COLUMBIA BANK

BUILDING A

PREMIER

REGIONAL

COMMUNITY BANK

NASDAQ:COLB

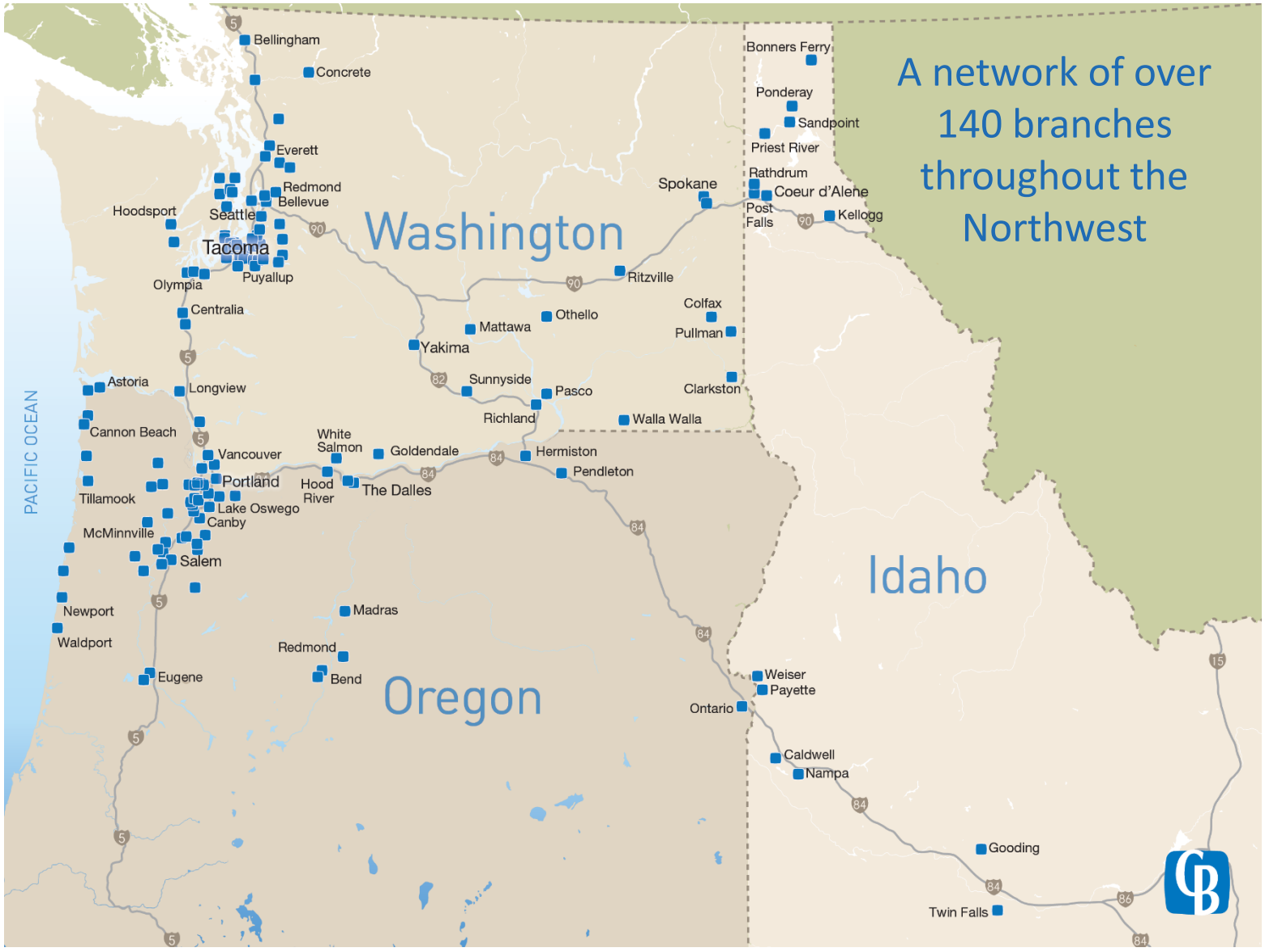
Columbia Banking System Inc.

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, 2016, for meaningful cautionary language discussing why actual results may vary materially from those anticipated by management.

Why Columbia Bank?

- **Fortress balance sheet**
  - Very low cost, stable funding base
  - Relationship centric C&I focused loan portfolio
  - Diversified loan portfolio with top tier credit quality
- **Seasoned acquirer** with proven results and superior acquisition currency.
- **Located in one of the top regional economies** in the U.S.
- **Sustained track record** of delivering above market return to shareholders.

Broad Branch Network Delivering Superior Funding



Attractive Northwest Markets

✓ *Better Than or Equal to U.S. Average*		Seattle-Tacoma-Bellevue	Portland-Vancouver	Boise	Washington	Oregon	Idaho	United States
Demographics	Population Increase *(2010 – 2017)*	10.70%✓	9.46%✓	12.85%✓	8.73%✓	6.98%✓	7.41%✓	5.31%
	Projected Population Change *(2017-2022)*	7.09%✓	6.39%✓	7.62%✓	6.31%✓	5.29%✓	5.49%✓	3.77%
	Projected HH Income Change *(2017-2022)*	11.72%✓	8.53%✓	9.66%✓	8.90%✓	9.83%✓	8.89%✓	7.27%
Economics	Unemployment Rate [(1)] *(July 2017)*	4.0%✓	4.1%✓	2.9%✓	4.5%	3.8%✓	3.0%✓	4.3%
	Home Price Index Change *12 months ending Jun 2017* *24 months ending Jun 2017* *Low in 1Q12 – Jun 2017*	 13.4%✓ 25.9%✓ 78.1%✓	 8.2%✓ 21.7%✓ 71.9%✓	n/a	n/a	n/a	n/a	 5.8% 11.0% 43.7%

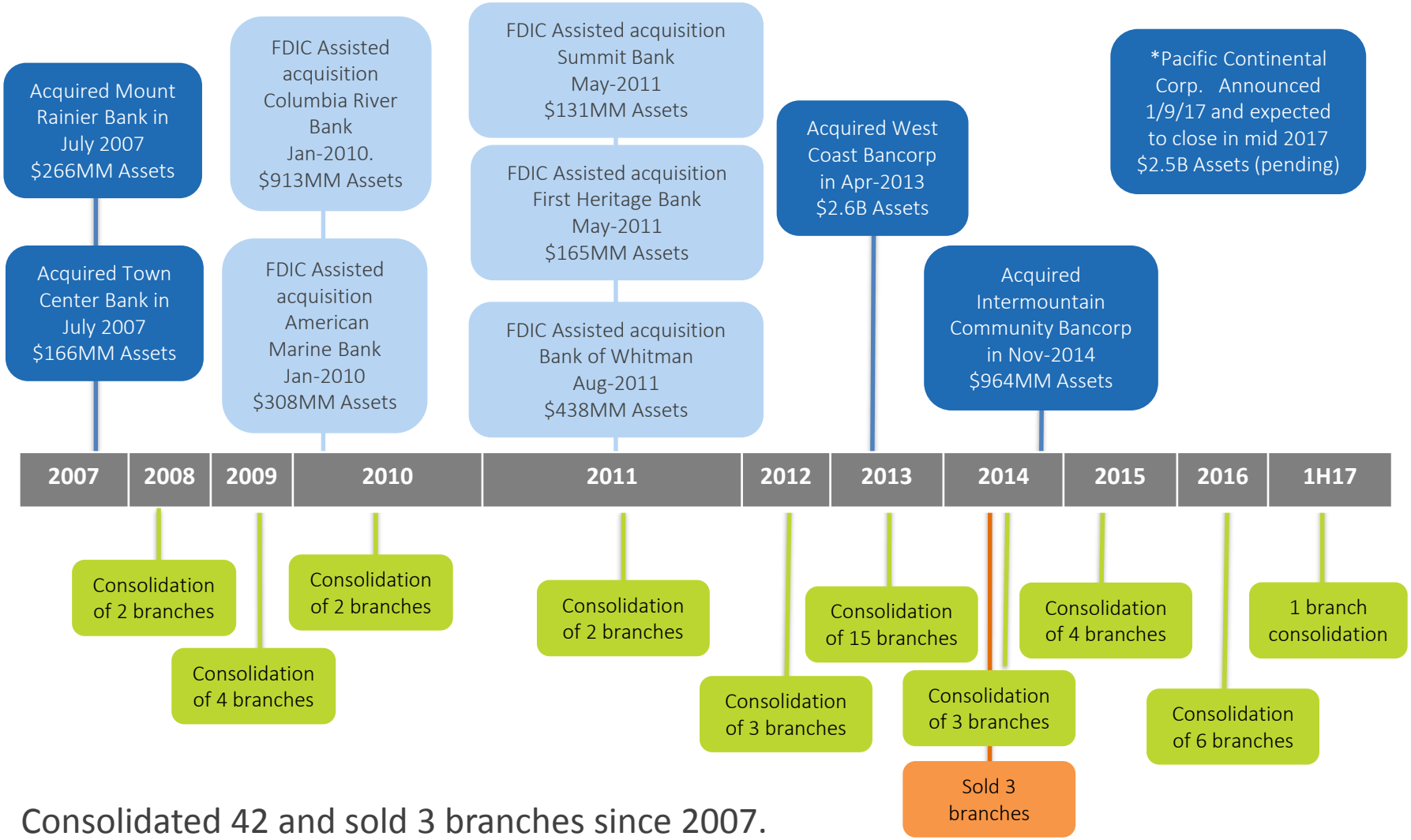
(1) MSA unemployment rates are not seasonally adjusted. State and US rates are seasonally adjusted.

