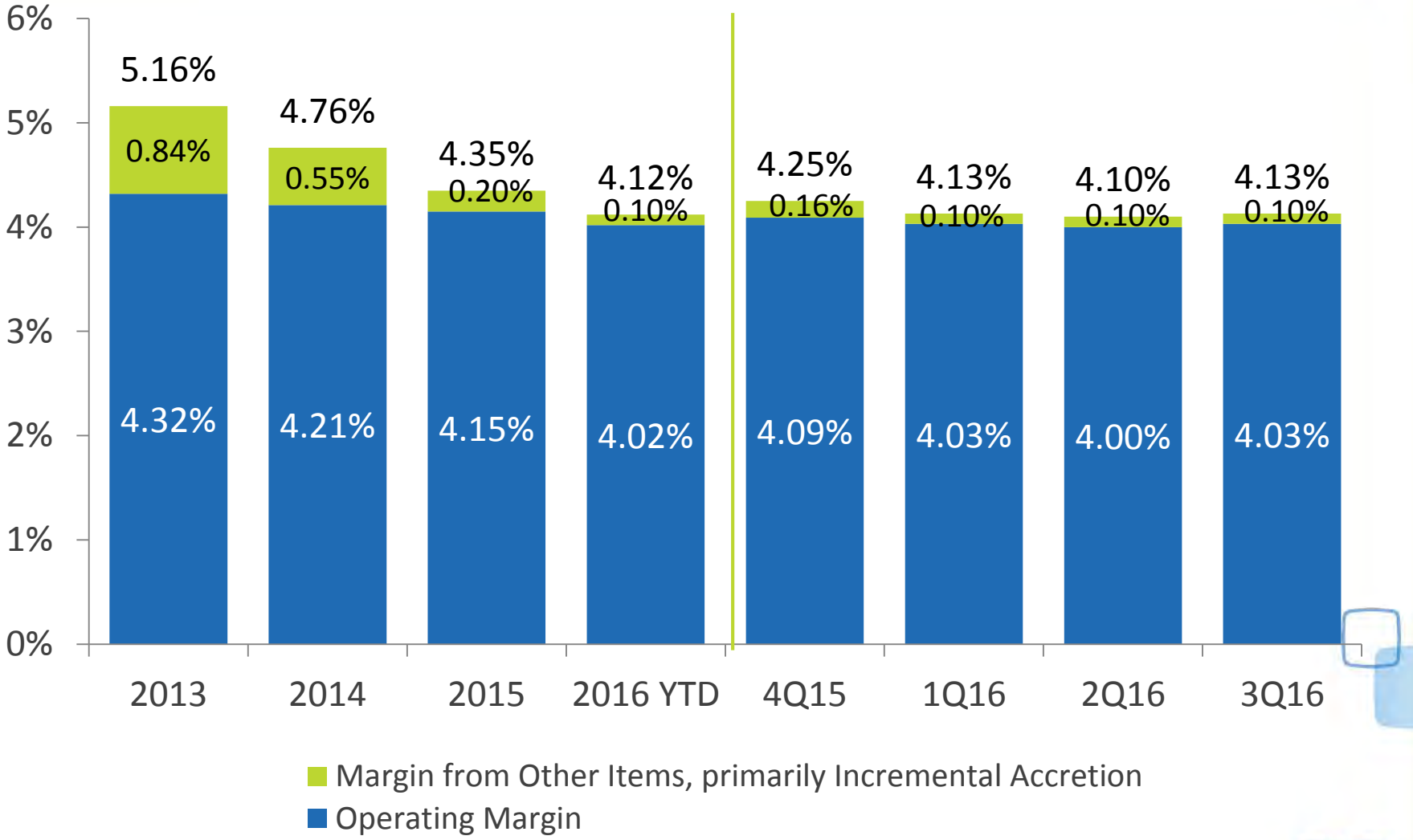
Northwest (Washington, Oregon and Idaho)

2016 Rank	Institution (ST)	2016 Deposits ($000s)	2016 Market Share*
1	Bank of America (NC)	40,727,912	17.15%
2	Wells Fargo (CA)	34,978,419	14.73%
`	U.S. Bank (MN)	33,999,427	14.31%
4	JP Morgan Chase (NY)	21,965,076	9.25%
5	Key Bank (OH)	15,465,780	6.51%
6	Umpqua Bank (OR)	12,829,082	5.40%
7	Washington Federal (WA)	7,844,037	3.30%
8	**Columbia Bank** (WA)	**7,682,683**	**3.23%**
9	Banner Bank (WA)	6,092,525	2.56%
10	Washington Trust (WA)	4,494,113	1.89%

