COLUMBIA BANK

BUILDING A

PREMIER

REGIONAL

COMMUNITY BANK

Q2 2018

NASDAQ:COLB

Columbia Banking System Inc.

Second Quarter 2018 Highlights

- Record quarterly net income of $41.7 million; diluted earnings per share of $0.57 which included $0.03 per share negative impact from acquisition-related expenses
- Record second quarter loan production of $372.7 million
- Quarterly net interest margin of 4.29%, net of -7 basis points due to tax reform, but an increase of 7 basis points on a linked quarter basis and an increase of 17 basis points from the prior year period
- Nonperforming assets to period end assets ratio decreased to 0.61%
- Return on Average Tangible Equity[(1)] for the quarter of 15.57%
- Named one of "Washington's Best Workplaces" by the *Puget Sound Business Journal* for the 12th year in a row

[(1)] ROATCE is a non-GAAP measure. Refer to end of presentation for more information.

On the Call ...

Hadley S. Robbins
President & Chief Executive Officer

Andy McDonald
Chief Credit Officer

Gregory A. Sigrist
Chief Financial Officer

Clint E. Stein
Chief Operating Officer

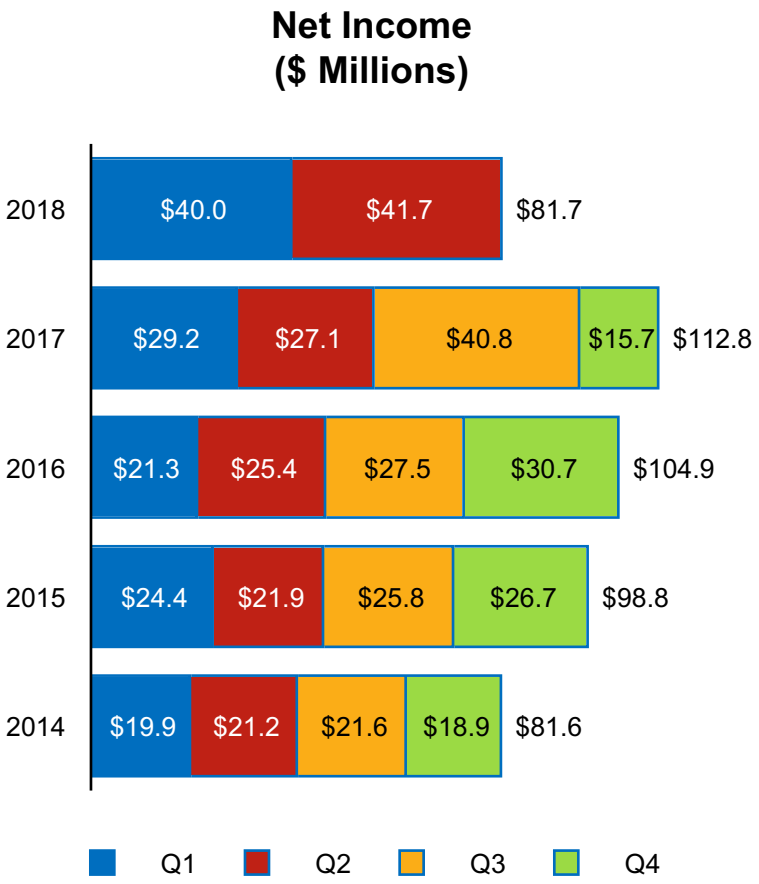
Columbia Bank Center
1301 A Street, Suite 900
P.O. Box 2156
Tacoma, WA 98401-2156

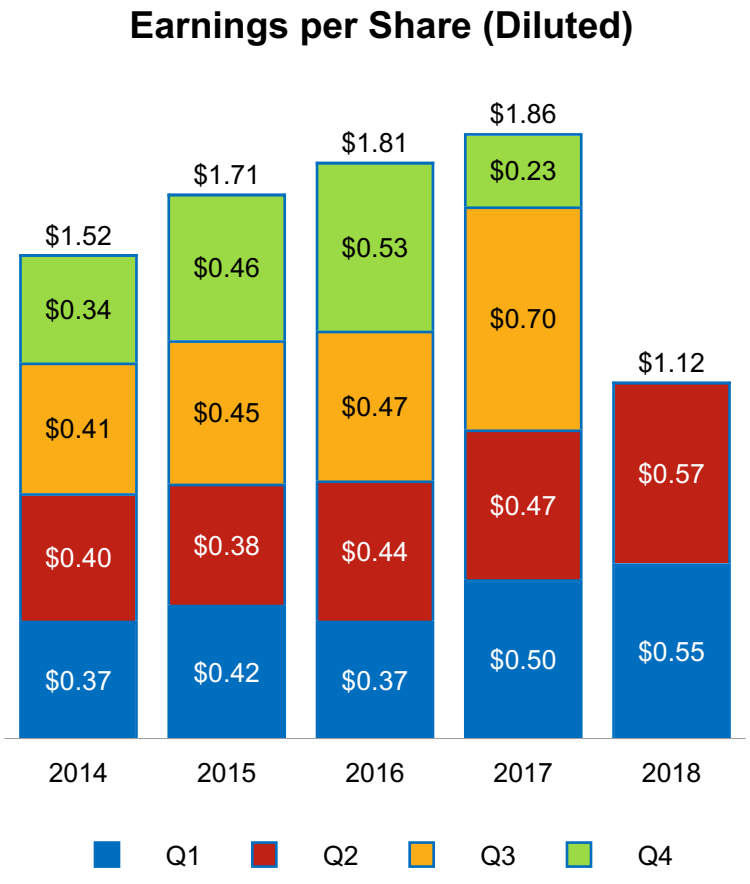
Investor Relations:
253-305-1921

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 most recently filed form 10-K, for meaningful cautionary language discussing why actual results may vary materially from those anticipated by management.

Continuous Growth in Earnings





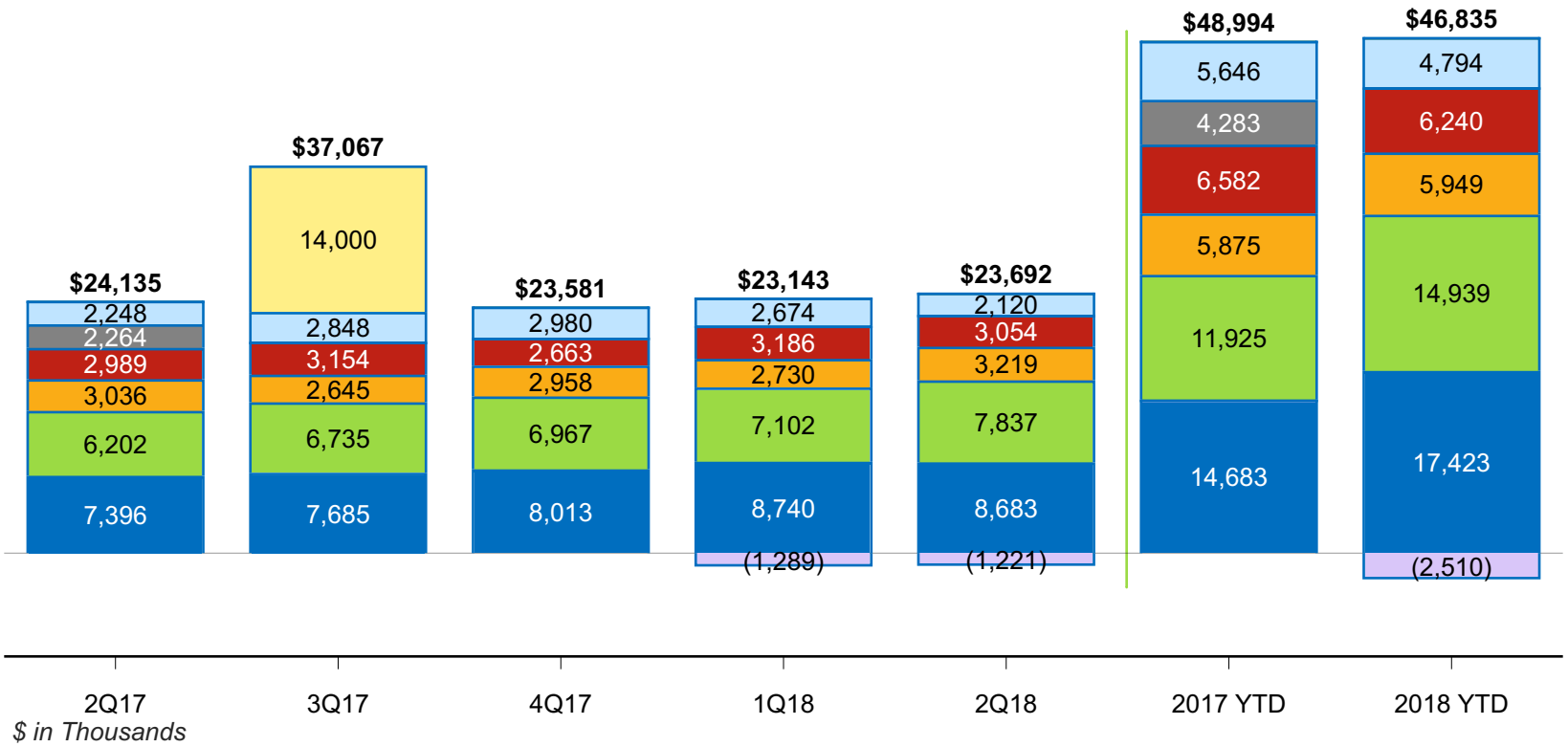
Due to averaging of shares, 2017 quarterly earnings per share does not add up to the total reported for the full year.