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

Positive Business Climate & Economic Outlook

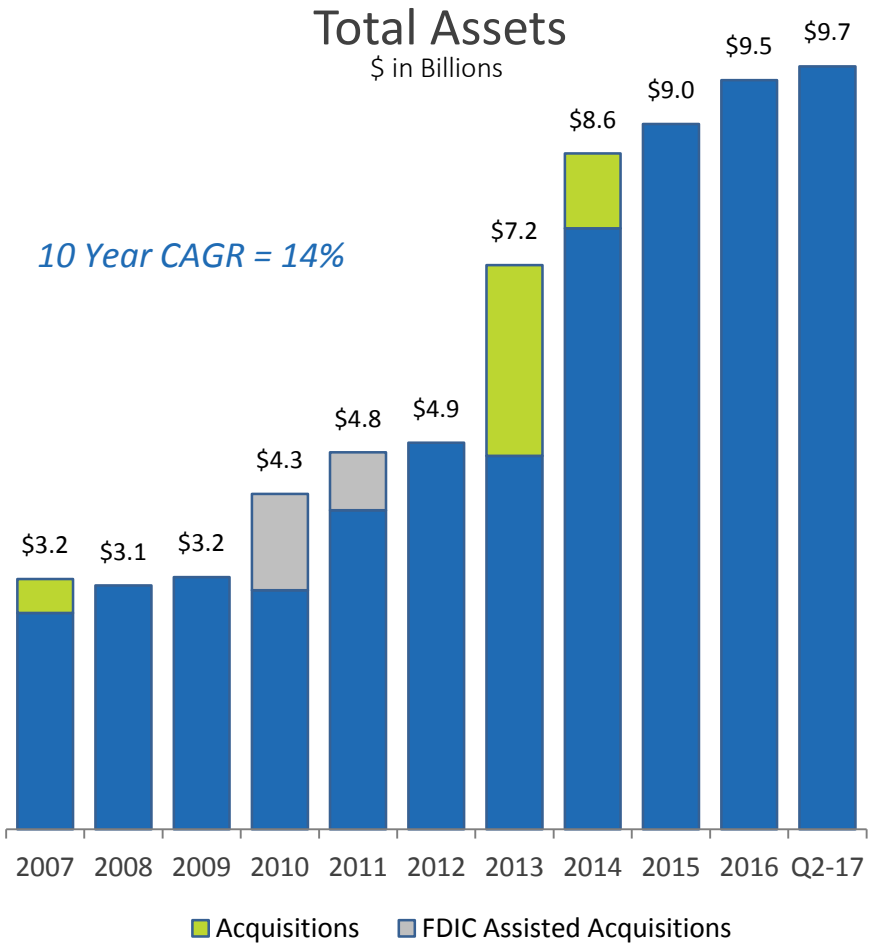
- **Leading economic indicators** such as employment trends, housing, consumer confidence and spending point to increasing forward momentum in the Northwest's export-driven, diversified economy.
- **Of the 20 major US metropolitan cities, the Seattle and Portland home indexes had the highest increases** over the past 12 months rising by 13.4% and 8.2%, respectively.
- **The Northwest has an established presence** in aerospace, technology, agriculture and consumer product sectors. Local world-class companies, including Boeing, Starbucks, Microsoft, Amazon, Costco, Nordstrom and Nike are anchors of these sectors.
- **Diversified agriculture is a key component of Northwest's success.** Washington is the #1 producer of apples and hops; Oregon #1 for Christmas trees, hazelnuts and blackberries; Idaho is #1 for potatoes and trout.
- **Tacoma, Seattle and Portland ports are big economic drivers in the region.** The Northwest Seaport Alliance is the 4th largest container gateway in North America, and Portland is the number one port on the west coast for automobile exports.
- **Military a major driver of the Northwest economy**. Over 115,000 Active and Civilian personnel across Washington, Oregon and Idaho.

Seasoned Acquirer with Proven Integration Track Record

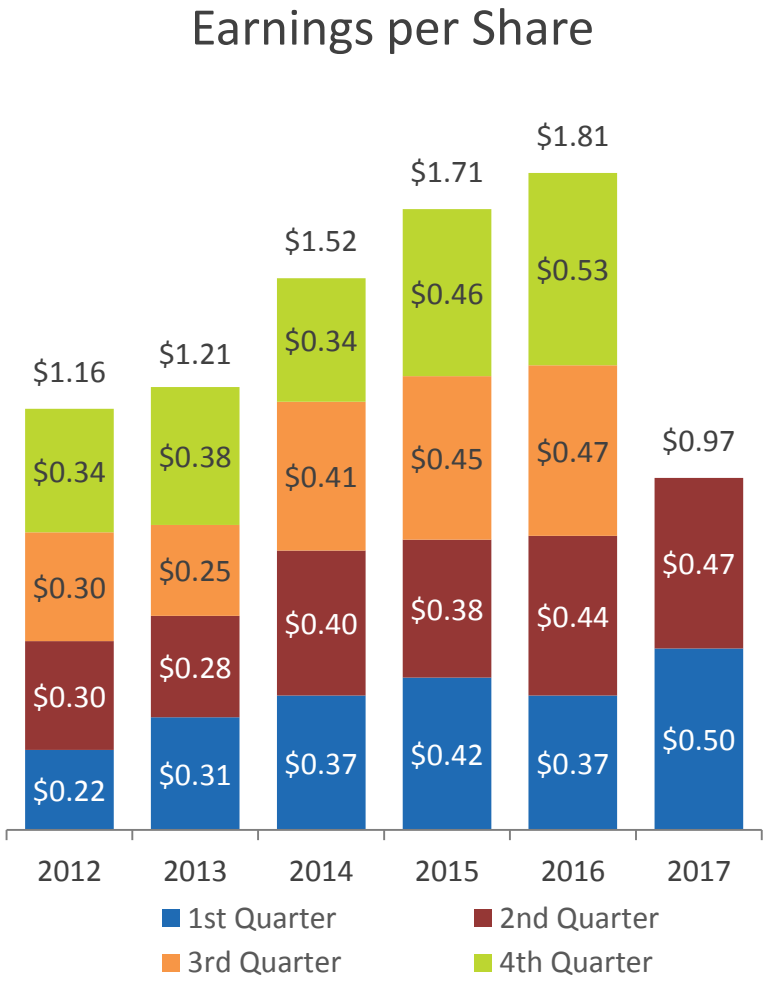


Consolidated 42 and sold 3 branches since 2007.

Continuous Growth in Earnings and Assets



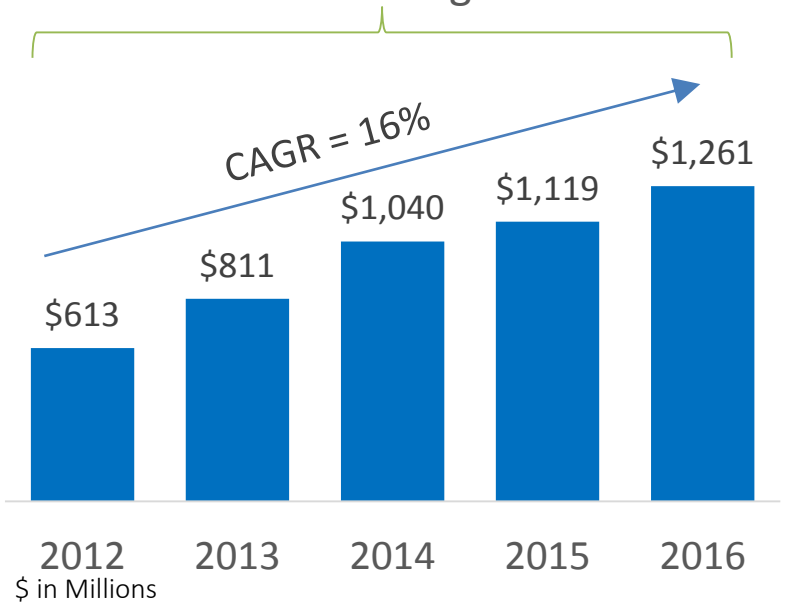
Acquisitions:
2007 Town Center, Mount Rainier
2010 American Marine, Columbia River
2011 Bank of Whitman, First Heritage, Summit
2013 West Coast Bank
2014 Intermountain Community



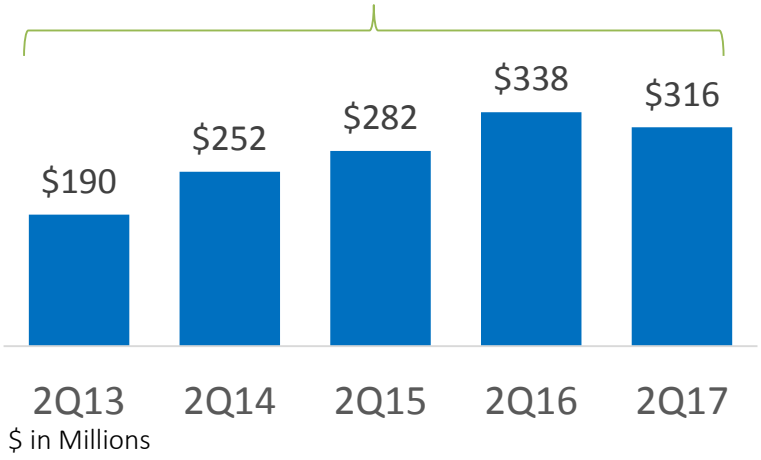
Due to averaging of shares, quarterly earnings per share may not add up to the totals reported for the full year.