Top 10 Institutions In Market	$186,079,054	78.33%
Other Institutions in Market	$51,454,124	21.67%
Total for Institutions in Market (122)	$237,533,178	100.00%

* Based on June 30, 2016 FDIC deposit market share data

Stable Operating Net Interest Margin*



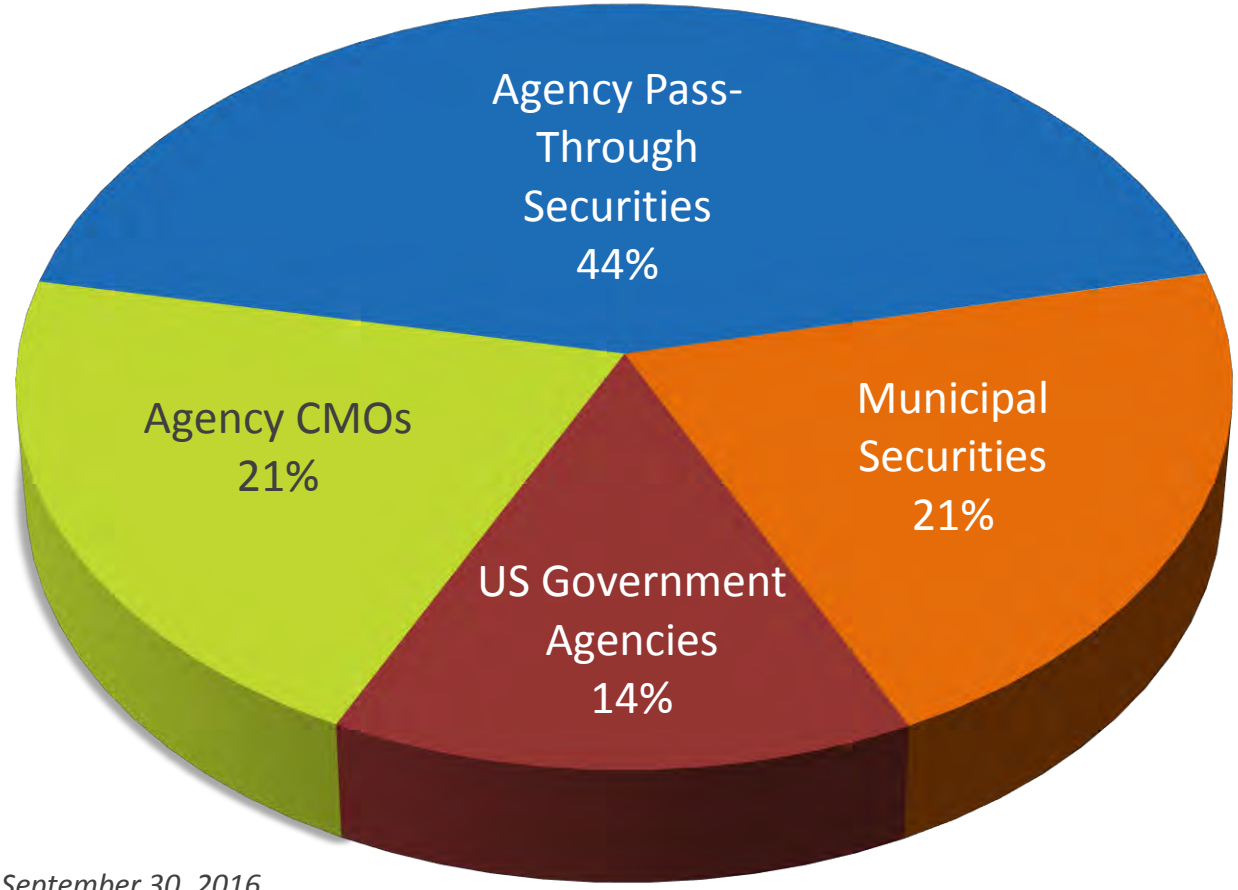
* Operating Net Interest Margin is a non-GAAP financial measure. Refer to appendix for additional information.