Summary Income Statement

$ in Thousands (except EPS)	2Q18	1Q18	4Q17	3Q17	2Q17	Year-to-Date 2018	Year-to-Date 2017
Net Interest Income	$116,674	$115,481	$106,224	$88,929	$86,161	$232,155	$172,836
Provision for Loan Losses	3,975	5,852	3,327	(648)	3,177	9,827	5,952
Net Interest Income after Provision	**112,699**	**109,629**	**102,897**	**89,577**	**82,984**	**222,328**	**166,884**
Noninterest Income	23,692	23,143	23,581	37,067	24,135	46,835	48,994
Noninterest Expense	84,643	85,987	85,627	67,537	68,867	170,630	137,853
Pre-tax Net Income	**51,748**	**46,785**	**40,851**	**59,107**	**38,252**	**98,533**	**78,025**
Provision for Income Taxes	9,999	6,815	25,123	18,338	11,120	16,814	21,694
Net Income	**$41,749**	**$39,970**	**$15,728**	**$40,769**	**$27,132**	**$81,719**	**$56,331**
EPS (Diluted)	$0.57	$0.55	$0.23	$0.70	$0.47	$1.12	$0.97
Weighted Avg # of Diluted Shares Outstanding	72,390	72,305	67,125	57,571	57,525	72,347	57,442
Acquisition Related Costs[(1)]	*$2,822*	*$4,265*	*$13,638*	*$1,171*	*$1,023*	*$7,087*	*$2,387*

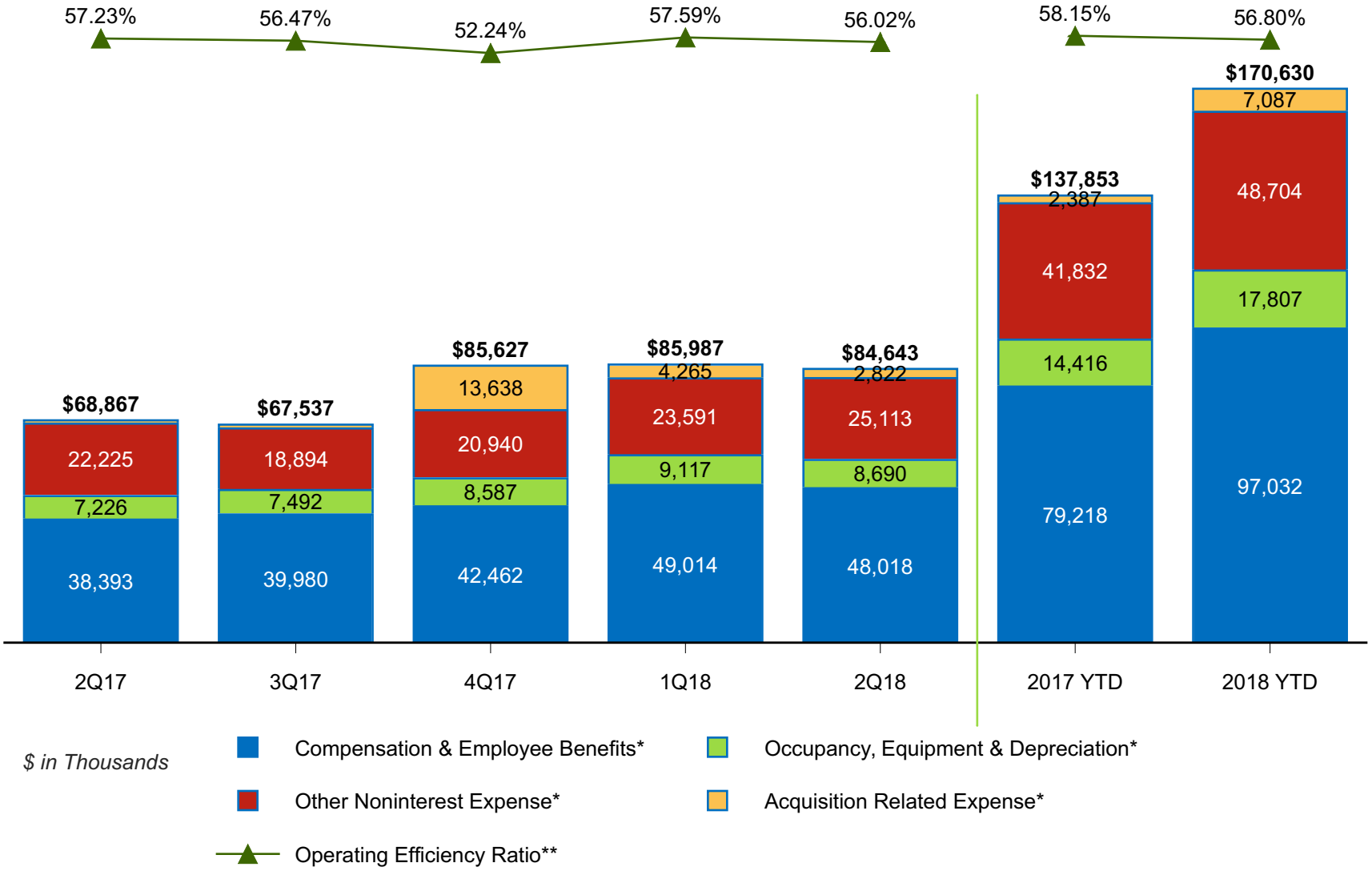
[(1)] Acquisition Related Costs are included in Noninterest Expense, above.

Non-Interest Income



Beginning in 2018, network fees are netted against Card Revenue in noninterest income. Prior to 2018, network fees were presented in noninterest expense.

Non-Interest Expense and Operating Efficiency Ratio**



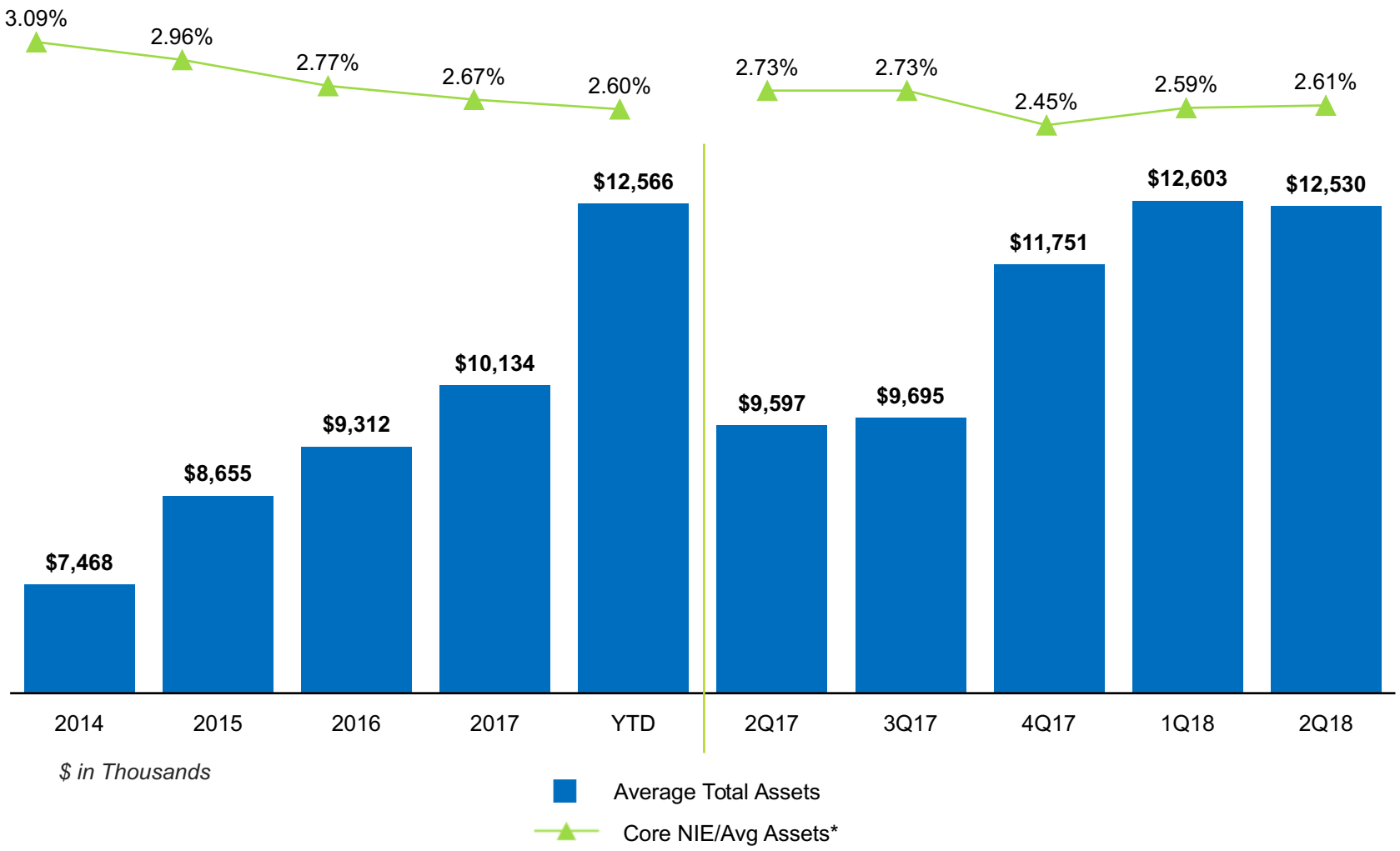
*Acquisition Related Expense is excluded from individual expense groups and shown in aggregate. Individual expense groups excluding acquisition expenses are non-GAAP measures. Refer to end of presentation for more information.