Record Loan Originations & Portfolio Diversity

Annual Loan Originations

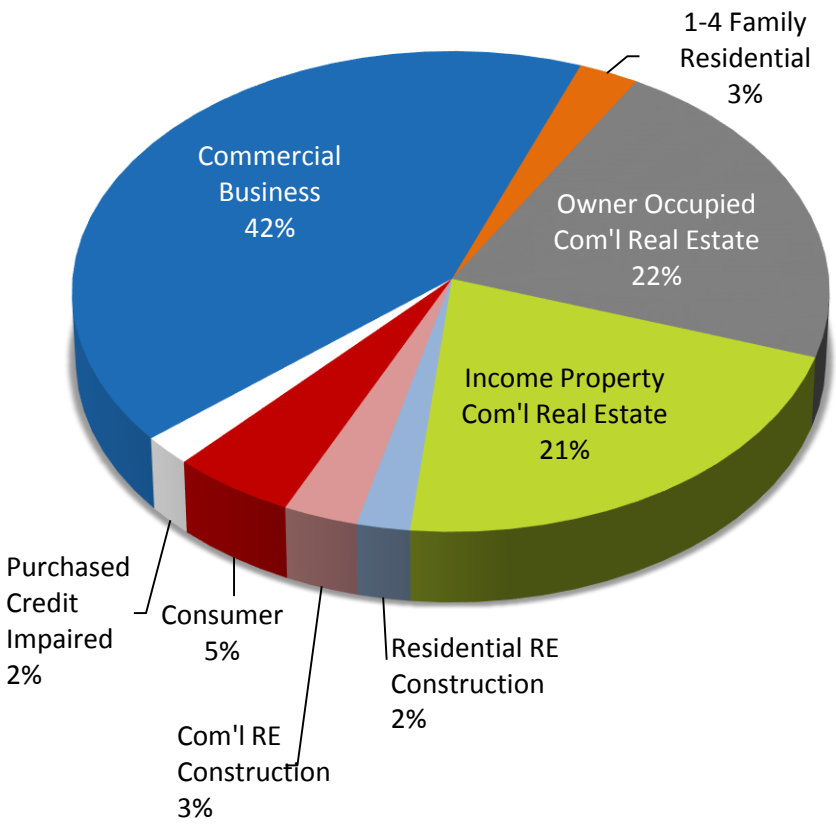


2nd Quarter Loan Originations



Total Portfolio = $6.4 Billion

Annualized linked quarter growth of 13%

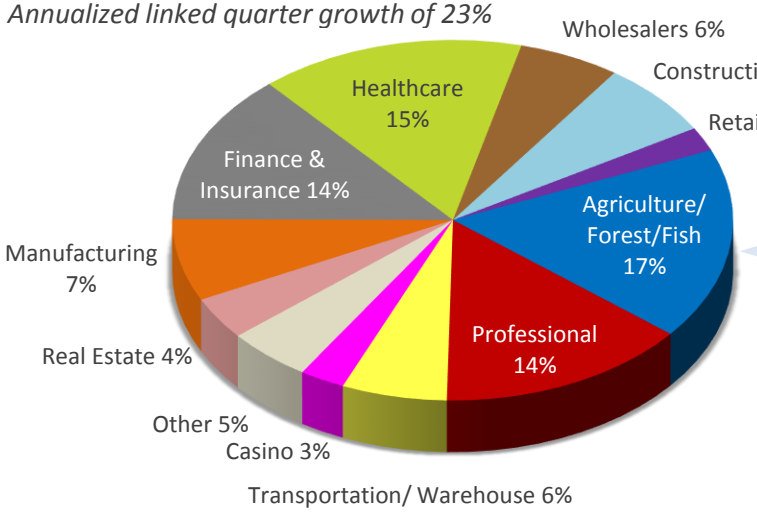


As of June 30, 2017

Well Diversified C&I and CRE Loan Portfolios

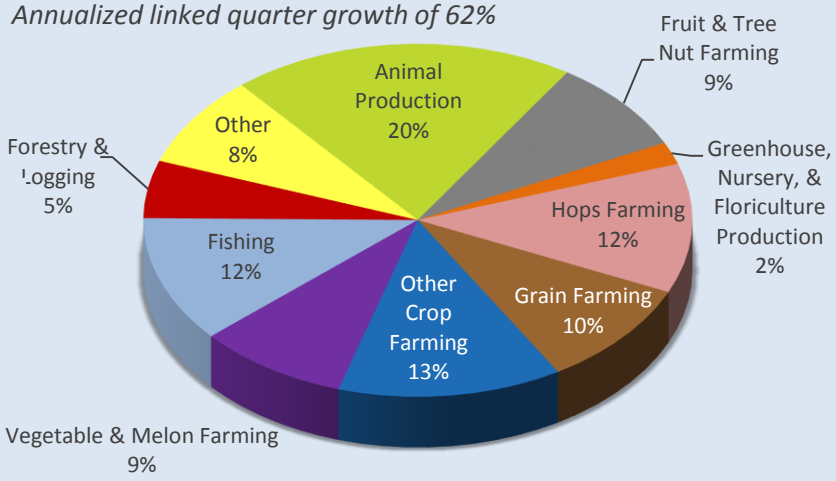
C&I Portfolio $2.7 Billion

Annualized linked quarter growth of 23%



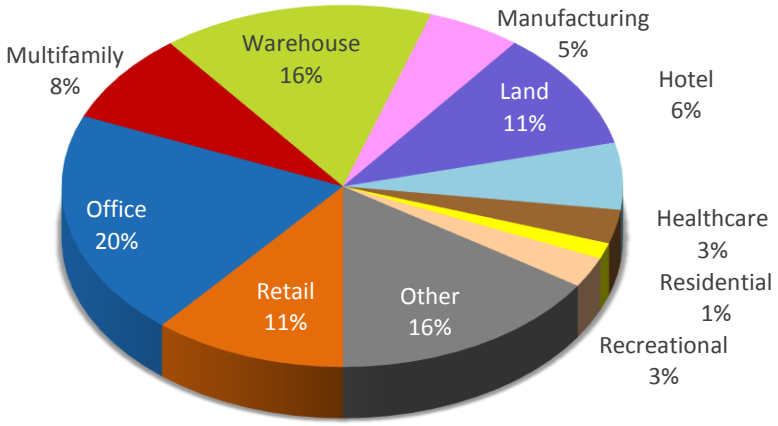
Agriculture Portfolio $466 Million

Annualized linked quarter growth of 62%



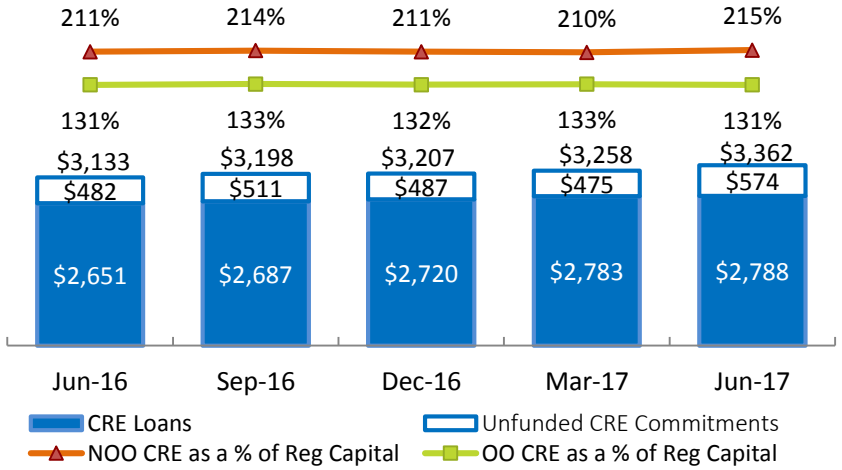
CRE Portfolio = $2.8 Billion

Income Property and Owner Occupied each comprise 50% of the total.