Conservative Investment Portfolio

Total Fair Value = $2.4 Billion

3Q16 Annualized Yield = 2.26%

Portfolio Duration = 3.8 Years



As of September 30, 2016

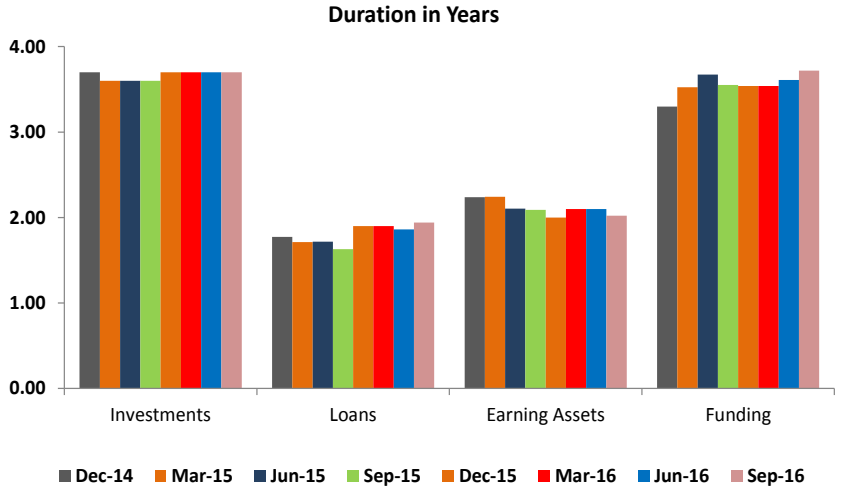
Interest Rate Sensitivity

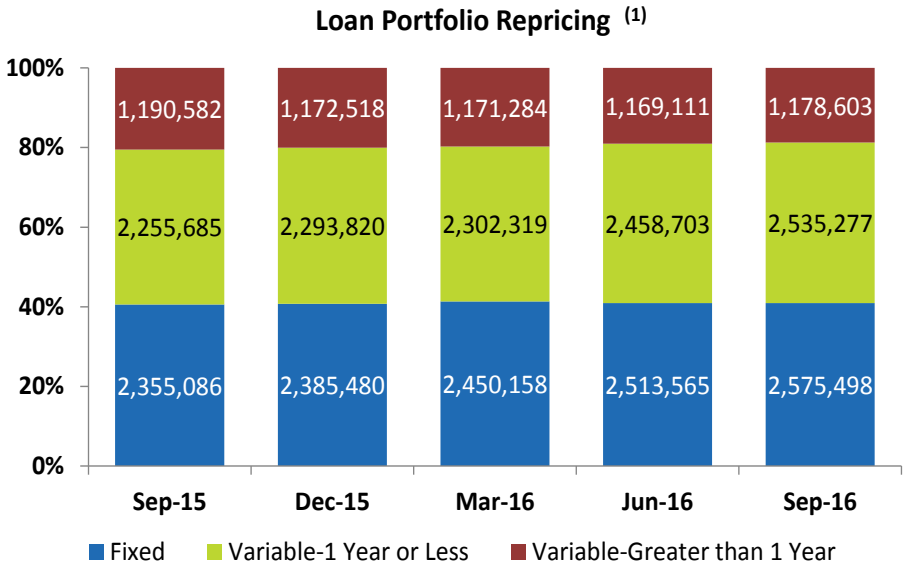
- Very Slight mix shift in loan portfolio
- Weighted average remaining maturity of the fixed rate loan portfolio is approximately 7 years
- Interest rate floors within the loan portfolio total $1.94 billion with 54% or $1.05 billion in the money.

Floor Exceeds Fully Indexed Rate by (basis points):

<=50	51-100	101-150	151-200	>200
$559MM	$339MM	$101MM	$22MM	$27MM

- 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.





Loan Repricing Detail (1)	Sep-15	Sep-16	Sep-15	Sep-16
Fixed	$2,355,086	$2,575,498	41%	41%
Prime	1,241,014	1,268,500	22%	20%
Libor	937,060	1,209,214	16%	19%
1Y FHLB/UST/Libor	77,611	57,563	1%	1%
Variable-1 Year or Less	2,255,685	2,535,277	39%	40%
3Y FHLB/SWAP/UST	172,048	156,525	3%	1%
5Y FHLB/SWAP/UST	920,416	922,116	15%	16%
OVER 5Y FHLB/SWAP	98,117	99,963	2%	2%
Variable-Greater than 1Y	1,190,582	1,178,603	20%	19%
Total	**$5,801,353**	**$6,289,379**	**100%**	**100%**

Financial Highlights

$ in Millions	3Q16	2Q16	1Q16	4Q15	3Q15
Total Assets	$9,587	$9,354	$9,036	$8,952	$8,756
Total Loans [1]	$6,260	$6,107	$5,877	$5,815	$5,747
Purchased Credit Impaired Loans [1]	$153	$161	$173	$181	$191
Investment Securities [3]	$2,373	$2,298	$2,196	$2,170	$2,038
Core Deposits [4]	$7,809	$7,448	$7,385	$7,239	$7,105
Total Deposits	$8,058	$7,673	$7,597	$7,439	$7,315
Nonperforming Assets/Total Assets	0.32%	0.36%	0.55%	0.39%	0.44%
Return on Average Assets	1.16%	1.10%	0.95%	1.20%	1.19%
Return on Average Common Equity	8.60%	8.02%	6.76%	8.50%	8.32%
Return on Average Tangible Equity [2]	13.00%	12.23%	10.46%	13.07%	12.95%

[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.