**Operating Efficiency Ratio is a non-GAAP measure. Refer to end of presentation for more information.

Acquisition Related Expense

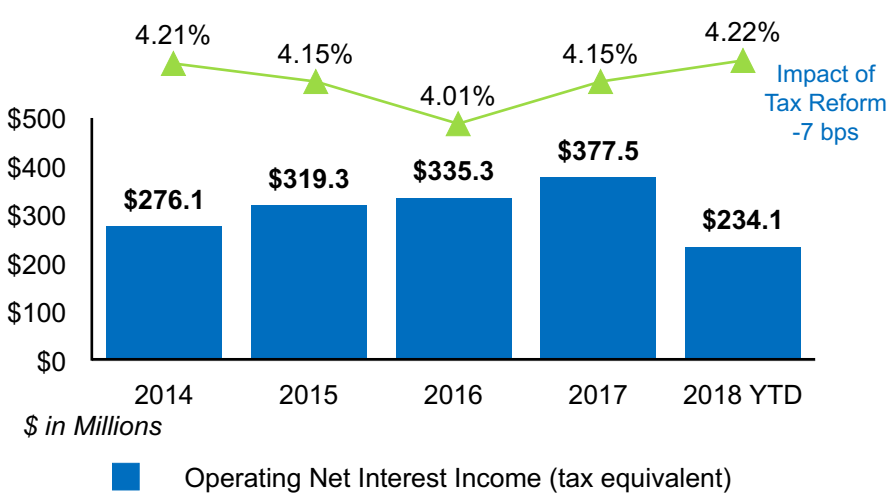
$ in Thousands	2Q18	1Q18	4Q17	3Q17	2Q17	Year-to-Date 2018	Year-to-Date 2017
Compensation and employee benefits	$931	$1,556	$8,011	$3	$0	$2,487	$0
Occupancy	586	1,004	967	593	351	1,590	352
Advertising and promotion	22	512	266	184	11	534	17
Data processing	634	287	1,016	66	473	921	473
Legal and professional fees	216	575	3,031	157	119	791	1,430
Other	433	331	347	168	69	764	115
Total Acquisition Related Expense	**$2,822**	**$4,265**	**$13,638**	**$1,171**	**$1,023**	**$7,087**	**$2,387**

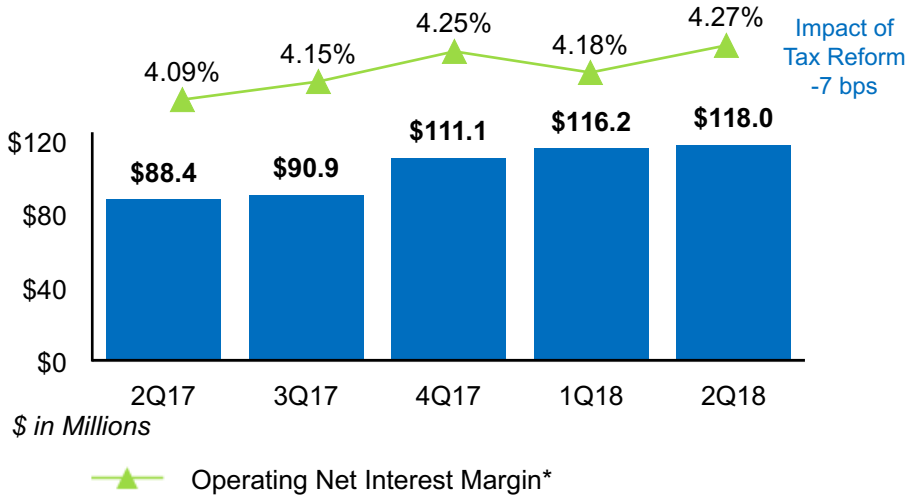
Favorable Trend in Expense Management

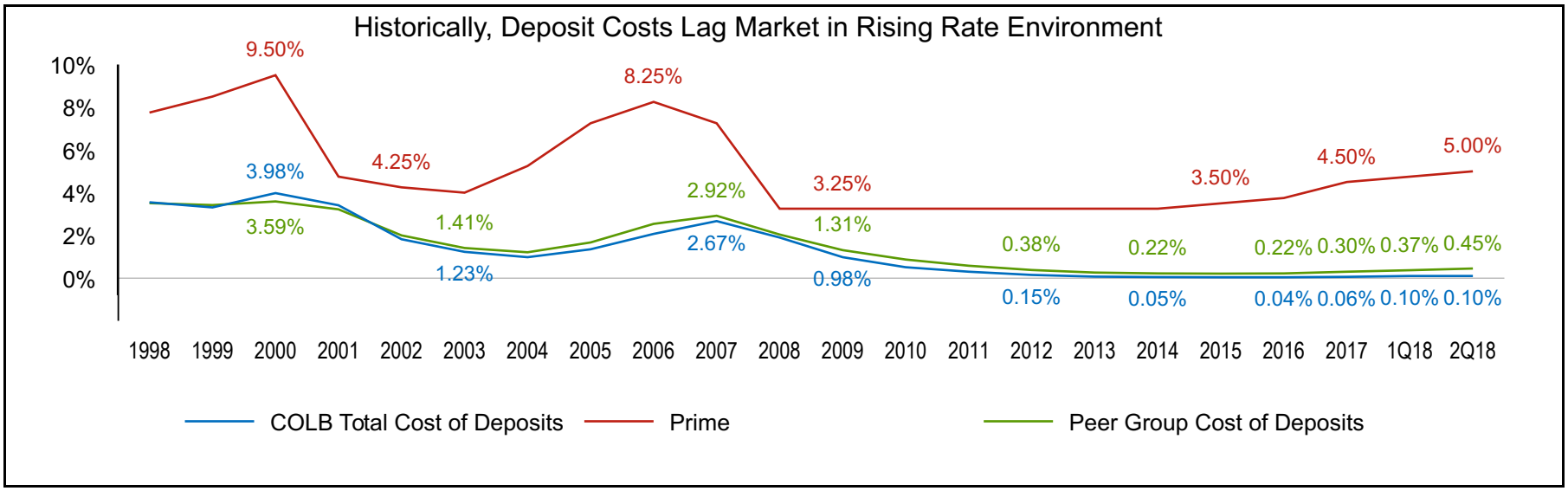


*Core NIE/Average Total Assets is a non-GAAP measure. Refer to end of presentation for more information.

Expanding Operating Net Interest Margin *







*Operating net interest margin is a non-GAAP financial measure. Refer to end of presentation for additional information.

Selected Balance Sheet & Ratios

$ in Millions	2Q18	1Q18	4Q17	3Q17	2Q17
Total Assets	$ 12,629	$ 12,531	$ 12,717	$ 9,815	$ 9,685
Securities, Including Equity Securities & FHLB Stock	2,665	2,641	2,753	2,218	2,281
Loans, Net of unearned Income	8,454	8,340	8,359	6,512	6,423
Allowance for Loan & Leases Losses	80	80	76	72	73
Goodwill & Other Intangibles	818	821	824	397	398
Core Deposits	9,889	9,897	10,040	7,999	7,722
Deposits	10,384	10,396	10,532	8,342	8,072
Total Shareholders' Equity	1,965	1,948	1,950	1,328	1,297
Ratios:					
ROAA	1.33%	1.27%	0.54%	1.68%	1.13%
ROAE	8.54%	8.20%	3.59%	12.32%	8.38%
ROATCE*	15.57%	15.08%	6.37%	17.93%	12.46%
Loans/Deposits	81%	80%	79%	78%	80%
Core Deposit Ratio	95%	95%	95%	96%	96%
Tangible Common Equity*	9.71%	9.63%	9.47%	9.89%	9.69%

*ROATCE and Tangible Common Equity ratios are non-GAAP measures. Refer to end of presentation for additional information.

New Technology Initiatives

CardSwap™ & Peer-to-Peer Payment

Business Digital Banking

Small Business Lending

Online Account Opening

NeighborHub

CardSwap: Allows account holders to automatically update new payment card information across their favorite online subscriptions and vendors in a single, simple workflow.