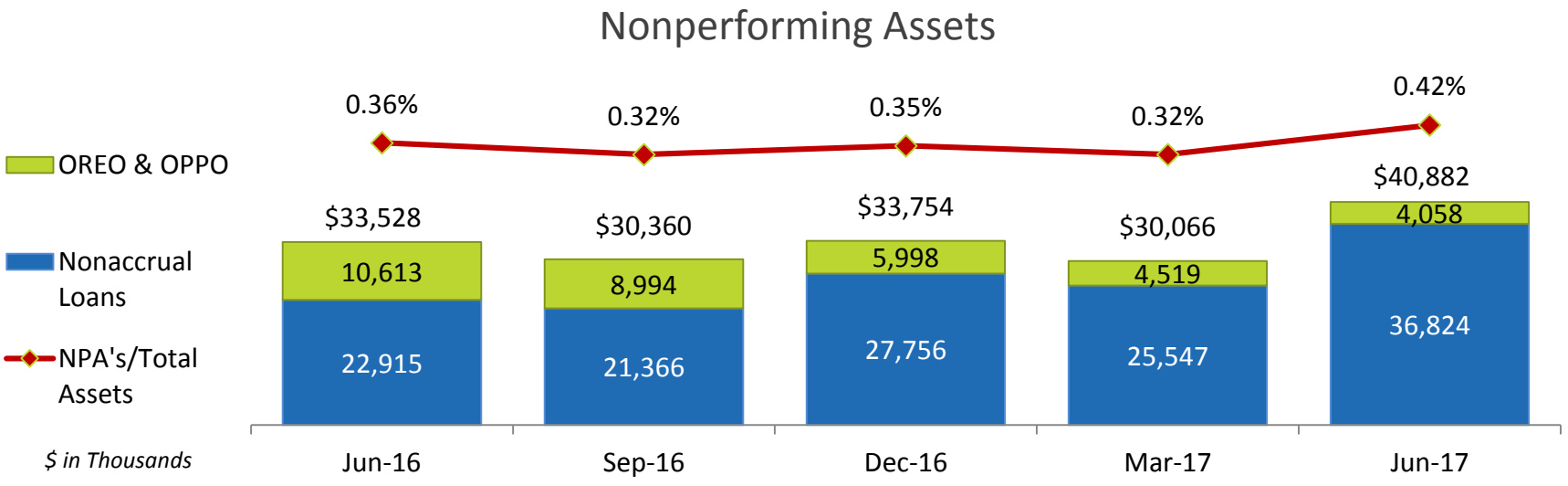
Consistent CRE Coverage

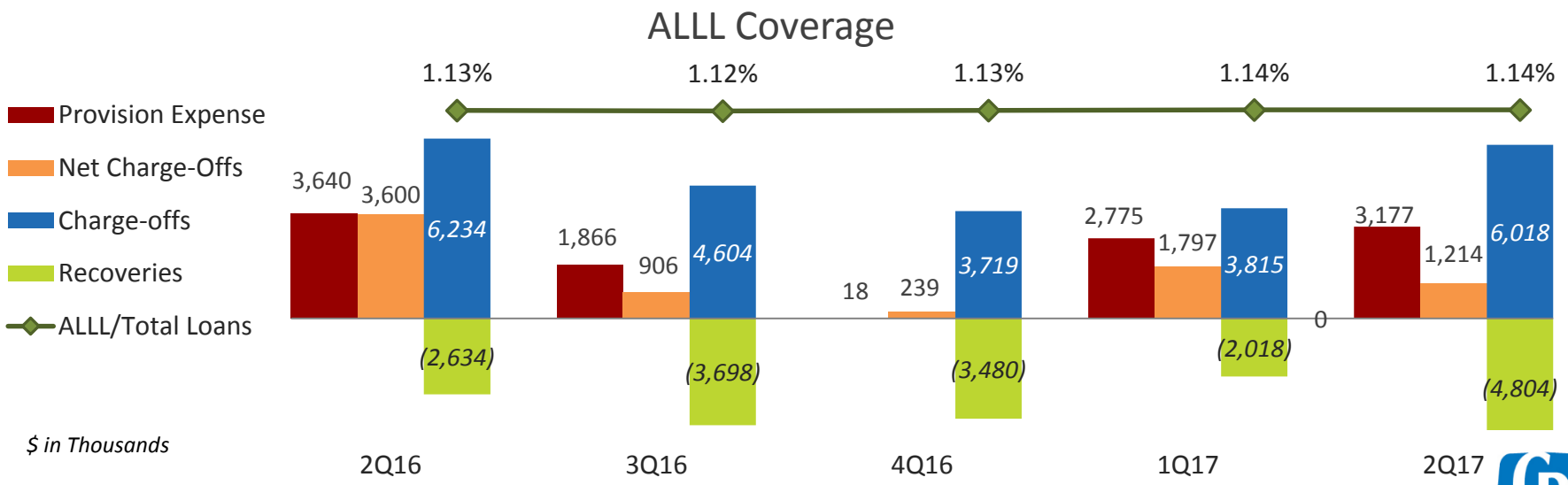
$ in Millions



As of June 30, 2017

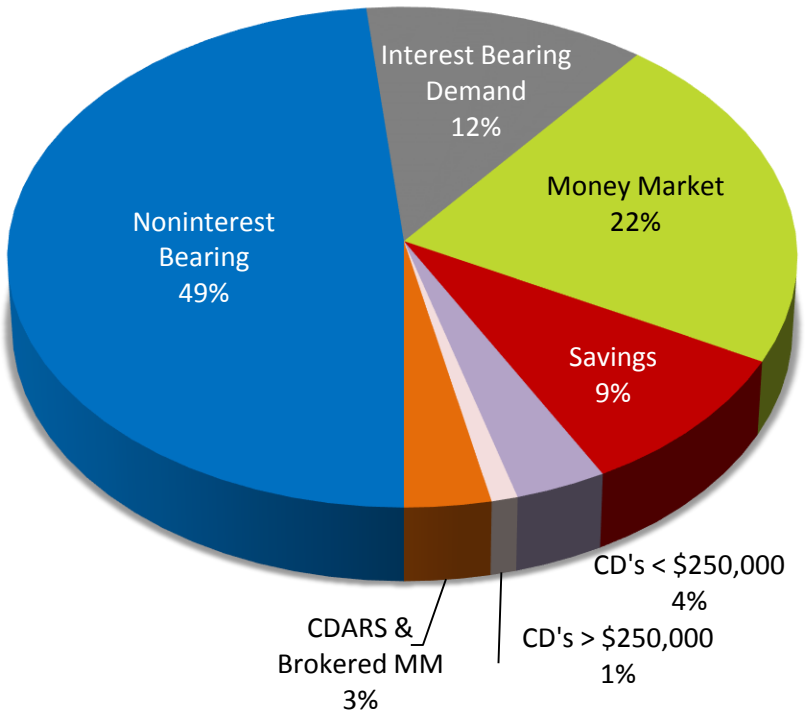
Credit Metrics Remain Healthy





Diversified, Relationship Centered Deposit Base

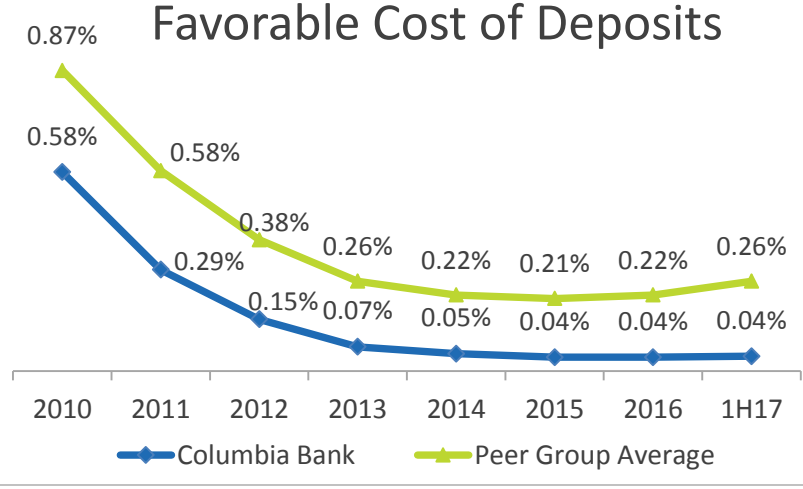
Total Deposits = $8.1 Billion



- *Twelve month growth rate of 5%.*
- *Core deposit ratio = 96%*
- *Balanced 51% Business and 49% Consumer mix.*