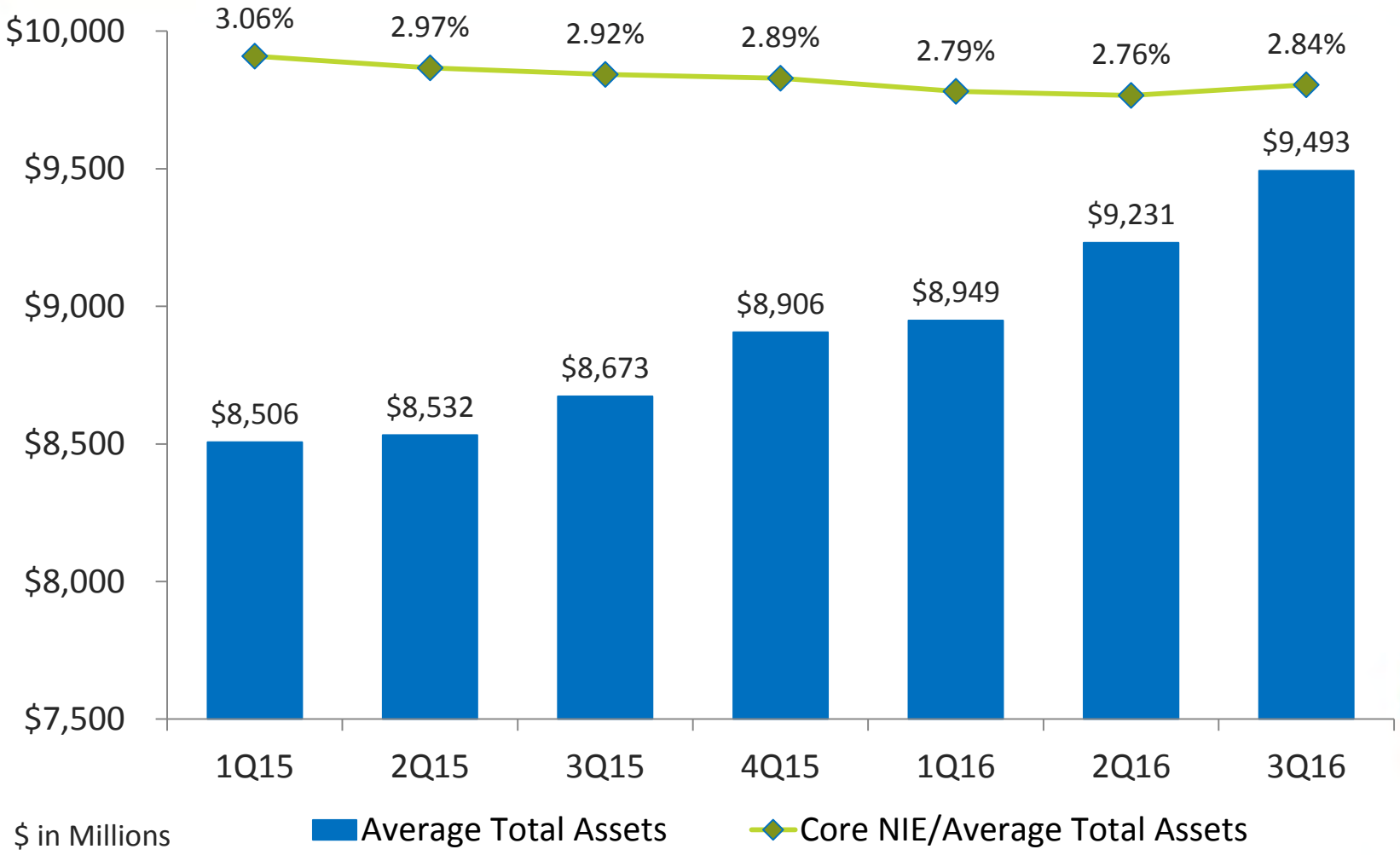
Net Income

	3Q16	2Q16	1Q16	4Q15	YTD 2016	YTD 2015
Reported Net Income						
Net Interest Income	$85,572	$82,140	$80,170	$81,819	$247,882	$243,068
Provision for Loan Losses	1,866	3,640	5,254	2,349	10,760	6,242
Net Interest Inc after Provision	**83,706**	**78,500**	**74,916**	**79,470**	**237,122**	**236,826**
Noninterest Income	23,166	21,940	20,646	24,745	65,752	66,728
Noninterest Expense	67,264	63,790	65,074	66,877	196,128	199,272
Pre-tax Net Income	**39,608**	**36,650**	**30,488**	**37,338**	**106,746**	**104,282**
Provision for Income Taxes	12,124	11,245	9,229	10,598	32,598	32,195
Net Income	**$27,484**	**$25,405**	**$21,259**	**$26,740**	**$74,148**	**$72,087**
Earnings per Share (Diluted)**	$0.47	$0.44	$0.37	$0.46	$1.28	$1.25
Core Pre-tax Net Income*						