Peer-to-Peer Payment: Allows you to send and receive money with peace of mind. Safely and easily send money to people you know through online and mobile banking.

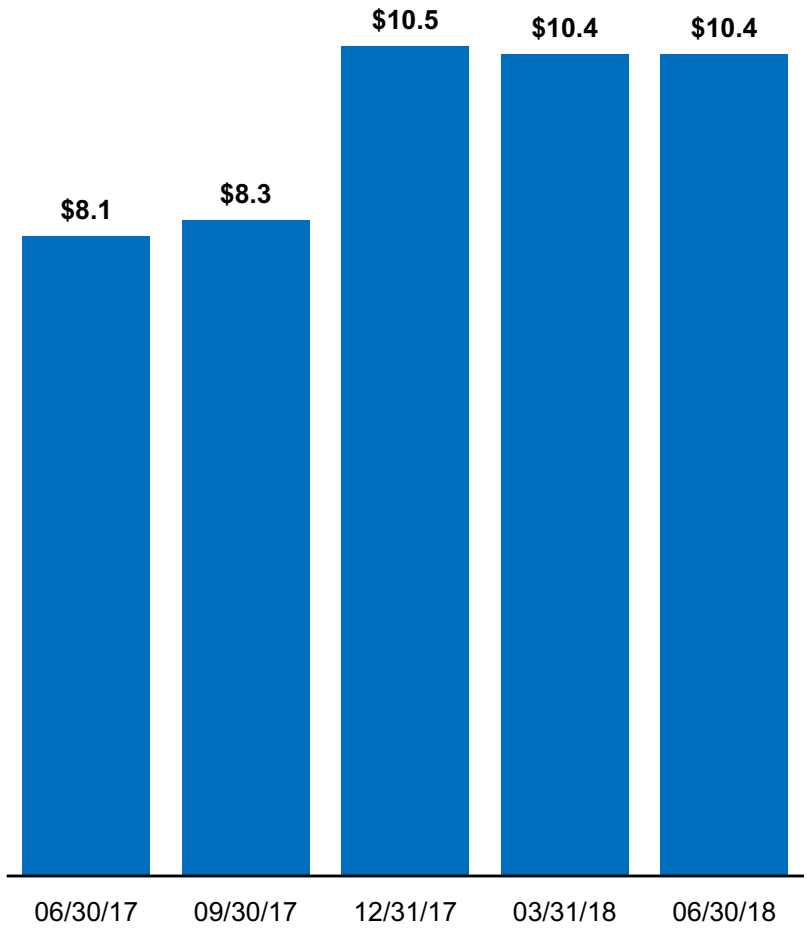
Business Digital Banking: A suite of mobile business digital banking tools for commercial clients and small businesses.

Small Business Lending: A platform to support the online application process and streamline the approval workflow.

Online Account Opening: End-to-end account opening strategy accessible from the web or a mobile device.

NeighborHub: A new retail branch concept that merges technology and human interaction with a connection to the neighborhood.

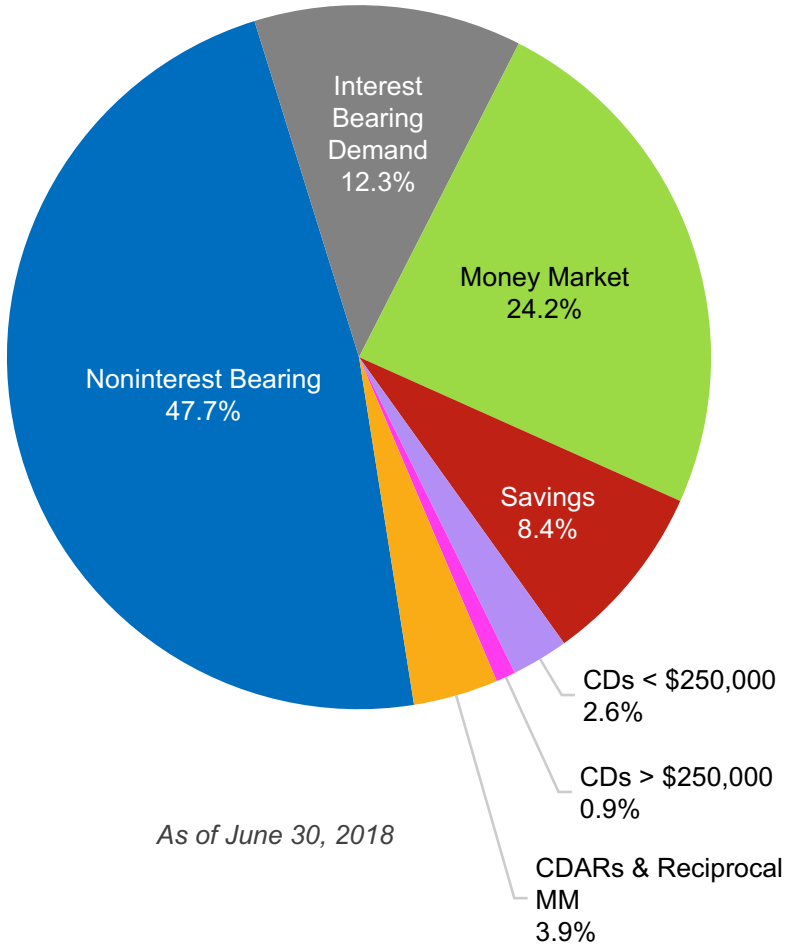
Diversified, Relationship Centered Deposit Base