As of June 30, 2017

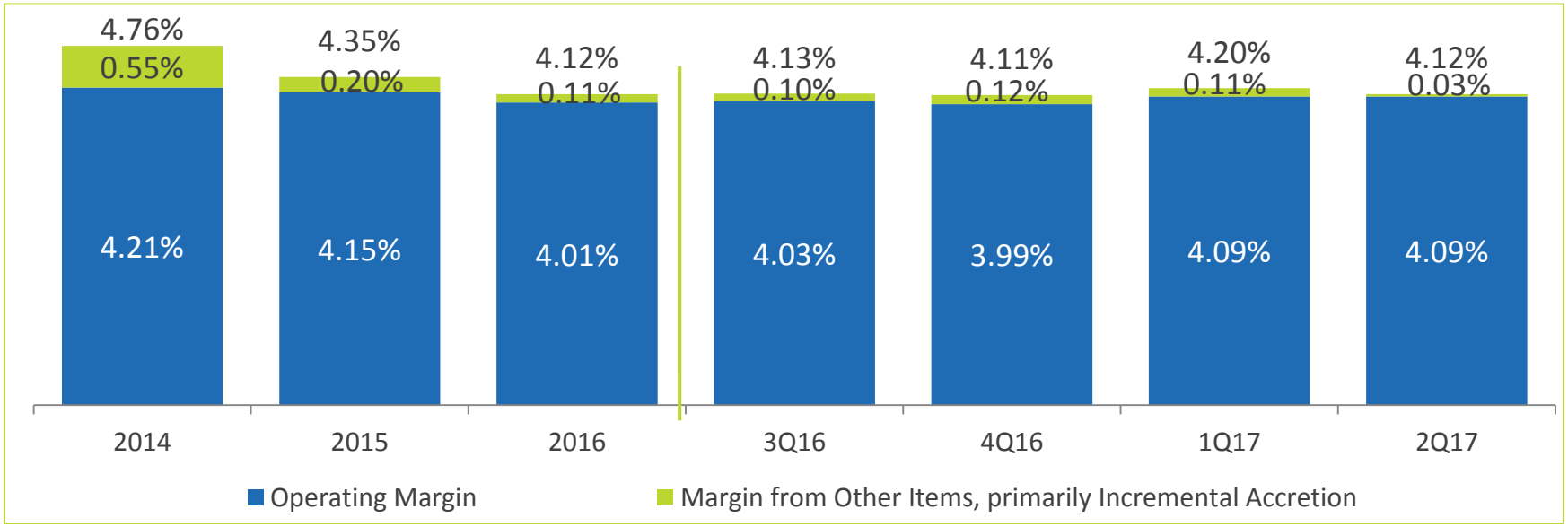
Favorable Cost of Deposits

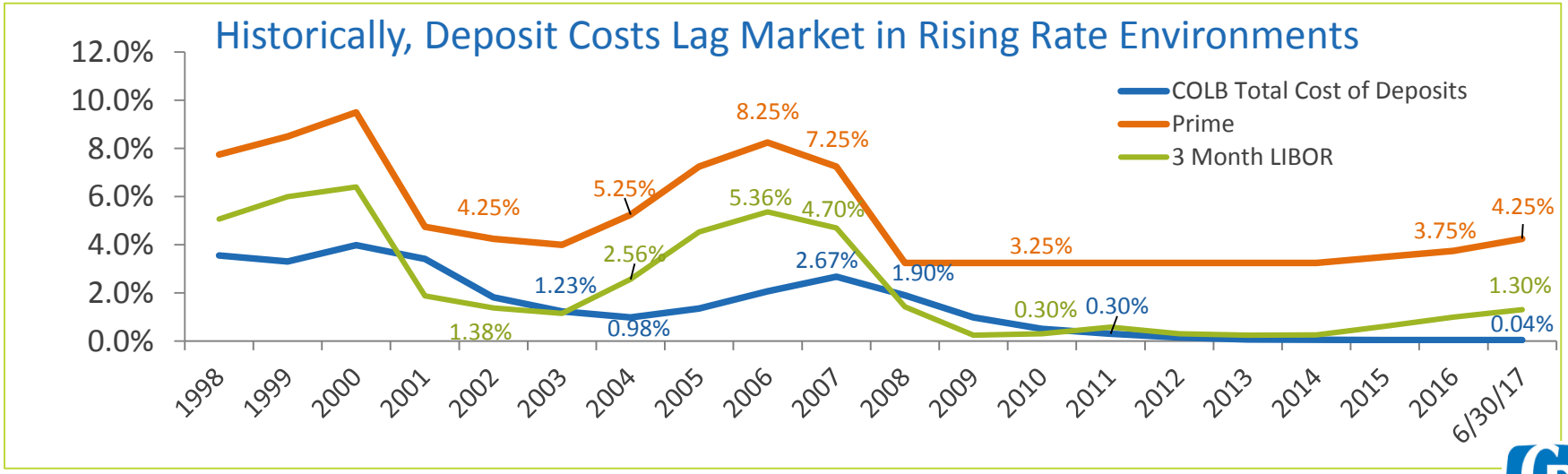


Deposit Market Share Growth Northwest (Washington, Oregon & Idaho)			
2016 Rank	Institution (ST)	2016 Deposits ($000s)	2016 Market Share*
1	Bank of America (NC)	40,727,912	17.15%
2	Wells Fargo (CA)	34,978,419	14.73%
3	U.S. Bank (MN)	33,999,427	14.31%
4	JP Morgan Chase (NY)	21,965,076	9.25%
5	Key Bank (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%

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

Stable Operating Net Interest Margin*

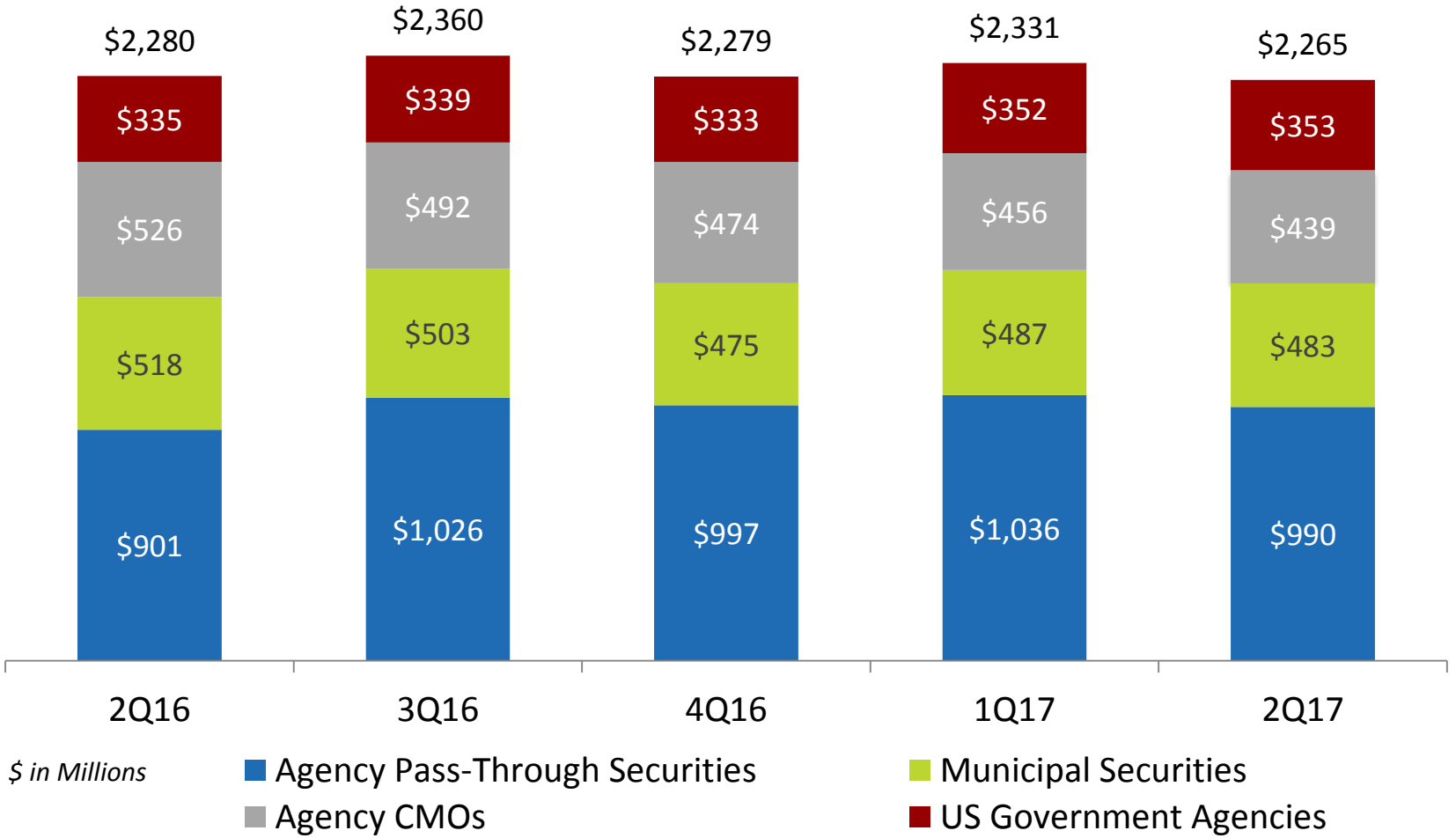




*Operating Net Interest Margin is a non-GAAP financial measure. Refer to appendix for additional information.

Conservative Investment Portfolio

YTD Yield and Portfolio Duration at 6/30/17 = 2.48% & 3.7 Years, respectively.



Interest Rate Sensitivity

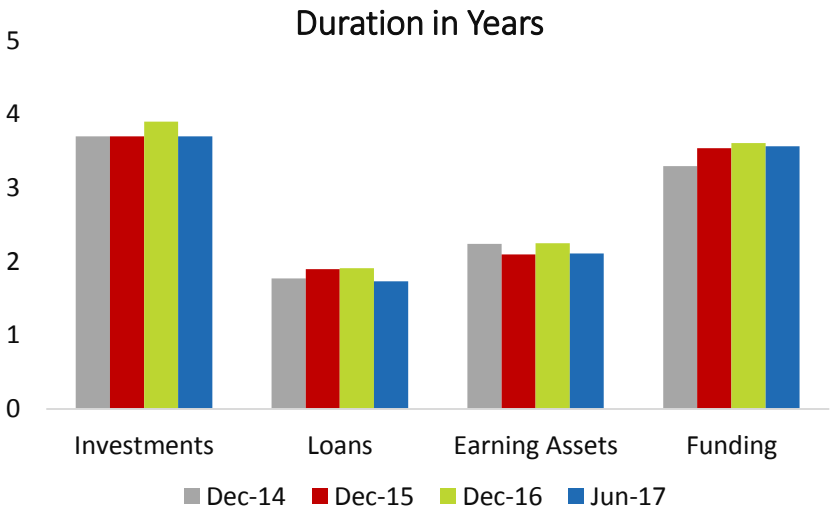
- Net interest income sensitivity is estimated based on a stable balance sheet, internal prepayment and loan pricing assumptions, decay rates and deposit betas. The percentage change from base scenario for the next 12 months are shown below::

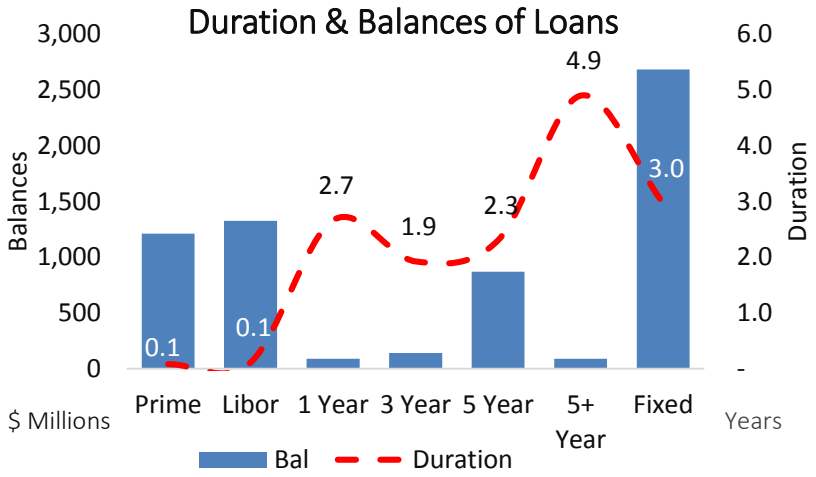
-100 bp	+100 bp	+200 bp
-9.1%	+4.2%	+8.5%

- Deposit durations are effective durations and are based on estimated decay rates and deposit rate betas. The decay rate approximates 17%. Betas approximate 5% for savings, 50% to 75% for money market and interest checking and 55% for time deposits.
- Interest rate floors within the loan portfolio total $2.0 billion with 47% or $916 million in the money.