Net Interest Income*	$83,756	$80,840	$78,513	$79,551	$243,109	$236,006
Provision/(Recapture) for Loan Losses*	2,299	3,550	4,600	1,000	10,449	3,676
Net Interest Inc after Provision*	**81,457**	**77,290**	**73,913**	**78,551**	**232,660**	**232,330**
Noninterest Income*	23,270	22,930	21,749	22,629	67,949	69,707
Noninterest Expense*	67,489	63,636	62,327	64,343	193,452	191,634
Pre-tax Net Income*	**$37,238**	**$36,584**	**$33,335**	**$36,837**	**$107,157**	**$110,403**
Pre-tax Income (before LL Prov)*	**$39,537**	**$40,134**	**$37,935**	**$37,837**	**$117,606**	**$114,079**

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

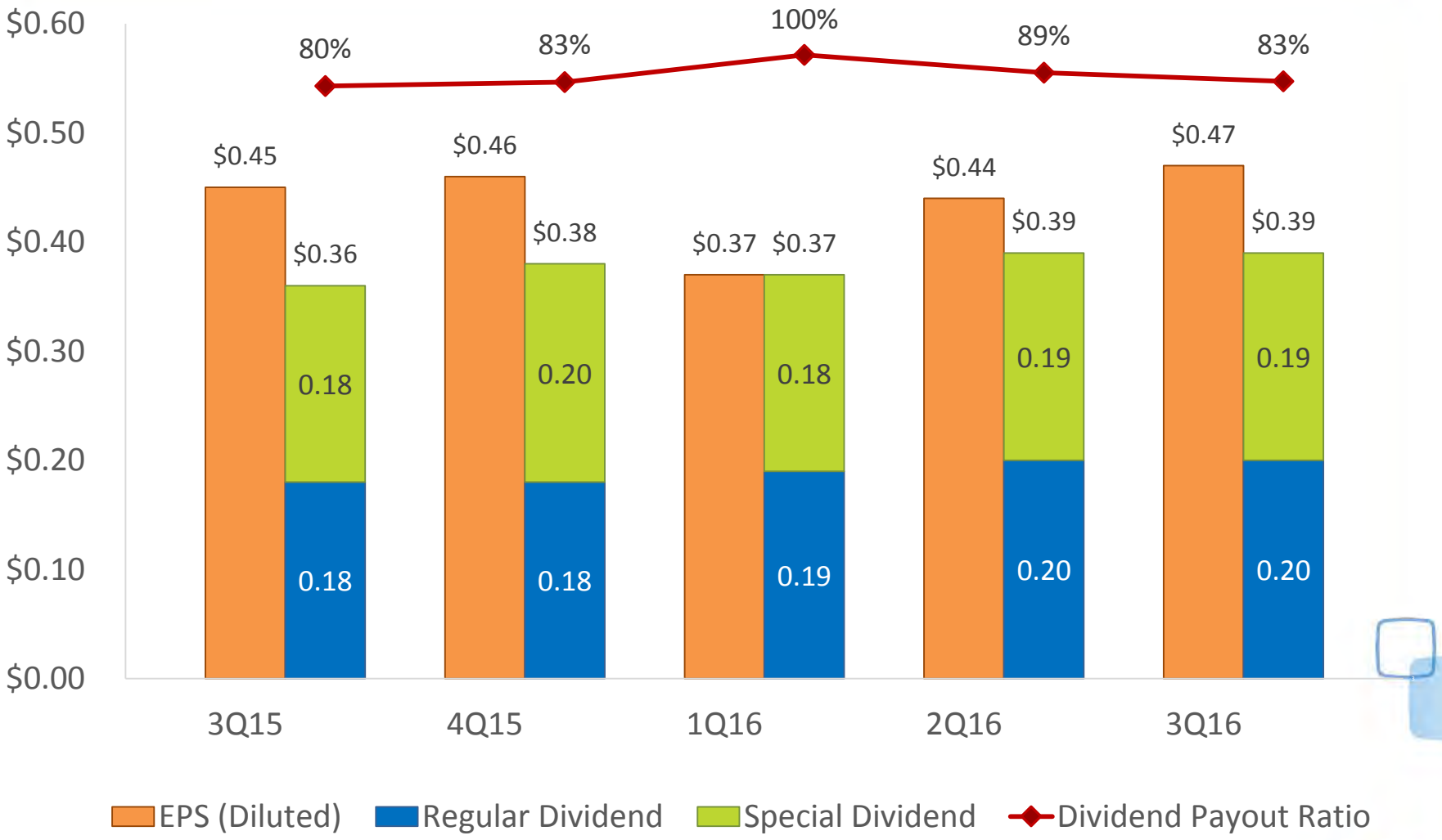
** Due to averaging of shares, quarterly earnings per share may not add up to the totals reported for the full year.