$ in Billions

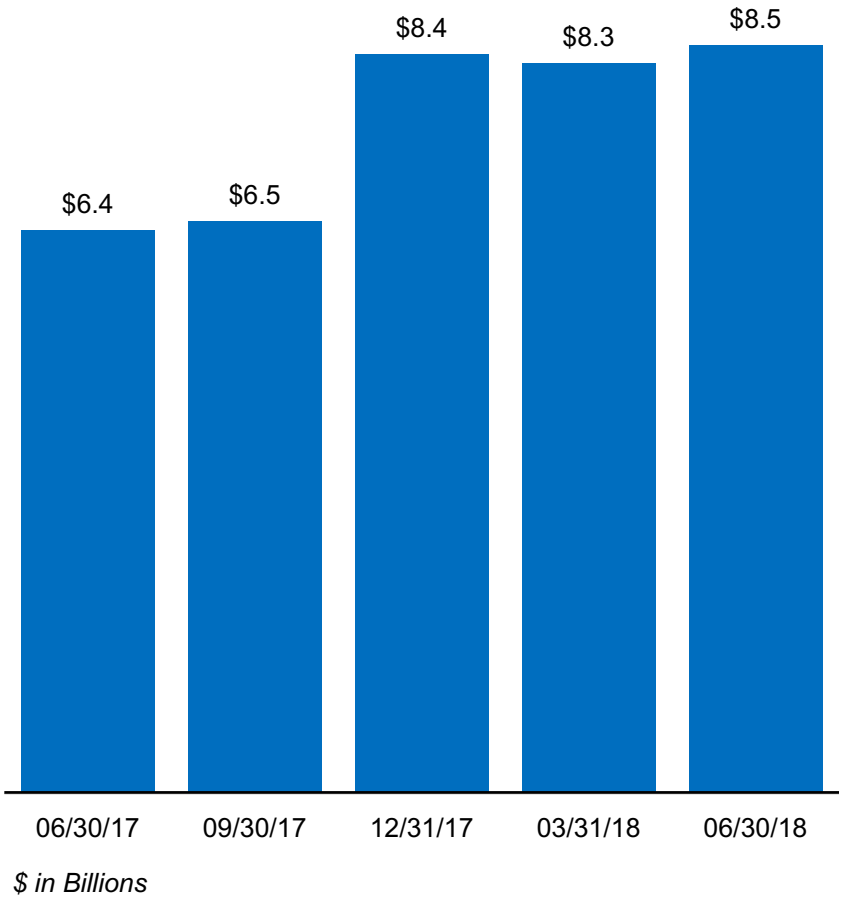
Total Deposits $10.4 billion

58% Business & 42% Consumer
Core deposit ratio = 95%



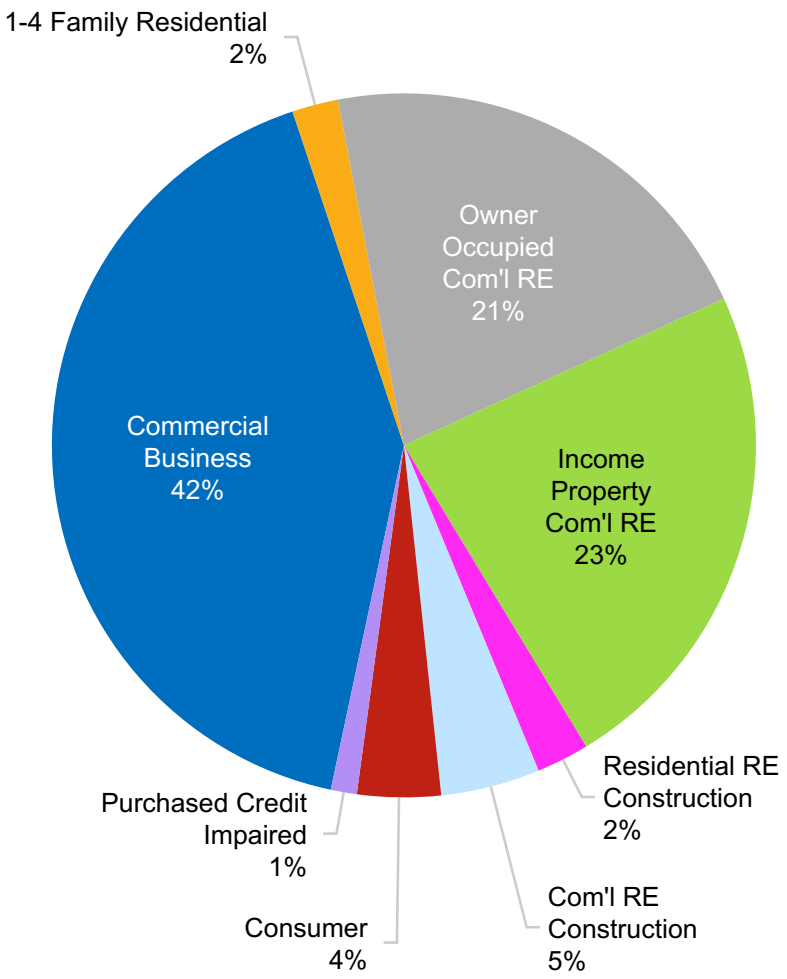
As of June 30, 2018

Total Loans, Net of Unearned Income



$ in Billions

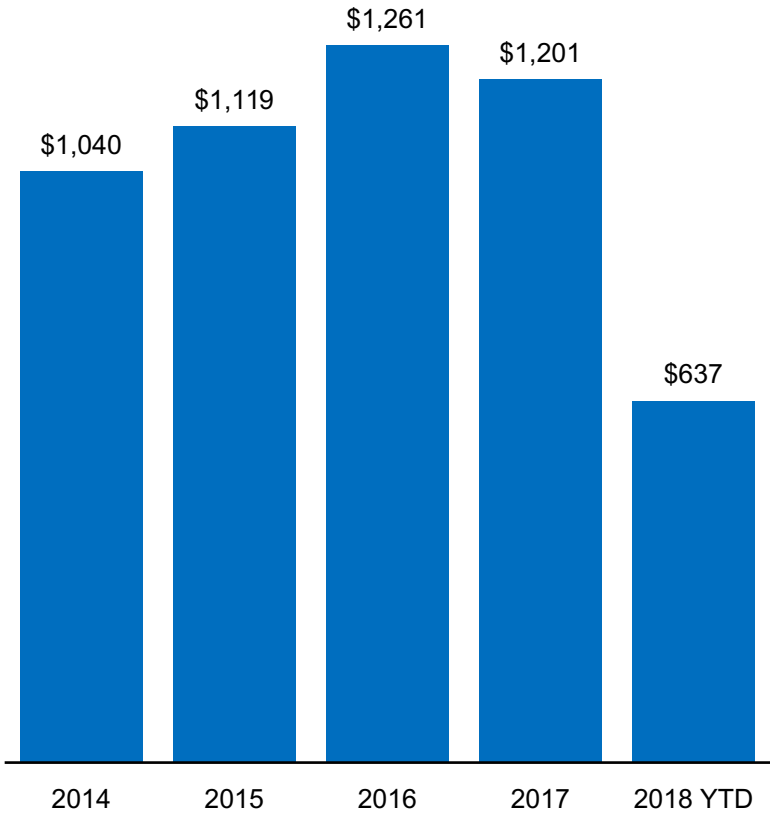
Total Loans = $8.5 billion



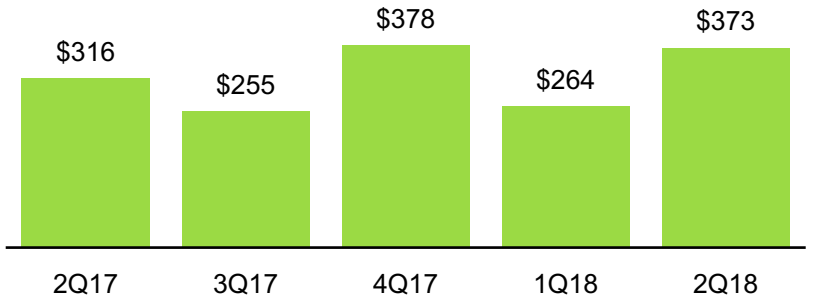
As of June 30, 2018

Loan Production

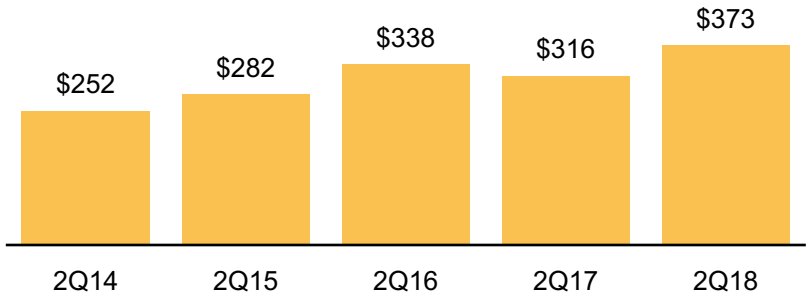