Floor Exceeds Fully Indexed Rate by (basis points):

<=25	26-50	51-100	101-150	>150
$547MM	$153MM	$142MM	$41MM	$33MM





Loan Repricing Detail [1]	Jun-16	Jun-17	Jun-16	Jun-17
Fixed	$2,513,566	$2,677,310	41%	42%
Prime	1,283,881	1,224,751	21%	19%
Libor	1,110,306	1,343,491	18%	21%
1 Year	64,516	91,288	1%	1%
Variable-1 Year or Less	2,458,703	2,659,530	40%	41%
3 Year	162,575	140,862	3%	1%
5 Year	910,945	871,793	14%	14%
Over 5 Year	95,589	100,461	2%	2%
Variable-Greater than 1Y	1,169,110	1,113,115	19%	17%
Total	**$6,141,379**	**$6,449,954**	**100%**	**100%**

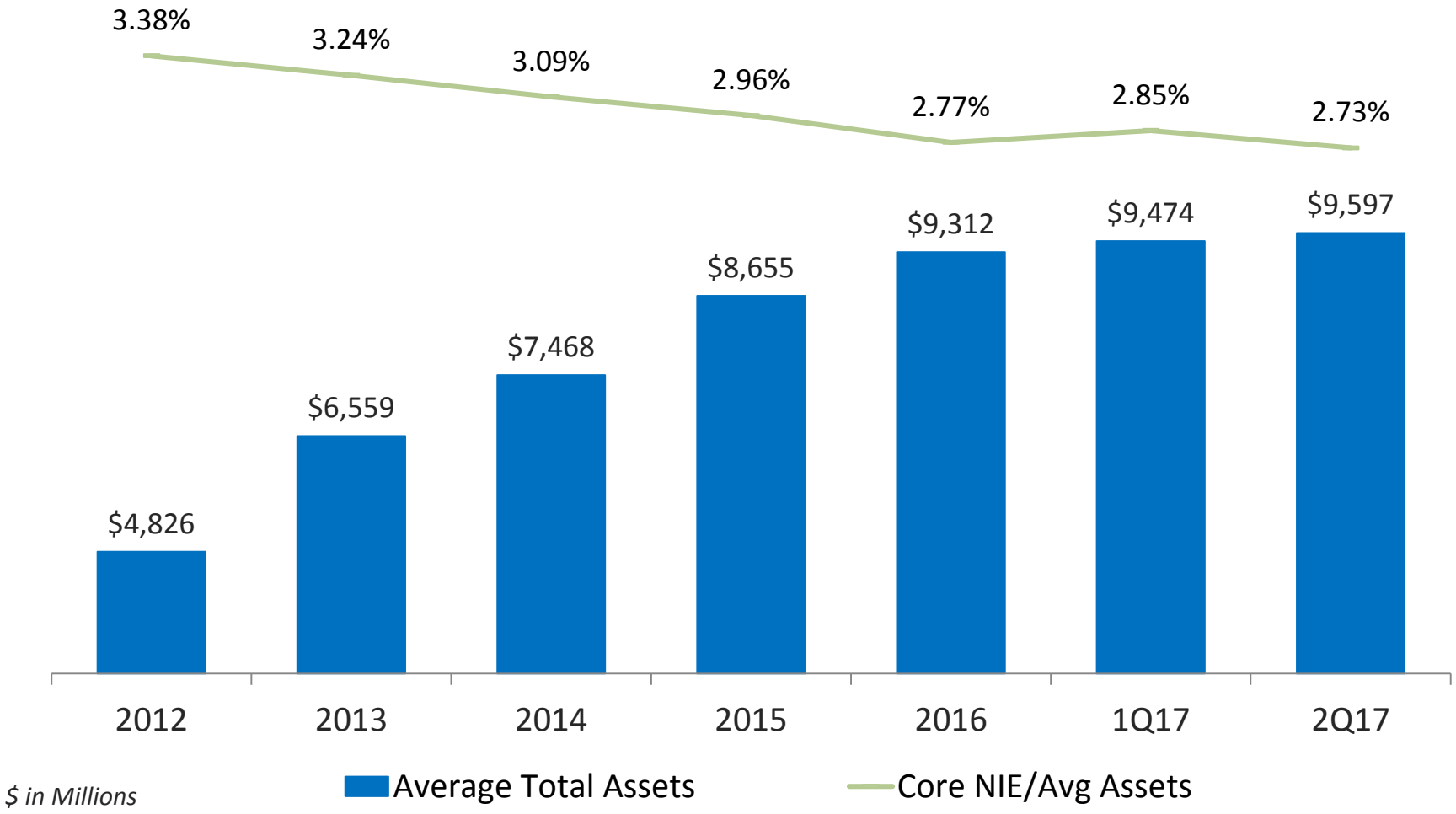
- Asset and liability durations are estimates
- Variable rate of 1, 3 5, 5+ represent various indexes such as FHLB, swap or US Treasury
- Loan balances exclude allowances, premiums/discounts

Financial Highlights with Superior ROAA and ROATCE

$ in Millions	2Q17	1Q17	4Q16	3Q16	2Q16	1H17	1H16
Total Assets	$9,685	$9,527	$9,510	$9,587	$9,354		
Total Loans	$6,423	$6,228	$6,213	$6,260	$6,107		
Investment Securities [1]	$2,281	$2,342	$2,289	$2,373	$2,298		
Core Deposits [2]	$7,722	$7,795	$7,750	$7,809	$7,448		
Total Deposits	$8,072	$8,089	$8,059	$8,058	$7,673		
NPAs/Total Assets	0.42%	0.32%	0.35%	0.32%	0.36%		
ROAA	1.13%	1.23%	1.28%	1.16%	1.10%	1.18%	1.03%
ROACE	8.38%	9.26%	9.65%	8.60%	8.02%	8.81%	7.39%
ROATCE [3]	12.46%	13.96%	14.51%	13.00%	12.23%	13.19%	11.35%
$ in Thousands	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**1H17**	**1H16**
Net Interest Income	$86,161	$86,675	$85,737	$85,572	$82,140	$172,836	$162,310
Provision for Loan Losses	3,177	2,775	18	1,866	3,640	5,952	8,894
Net Int Inc after Prov	**82,984**	**83,900**	**85,719**	**83,706**	**78,500**	**$166,884**	**$153,416**
Noninterest Income	24,135	24,859	22,330	23,166	21,940	48,994	42,586
Noninterest Expense[4]	68,867	68,986	65,014	67,264	63,790	137,853	128,864
Pre-tax Net Income	**38,252**	**39,773**	**43,035**	**39,608**	**36,650**	**78,025**	**67,138**
Prov for Income Taxes	11,120	10,574	12,317	12,124	11,245	21,694	20,474
Net Income	**$27,132**	**$29,199**	**$30,718**	**$27,484**	**$25,405**	**$56,331**	**$46,664**
EPS (Diluted) [5]	$0.47	$0.50	$0.53	$0.47	$0.44	$0.97	$0.80
*Acquisition Related Costs**	*$1,023*	*$1,364*	*$291*	*$ -*	*$ -*	*$2,387*	*$2,436*