Scaling Core Noninterest Expense



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

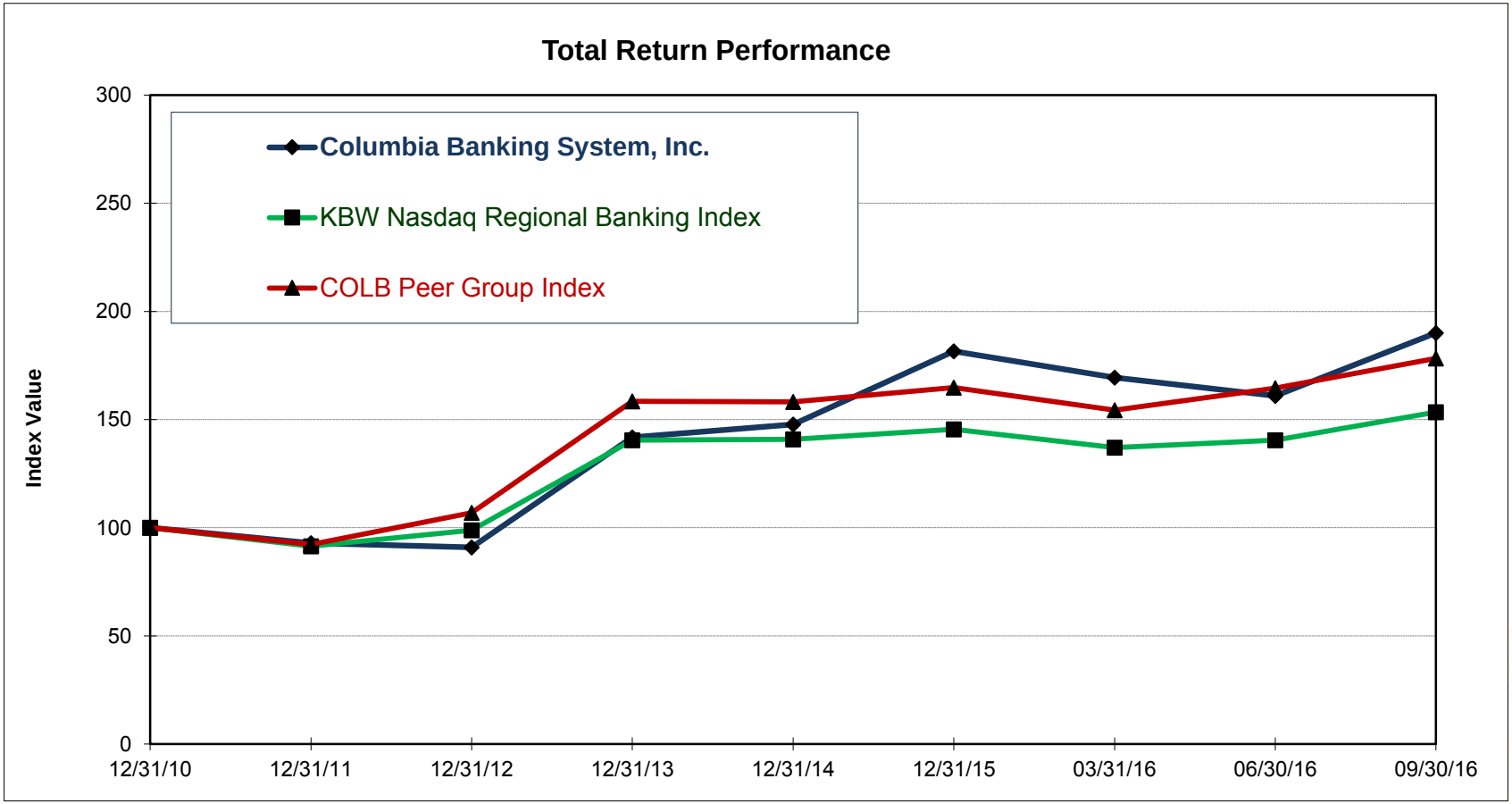
High Dividend Payout Ratio



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)
- Received the 2016 Silver Award for Community Impact by *Seattle Business Magazine* in the Business of the Year: Large Companies
- CEO Melanie Dressel honored for the seventh time as one of *American Banker Magazine's* "25 Most Powerful Women in Banking"