Annual Loan Production



Rolling 5 Quarter Loan Production



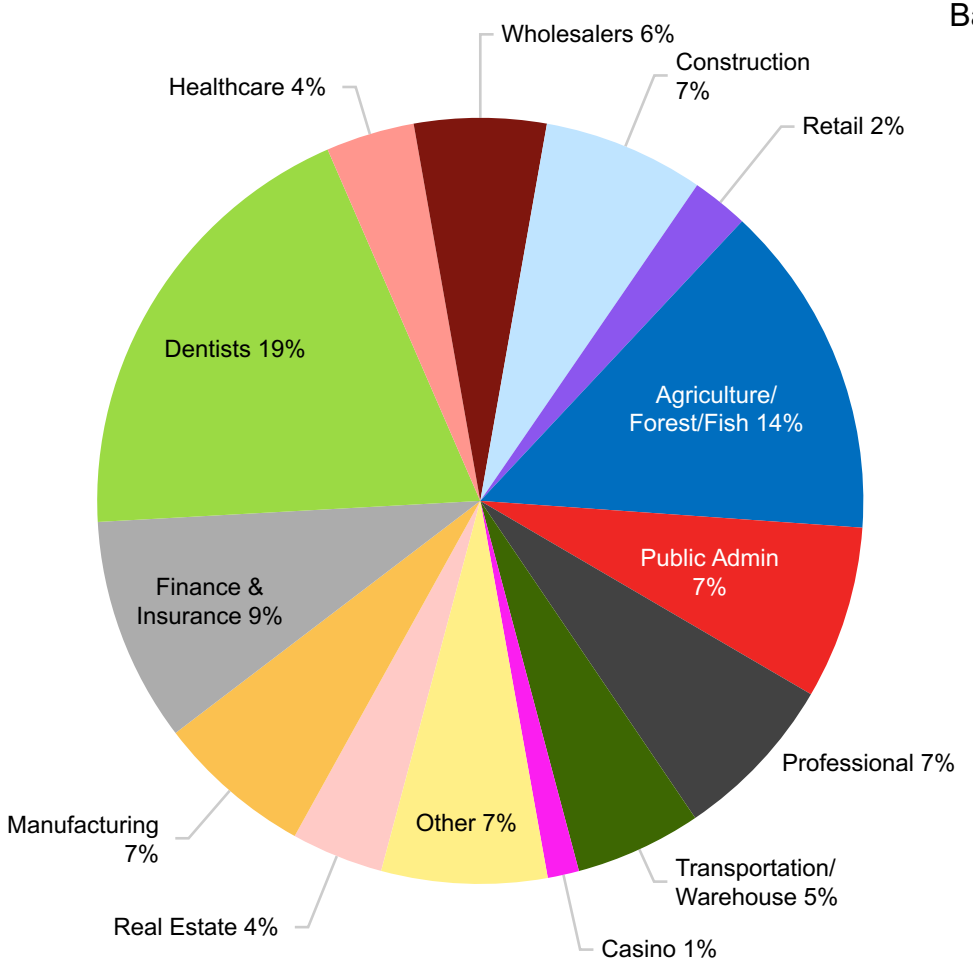
2nd Quarter Loan Production



$ in Millions

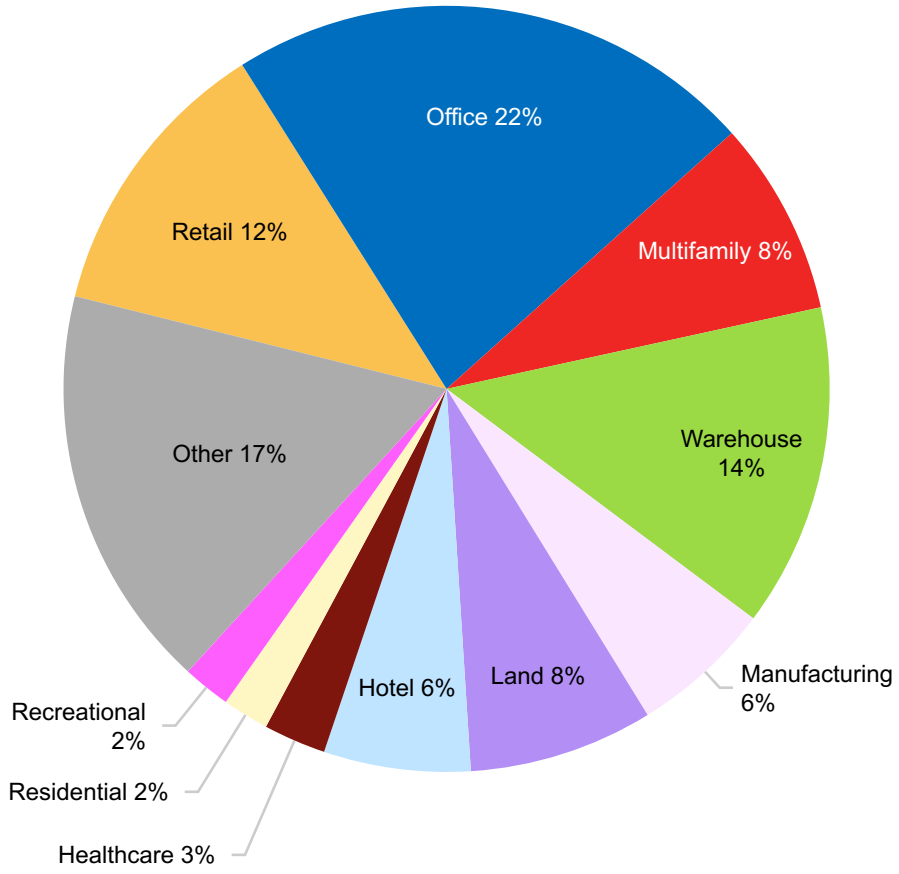
Well Diversified C&I and CRE Loan Portfolios

C&I Porfolio $3.5 billion



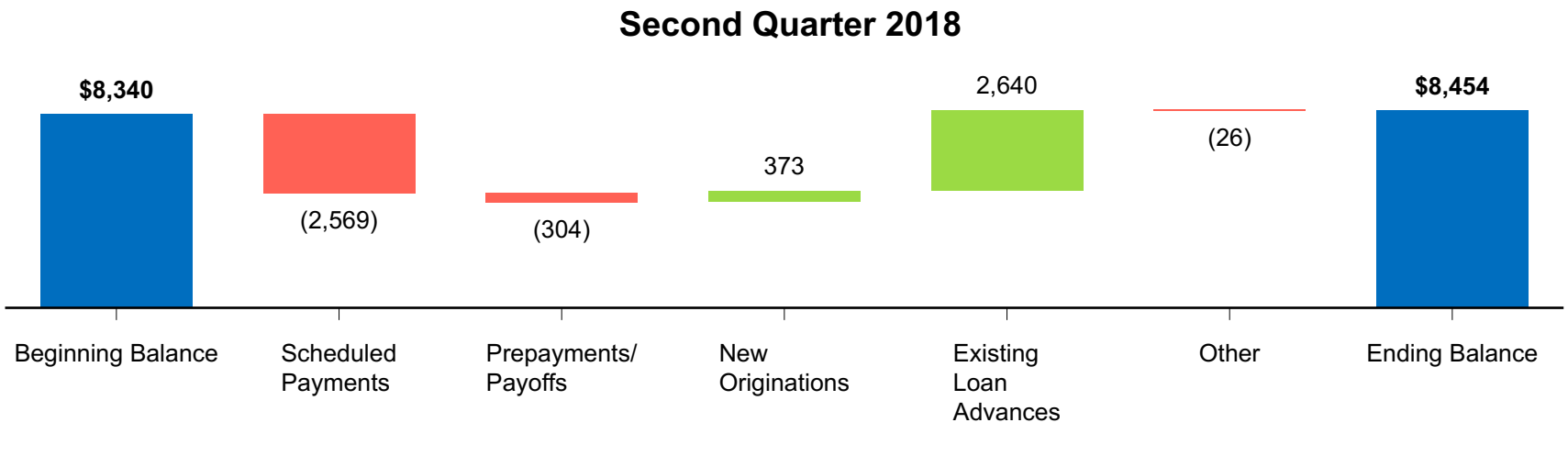
CRE Portfolio $3.8 billion

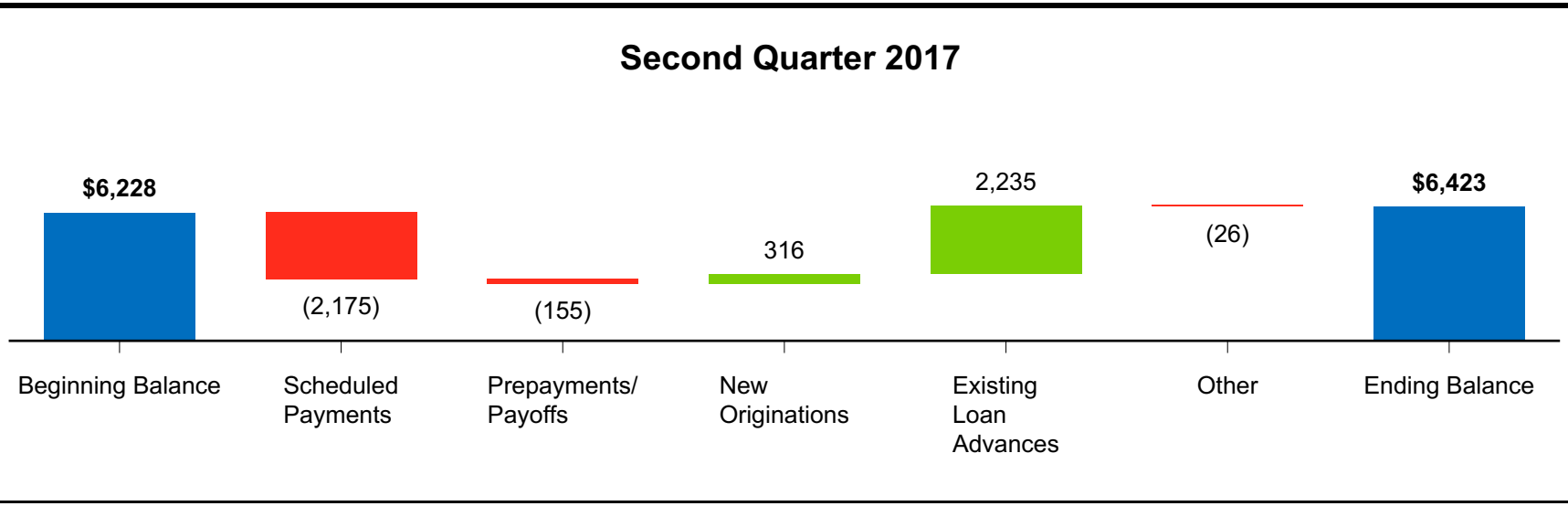
Balanced with 53% Income Property and 47% Owner-occupied