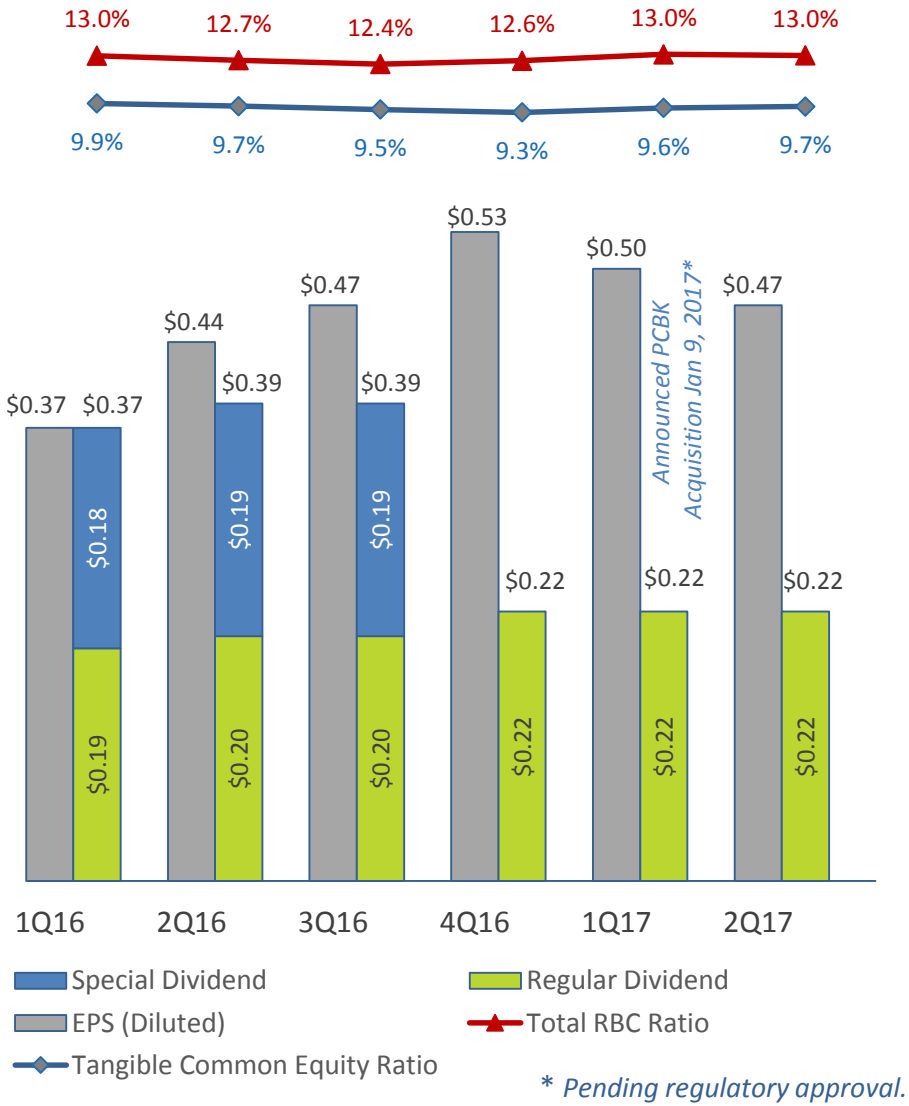
[1] Includes Federal Home Loan Bank Stock
[2] Core deposits include Certificates of Deposit less than $250,000.
[3] Return on Average Tangible Equity is a non-GAAP measure. Refer to appendix for additional information.
[4] Noninterest expense includes one-time costs related to current and prior acquisitions.
[5] Due to averaging of shares, quarterly earnings per share may not add up to the totals reported for the full year.

Continued Improvement in Expense Management

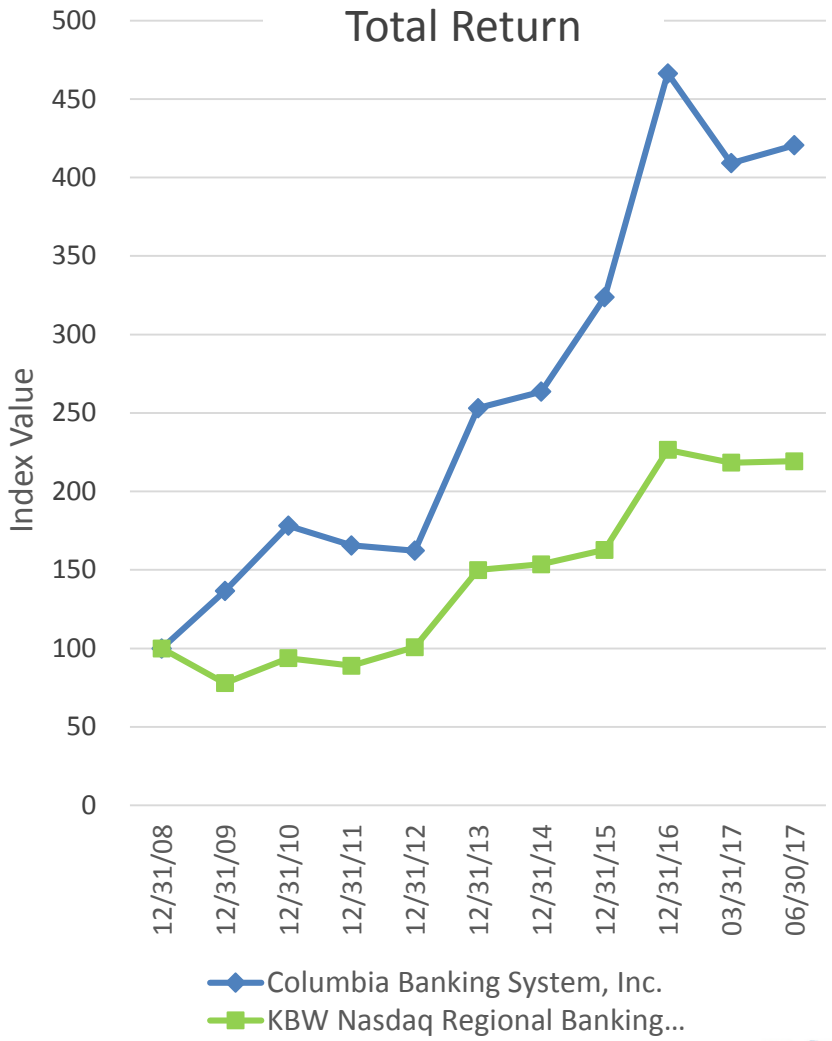


*Core NIE/Average Total Assets is a non-GAAP measure. Refer to appendix for additional information.

Strong Capital, Dividend Payouts & Total Return



* *Pending regulatory approval.*



Columbia – An Award-Winning Company















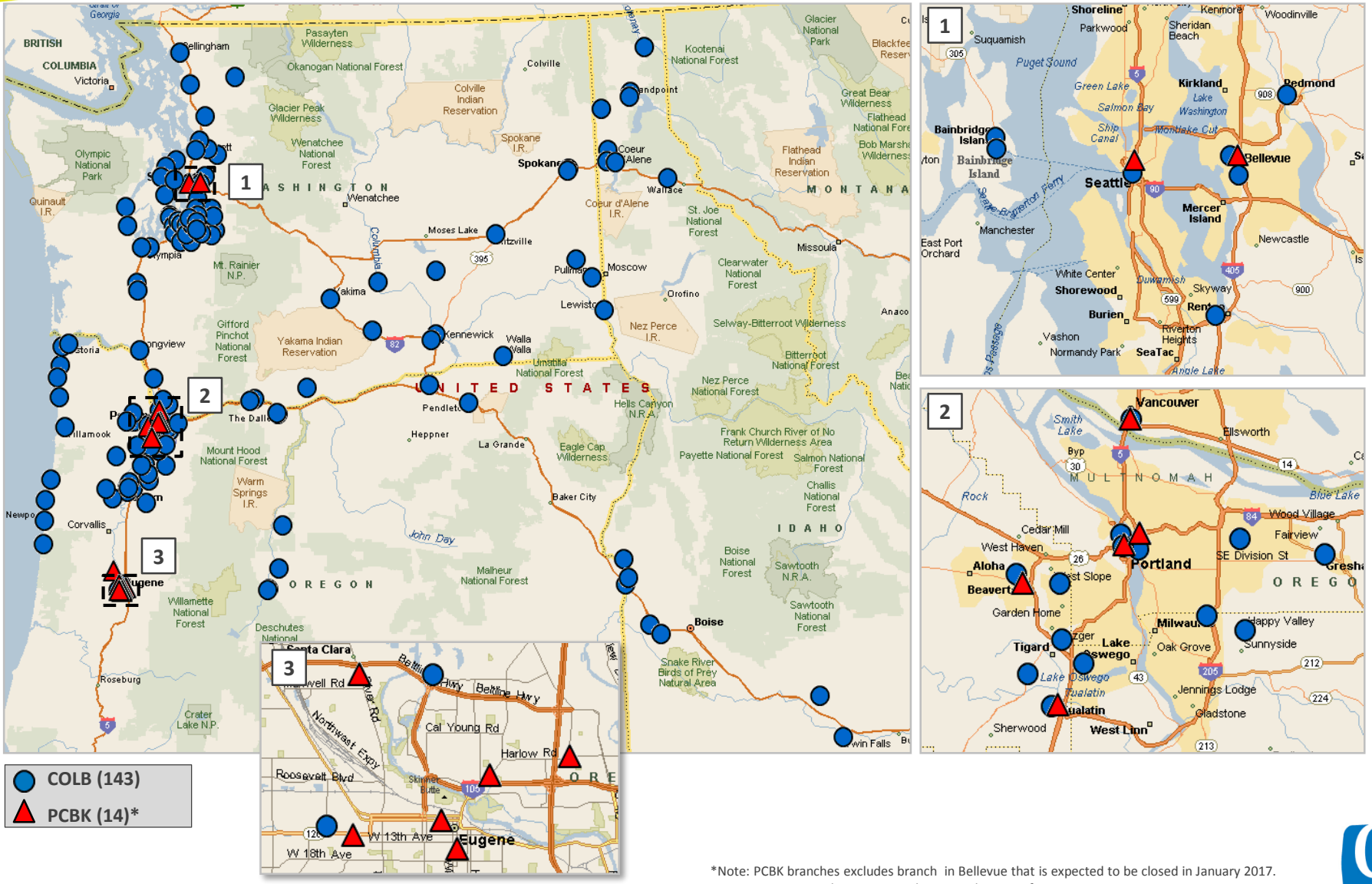
Columbia Banking System Inc.