COLB: Total Return Performance



COLB Peer Group: BANF, BXS, FCF, FFBC, FIBK, FMBI, HTLF. IBKC, MBFI, NBTB, PACW, PNFP, TCBI, TRMK, WAL

Appendix

Non-GAAP Financial Measures – Net Interest Margin

$ in Thousands	2013	2014	2015	2016 YTD	4Q15	1Q16	2Q16	3Q16
Net interest margin (tax equiv)	**5.16%**	**4.76%**	**4.35%**	**4.12%**	**4.25%**	**4.13%**	**4.10%**	**4.13%**
Incremental accretion income on FDIC purchased credit impaired loans	(0.52%)	(0.31%)	(0.12%)	(0.07%)	(0.11%)	(0.09%)	(0.06%)	(0.08%)
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%)	(0.14%)	(0.19%)	(0.15%)	(0.15%)	(0.13%)
Premium amortization on acquired securities	0.13%	0.11%	0.13%	0.10%	0.11%	0.12%	0.10%	0.10%
Investment portfolio premium amortization adjustment	-	(0.04%)	-	-	-	-	-	-
Interest reversals on nonaccrual loans	0.02%	0.02%	0.02%	0.01%	0.03%	0.02%	0.01%	0.01%
Prepayment charges on FHLB advances	0.03%	-	-	-	-	-	-	-
Operating net interest margin (tax equivalent)	**4.32%**	**4.21%**	**4.15%**	**4.02%**	**4.09%**	**4.03%**	**4.00%**	**4.03%**

[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	4Q15	1Q16	2Q16	3Q16
Net Interest Margin (tax equiv)	**$297,139**	**$312,146**	**$334,549**	**$255,925**	**$84,330**	**$82,661**	**$84,946**	**$88,318**
Incremental accretion income on FDIC purchased credit impaired loans	(29,815)	(20,224)	(9,096)	(4,773)	(2,200)	(1,657)	(1,300)	(1,816)
Incremental accretion income on other FDIC acquired loans [1]	(2,211)	(484)	(234)	-	(68)	-	-	-
Incremental accretion income on other acquired loans	(26,200)	(21,093)	(17,862)	(8,896)	(3,746)	(3,073)	(3,074)	(2,749)
Premium amortization on acquired securities	7,309	7,123	10,216	6,390	2,253	2,324	2,075	1,991
Investment portfolio premium amortization adjustment	-	(2,622)	-	-	-	-	-	-
Interest reversals on nonaccrual loans	882	1,291	1,713	826	582	453	107	266
Prepayment charges on FHLB advances	1,548	-	-	-	-	-	-	-
Operating Net Interest Margin *(tax equivalent)*	**$248,652**	**$276,137**	**$319,286**	**$249,472**	**$81,151**	**$80,708**	**$82,754**	**$86,010**
Average Earning Assets	5,754,543	6,561,047	7,685,734	8,279,639	7,937,308	8,005,945	8,285,183	8,544,876
Net Interest Margin *(tax equivalent)*	**5.16%**	**4.76%**	**4.35%**	**4.12%**	**4.25%**	**4.13%**	**4.10%**	**4.13%**
Operating Net Interest Margin *(tax equivalent)*	**4.32%**	**4.21%**	**4.15%**	**4.02%**	**4.09%**	**4.03%**	**4.00%**	**4.03%**

[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	3Q16	2Q16	1Q16	4Q15	YTD 2016	YTD 2015
Reported Net Interest Income	**$85,572**	**$82,140**	**$80,170**	**$81,819**	**$247,882**	**$243,068**
- FDIC Loan Accretion	(1,816)	(1,300)	(1,657)	(2,268)	(4,773)	(7,062)
Core Net Interest Income	**$83,756**	**$80,840**	**$78,513**	**$79,551**	**$243,109**	**$236,006**
Reported Provision/(Recapture) for Loan Losses	**$1,866**	**$3,640**	**$5,254**	**$2,349**	**$10,760**	**$6,242**
- Purchased Credit Impaired (Provision)/ Recapture	433	(90)	(654)	(1,349)	(311)	(2,566)
Core Provision/(Recapture)	**$2,299**	**$3,550**	**$4,600**	**$1,000**	**$10,449**	**$3,676**