As of June 30, 2018

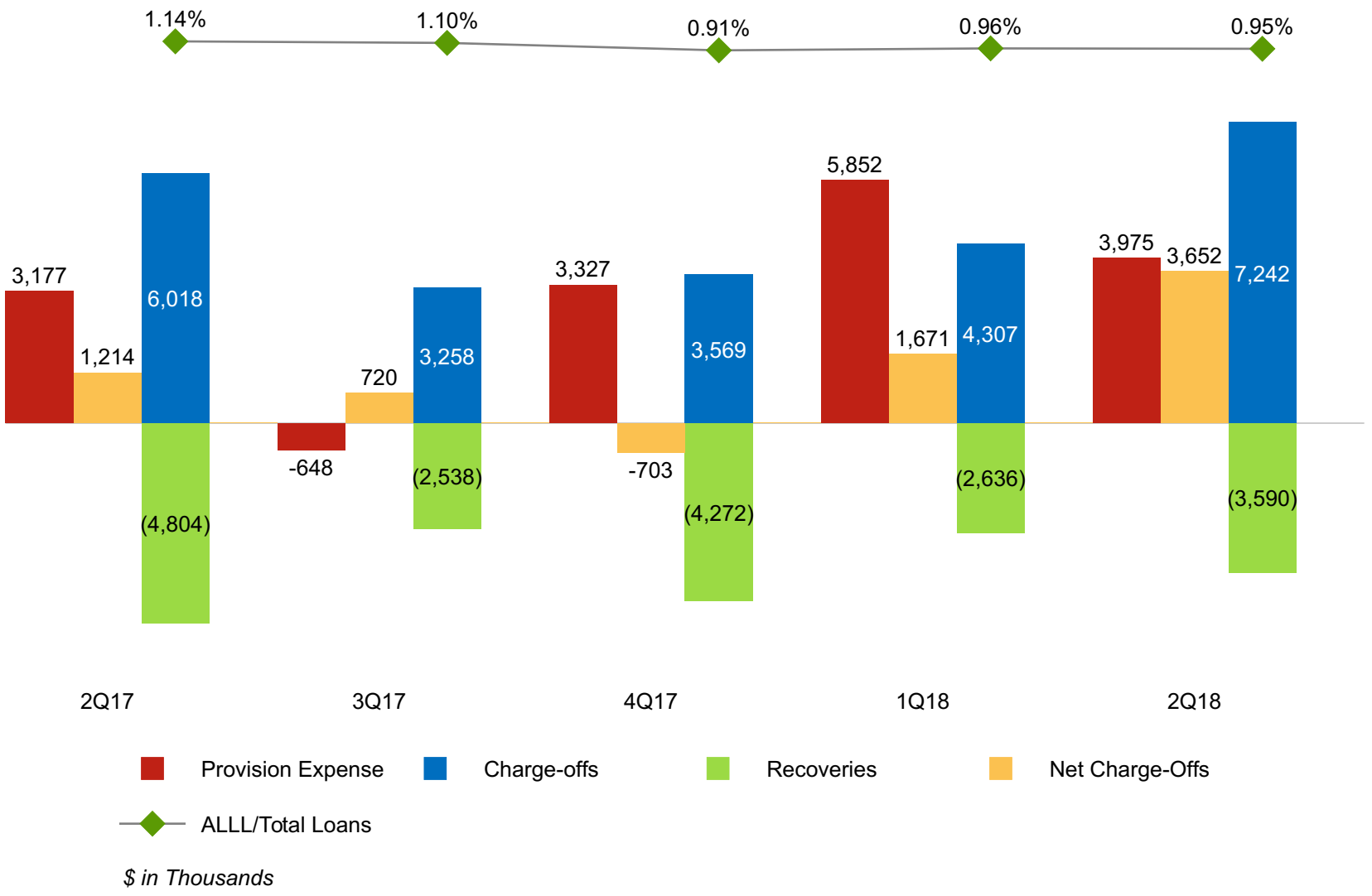
Components of Second Quarter Change in Loans



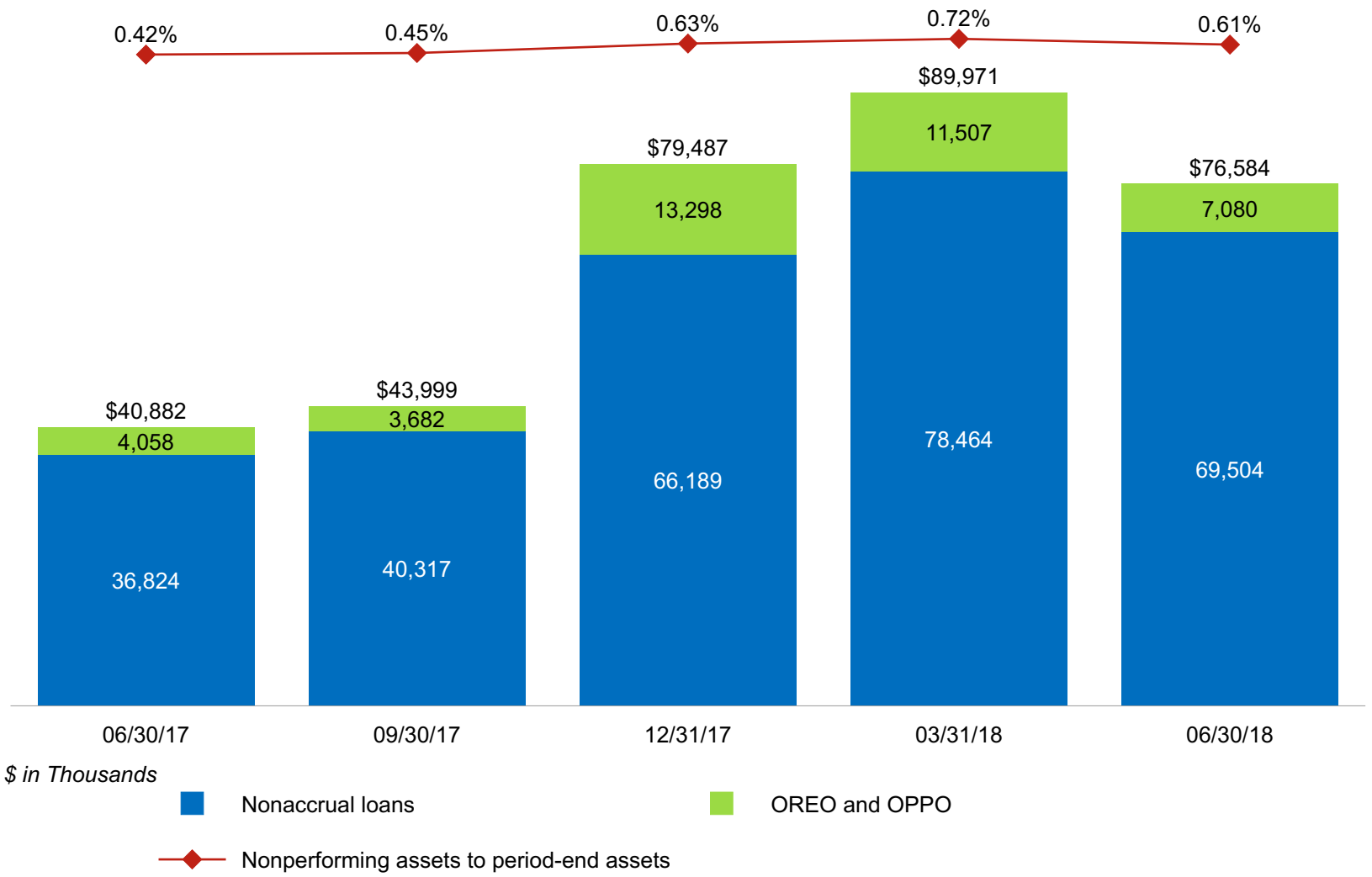


$ in Millions

ALLL Components



Nonperforming Assets



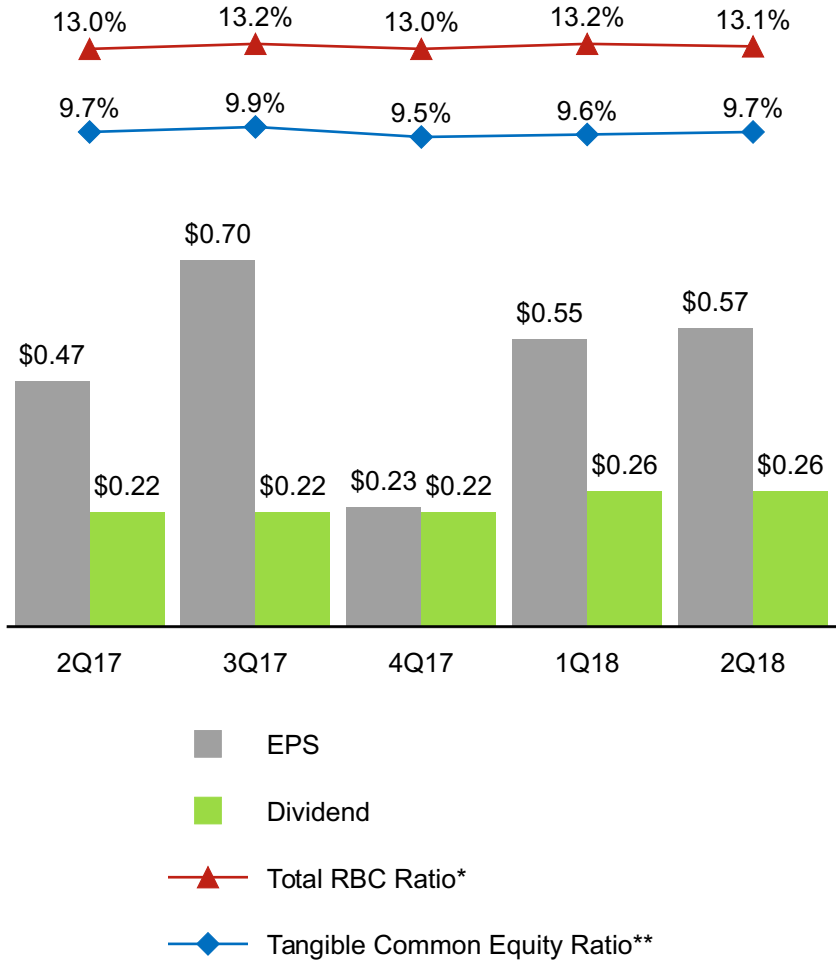
Attractive Northwest Markets

	✓ *Better Than or Equal to U.S. Average*	Seattle-Tacoma-Bellevue	Portland-Vancouver	Boise	Washington	Oregon	Idaho	United States
Demographics	Population Increase *(2010 – 2018)*	12.96%✓	11.34%✓	15.44%✓	10.73✓	8.95%✓	9.58%✓	5.76%
	Projected Population Change *(2018-2023)*	6.74✓	6.59%✓	7.31%✓	6.04%✓	5.84%✓	5.57%✓	3.50%
	Projected HH Income Change *(2018-2023)*	11.99%✓	13.76%✓	7.48%	9.79%✓	12.46%✓	7.86%	8.86%
Economics	Unemployment Rate [(1)] *(Jun 2018, State & MSA's May 2018)*	3.9%✓	4.0%✓	3.7%✓	4.7%	4.1%	2.9%✓	4.0%
	Home Price Index Change *12 months ending Apr 2018* *24 months ending Apr 2018* *Low in 1Q12 – Apr 2018*	13.1%✓ 27.7%✓ 95.0%✓	5.9% 15.7%✓ 78.2%✓	n/a	n/a	n/a	n/a	6.4% 12.5% 49.9%