Acquisition of Pacific Continental Corporation

PACIFIC CONTINENTAL®
THE RIGHT BANK™

Definitive agreement signed January 9, 2017;
acquisition is expected to close mid-2017

Compelling Northwest Footprint



*Note: PCBK branches excludes branch in Bellevue that is expected to be closed in January 2017.
Source: SNL Financial, company websites, and Microsoft MapPoint.

Transaction Highlights

Transaction Rationale

- Strengthens COLB's presence in key metropolitan markets in the Northwest
  - Significantly increases COLB's market share in the Eugene MSA and provides opportunities to enhance efficiency in the Seattle and Portland markets
- PCBK is the 2nd largest community bank headquartered in Oregon with $2.5 billion in assets
- Solidifies Columbia as the largest bank solely focused on the NW with ~$12 billion in assets
- Complementary community-focused banking models built around strong core deposit cultures
  - Noninterest bearing deposits of 49% and 42% for COLB and PCBK, respectively
- Expands healthcare lending platform
- Delivers COLB's expanded product suite and higher lending capacity to PCBK's customer base

Risk Management

- Pro forma assumptions driven by significant due diligence
- COLB is well-positioned to cross the $10 billion asset threshold
- Track record of 9 successfully integrated acquisitions over the last 9 years

Attractive Financial Returns

- ~8% earnings accretion in 2018 and ~10% earnings accretion in 2019
- > 15% IRR
- Tangible Book Value Earnback of ~3.7 years
- ~6% TBV Dilution at Close

Transaction Assumptions and Pro Forma Adjustments

Transaction Value[(1)]	~$644.1 million
Cost Savings	Estimated at approximately $19.4 million or 34% of PCBK's 2017e NIE Expected to be phased 50% in 2017, 85% in 2018 and 100% thereafter
Revenue Enhancements	Not included
Deal Related Expenses	Approximately $30.4 million, pre-tax
Loan Mark[(4)]	Estimated gross loan mark of $33.1 million or 1.70% of loans[(2)]
Estimated Fair Value and Pro Forma Adjustments[(4)]	Estimated Core Deposit Intangible equaling 1.75% of PCBK's core deposits[(3)] Estimated Fixed Asset markup of $2.8 million; estimated OREO markdown of $2.3 million Estimated Subordinated debt markup of $1.1 million Trust Preferred Redemption of $14.0 million; reversal of the $2.6 million Foundation Trust Preferred Mark

(1) Based on COLB's closing stock price as of 1/9/17. Merger consideration value and price per share will change, and partial cash consideration may be included, based on the fluctuation in COLB's stock price. Please see Appendix.
(2) Per 3rd party loan review.
(3) Core deposits equal to all non-time deposits.
(4) Adjustments based on projected balances at close.

Appendix

Non-GAAP Financial Measures

Net Interest Margin $ in Thousands	2014	2015	2016	3Q16	4Q16	1Q17	2Q17
Net interest margin (tax equiv)	**$312,146**	**$334,549**	**$344,425**	**$88,318**	**$88,500**	**$89,518**	**$89,075**
Incremental accretion income: FDIC PCI loans	(20,224)	(9,096)	(5,972)	(1,816)	(1,199)	(2,117)	(753)
Incr accretion income: Other FDIC acq'd loans [1]	(484)	(234)	-	-	-	-	-
Incremental accretion income: Other acq'd loans	(21,093)	(17,862)	(11,983)	(2,749)	(3,087)	(1,948)	(2,356)
Premium amortization on acquired securities	7,123	10,216	7,738	1,991	1,348	1,462	1,669
Investment portfolio premium amort adj	(2,622)	-	-	-	-	-	-
Interest reversals on nonaccrual loans	1,291	1,713	1,072	266	246	265	747
Operating net interest margin *(tax equivalent)*	**$276,137**	**$319,286**	**$335,280**	**$86,010**	**$85,808**	**$87,180**	**$88,382**
Average Earning Assets	6,561,047	7,685,734	8,363,308	8,544,876	8,612,498	8,520,291	8,651,735
Net Interest Margin *(tax equivalent)*	**4.76%**	**4.35%**	**4.12%**	**4.13%**	**4.11%**	**4.20%**	**4.12%**
Operating Net Interest Margin *(tax equivalent)*	**4.21%**	**4.15%**	**4.01%**	**4.03%**	**3.99%**	**4.09%**	**4.09%**
Net interest margin *(tax equivalent)*	**4.76%**	**4.35%**	**4.12%**	**4.13%**	**4.11%**	**4.20%**	**4.12%**
Incr accretion income: FDIC PCI loans	(0.31%)	(0.12%)	(0.07%)	(0.08%)	(0.06%)	(0.10%)	(0.03%)
Incr accretion income: Other FDIC acq'd loans [1]	(0.01%)	-	-	-	-	-	-
Incremental accretion income: Other acq'd loans	(0.32%)	(0.23%)	(0.14%)	(0.13%)	(0.14%)	(0.09%)	(0.11%)
Premium amortization on acquired securities	0.11%	0.13%	0.09%	0.10%	0.06%	0.07%	0.03%
Investment portfolio premium amort adj	(0.04%)	-	-	-	-	-	-
Interest reversals on nonaccrual loans	0.02%	0.02%	0.01%	0.01%	0.01%	0.01%	0.08%
Operating net interest margin *(tax equivalent)*	**4.21%**	**4.15%**	**4.01%**	**4.03%**	**3.99%**	**4.09%**	**4.09%**

NIE/Average Assets *$ in Thousands*	2012	2013	2014	2015	2016	1Q17	2Q17
Reported Noninterest Expense	**$162,913**	**$230,883**	**$239,286**	**$266,149**	**$261,142**	**$68,986**	**$68,867**
- FDIC Clawback (Expense)/Recap	54	(278)	(294)	(979)	(280)	54	-
- Acquisition Related Costs	(1,780)	(25,488)	(9,432)	(10,917)	(2,727)	(1,364)	(1,023)
- OREO/OPPO Expense, Net	1,969	7,539	1,182	1,724	-544	-150	1
- Term of FDIC Loss Sharing Agreement	-	-	-	-	-	-	(2,409)
Core Noninterest Expense	$163,156	$212,656	$230,742	$255,977	$257,591	$67,526	$65,436
Average Assets	**4,826,283**	**6,558,517**	**7,468,091**	**8,655,243**	**9,311,621**	**9,473,698**	**9,597,274**
Noninterest Expense/Average Assets	3.38%	3.52%	3.20%	3.08%	2.80%	2.91%	2.87%
Core NIE/Average Assets	3.38%	3.24%	3.09%	2.96%	2.77%	2.85%	2.73%

Capital Ratios $ in Thousands	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Total Shareholders' Equity	$1,274,479	$1,276,735	$1,251,012	1,275,343	1,297,314
- Preferred Stock	(2,217)	(2,217)	(2,217)	-	-
- Goodwill	(382,762)	(382,762)	(382,762)	(382,762)	(382,762)
- Other Intangible Assets, net	(20,511)	(19,051)	(17,631)	(16,282)	(15,033)
Tangible Common Equity	**$868,989**	**$872,705**	**$848,402**	**$876,299**	**$899,519**
Total Assets	$9,353,651	$9,586,754	$9,509,607	$9,527,272	$9,685,110
Goodwill	(382,762)	(382,762)	(382,762)	(382,762)	(382,762)
- Other Intangible Assets, net	(20,511)	(19,051)	(17,631)	(16,282)	(15,033)
Tangible Assets	**$8,950,378**	**$9,184,941**	**$9,109,214**	**$9,128,228**	**$9,287,315**
Tangible Common Equity Ratio	**9.71%**	**9.50%**	**9.31%**	**9.60%**	**9.69%**

ROATCE *$ in Thousands*	2Q17	1Q17	4Q16	3Q16	2Q16	2017 YTD	2016 YTD
Net Income	**$27,132**	**$29,199**	**$30,718**	**$27,484**	**$25,405**	**$56,331**	**$46,664**
- Preferred Dividends	-	-	(40)	(40)	(38)		(77)
Net Inc Applicable to Common Shareholders	**27,132**	**29,199**	**30,678**	**27,444**	**25,367**	**56,331**	**46,587**
+ Amortization of Intangibles	1,249	1,349	1,420	1,460	1,483	2,598	3,066
- Tax Effect on Intangible Amort	(437)	(472)	(497)	(511)	(519)	(909)	(1,073)
Adjusted Net Inc	**$27,944**	**$30,076**	**$31,601**	**$28,393**	**$26,331**	**$58,020**	**$48,580**
Avg Shareholders' Equity	**1,295,564**	**1,261,652**	**1,274,388**	**1,278,588**	**1,267,670**	**$1,278,702**	**$1,263,040**
- Average Preferred Equity	-	(271)	(2,217)	(2,217)	(2,217)	(135)	(2,217)
- Average Intangibles	(398,385)	(399,672)	(401.055)	(402,505)	(403,976)	(399,025)	(404,742)
Adjusted Avg Common Shareholders' Equity	**$897,179**	**$861,709**	**$871,116**	**$873,866**	**$861,477**	**$879,542**	**$856,081**
Return on Average Tangible Common Shareholders' Equity	**12.46%**	**13.96%**	**14.51%**	**13.00%**	**12.23%**	**13.19%**	11.35%

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

Hadley S. Robbins

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Clint E. Stein

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