Non-GAAP Financial Measures – Core Results

$ in Thousands	3Q16	2Q16	1Q16	4Q15	YTD 2016	YTD 2015
Reported Noninterest Income	**$23,166**	**$21,940**	**$20,646**	**$24,745**	**$65,752**	**$66,728**
- Decrease/(Increase) in FDIC Loss Sharing Asset	104	990	1,103	1,031	2,197	2,979
- WCB Mortgage Purchase Reserve Recapture	-	-	-	(3,147)	-	-
Core Noninterest Income	**$23,270**	**$22,930**	**$21,749**	**$22,629**	**$67,949**	**$69,707**
Reported Noninterest Expense	**$67,264**	**$63,790**	**$65,074**	**$66,877**	**$196,128**	**$199,272**
- FDIC Clawback Expense/(Recap)	(29)	(70)	(209)	(812)	(308)	(167)
- Acquisition Related Costs	-	-	(2,436)	(1,872)	(2,436)	(9,045)
- OREO/OPPO Expense, Net	254	(84)	(102)	150	68	1,574
Core Noninterest Expense	**$67,489**	**$63,636**	**$62,327**	**$64,343**	**$193,452**	**$191,634**
Average Assets	**$9,493,451**	**$9,230,791**	**$8,949,212**	**$8,905,743**	**$9,225,466**	**$8,570,825**
Noninterest Expense/Average Assets	2.83%	2.76%	2.91%	3.00%	2.83%	3.10%
Core NIE/Average Assets	2.84%	2.76%	2.79%	2.89%	2.80%	2.98%

Non-GAAP Financial Measures - ROATCE

$ in Thousands	3Q16	2Q16	1Q16	4Q15	3Q15
Net Income	**$27,484**	**$25,405**	**$21,259**	**$26,740**	**$25,780**
- Preferred Dividends	(40)	(38)	(39)	(37)	(35)
Net Income Applicable to Common Shareholders	**27,444**	**25,367**	**21,220**	**26,703**	**25,745**
+ Amortization of Intangibles	1,460	1,483	1,583	1,652	1,695
- Tax Effect on Intangible Amort	(511)	(519)	(554)	(578)	(593)
Adjusted Net Income	**$28,393**	**$26,331**	**$22,249**	**$27,777**	**$26,847**
Average Shareholders' Equity	**$1,278,588**	**$1,267,670**	**$1,258,411**	**$1,259,117**	**$1,239,830**
- Average Preferred Equity	(2,217)	(2,217)	(2,217)	(2,217)	(2,217)
- Average Intangibles	(402,505)	(403,976)	(405,508)	(407,063)	(408,515)
Adjusted Average Common Shareholders' Equity	**$873,866**	**$861,477**	**$850,686**	**$849,837**	**$829,098**
Return on Average Tangible Common Shareholders' Equity	**13.00%**	**12.23%**	**10.46%**	**13.07%**	**12.95%**

Non-GAAP Financial Measures – Capital Ratios

$ in Thousands	3Q15	4Q15	1Q16	2Q16	3Q16
Total Shareholders' Equity	$1,254,136	$1,242,128	$1,260,788	$1,274,479	$1,276,735
- Preferred Stock	(2,217)	(2,217)	(2,217)	(2,217)	(2,217)
- Goodwill	(382,762)	(382,762)	(382,762)	(382,762)	(382,762)
- Other Intangible Assets, net	(25,229)	(23,577)	(21,994)	(20,511)	(19,051)
Tangible Common Equity	**$843,928**	**$833,572**	**$853,815**	**$868,989**	**$872,705**
Total Assets	$8,755,984	$8,951,697	$9,035,932	$9,353,651	$9,586,754
- Goodwill	(382,762)	(382,762)	(382,762)	(382,762)	(382,762)
- Other Intangible Assets, net	(25,229)	(23,577)	(21,994)	(20,511)	(19,051)
Tangible Assets	**$8,347,993**	**$8,545,358**	**$8,631,176**	**$8,950,378**	**$9,184,941**
Tangible Common Equity Ratio	**10.11%**	**9.75%**	**9.89%**	**9.71%**	**9.50%**
Common Shares Outstanding	**57,729**	**57,724**	**58,008**	**58,025**	**58,043**
Tangible Book Value per Common Share	**$14.62**	**$14.44**	**$14.72**	**$14.98**	**$15.04**
Book Value per Common Share	**$21.69**	**$21.48**	**$21.70**	**$21.93**	**$21.96**