[(1)] *MSA unemployment rates are not seasonally adjusted. State and US rates are seasonally adjusted.*
Sources: Bureau of Labor Statistics, S&P-Case Schiller, SNL FInancial

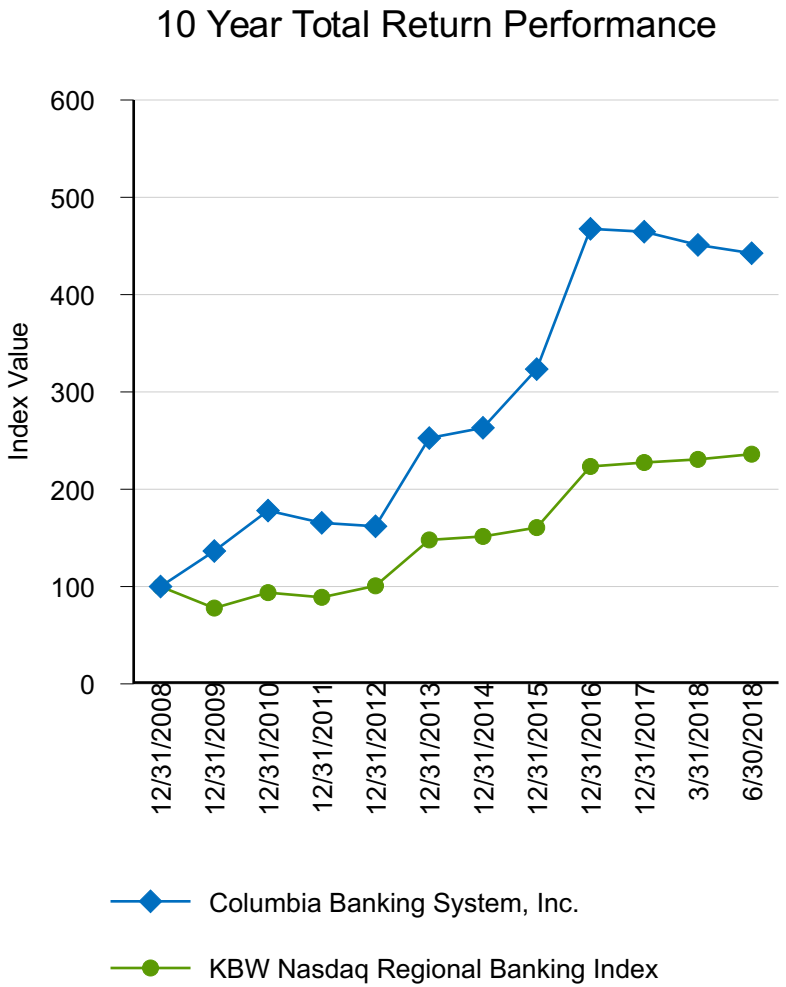

WASHINGTON
OREGON
IDAHO
Bellingham
Concrete
Everett
Redmond
Bellevue
Seattle
Hoodsport
Tacoma
Puyallup
Olympia
Centralia
Longview
Astoria
Cannon Beach
Vancouver
Tillamook
Lake Oswego
Canby
McMinnville
Salem
Newport
Waldport
Eugene
Madras
Redmond
Bend
White Salmon
Goldendale
Hood River
The Dalles
Ritzville
Spokane
Othello
Mattawa
Yakima
Sunnyside
Pasco
Richland
Walla Walla
Colfax
Pullman
Clarkston
Hermiston
Pendleton
Bonners Ferry
Ponderay
Sandpoint
Priest River
Rathdrum
Coeur d'Alene
Post Falls
Kellogg
Weiser
Payette
Ontario
Caldwell
Nampa
Gooding
Twin Falls
A network of 150 branches throughout the Northwest

Strong Capital, Dividend Payouts & Total Return



*2Q18 Total RBC Ratio is preliminary

**Tangible Common Equity Ratio is a non-GAAP measure. Refer to end of presentation for additional information.



Columbia – An Award-Winning Company

PUGET SOUND BUSINESS JOURNAL

BEST

2018 WASHINGTON'S BEST WORKPLACES

©2018, Forbes Media LLC. Used with permission.

Forbes 2018 BEST BANKS IN AMERICA

PORTLAND BUSINESS JOURNAL

OREGON'S 2017 MOST ADMIRED COMPANIES

BEST OF THE 20 18 SOUTH SOUND

PUGET SOUND BUSINESS JOURNAL | 2018

CORPORATE CITIZENSHIP

SILVER

2018 BEST OF THE MID-VALLEY

Non-GAAP Financial Measures

Net Interest Margin *$ in Thousands*	2014	2015	2016	2017	2018 YTD	2Q17	3Q17	4Q17	1Q18	2Q18
Net interest income (tax equivalent) (1)	$312,146	$334,548	$344,425	$380,107	$235,961	$89,075	$91,887	$109,627	$117,359	$118,602
Adjustments to arrive at operating net interest income (tax equivalent):										
Incremental accretion income on FDIC purchased credit impaired	(20,224)	(9,096)	(5,972)	(4,107)	(655)	(753)	(972)	(265)	(329)	(326)
Incremental accretion income: Other FDIC acquired loans (2)	(484)	(234)	—	—	—	—	—	—	—	—
Incremental accretion income on other acquired loans	(21,093)	(17,862)	(11,983)	(8,689)	(6,060)	(2,356)	(1,903)	(2,482)	(3,370)	(2,690)
Premium amortization on acquired securities	7,123	10,217	7,738	6,636	4,206	1,669	1,527	1,978	2,075	2,131
Correction of immaterial error - securities premium amortization	(2,622)	—	—	1,771	—	—	—	1,771	—	—
Interest reversals on nonaccrual loans	1,291	1,713	1,072	1,766	670	747	311	443	417	253
Operating net interest income (tax equivalent) (1)	$276,137	$319,286	$335,280	$377,484	$234,122	$88,382	$90,850	$111,072	$116,152	$117,970
Average Earning Assets	6,561,047	7,685,734	8,363,309	9,098,276	11,087,587	8,651,735	8,750,561	10,453,097	11,122,753	11,052,807
Net Interest Margin *(tax equivalent)*	4.76%	4.35%	4.12%	4.18%	4.26%	4.12%	4.20%	4.20%	4.22%	4.29%
Operating Net Interest Margin *(tax equivalent)*	4.21%	4.15%	4.01%	4.15%	4.22%	4.09%	4.15%	4.25%	4.18%	4.27%

(1) Tax-exempt interest income has been adjusted to a tax equivalent basis.
(2) 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.

NIE/Average Assets *$ in Thousands*	2014	2015	2016	2017	2018 YTD	2Q17	3Q17	4Q17	1Q18	2Q18
Reported Noninterest Expense	$239,286	$266,149	$261,142	$291,017	$170,630	$68,867	$67,537	$85,627	$85,987	$84,643
- FDIC Clawback (Expense)/Recap (3)	(294)	(979)	(280)	54	—	—	—	—	—	—
- Acquisition Related Costs	(9,432)	(10,917)	(2,727)	(17,196)	(7,087)	(1,023)	(1,171)	(13,638)	(4,265)	(2,822)
- Net OREO/OPPO Exp(3)	1,182	1,724	(544)	(466)	—	1	(271)	(46)	—	—
- Term of FDIC Loss Sharing Agreement	—	—	—	(2,409)	—	(2,409)	—	—	—	—
Core Noninterest Exp	$230,742	$255,977	$257,591	$271,000	$163,543	$65,436	$66,095	$71,943	$81,722	$81,821
Average Assets	7,468,091	8,655,243	9,311,621	10,134,306	12,566,138	9,597,274	9,695,005	11,751,049	12,603,144	12,529,540
Noninterest Expense/ Average Assets	3.20%	3.08%	2.80%	2.87%	2.72%	2.87%	2.79%	2.91%	2.73%	2.70%
Core NIE/Average Assets	3.09%	2.96%	2.77%	2.67%	2.60%	2.73%	2.73%	2.45%	2.59%	2.61%

(3) Effective January 1, 2018 Core NIE excludes acquisition expenses and other one-time non-recurring items. Prior to that, Core NIE also excluded the change in the FDIC Clawback liability and net OREO/OPPO expense.

Tangible Common Equity *$ in Thousands*	2Q17	3Q17	4Q17	1Q18	2Q18
Total Shareholders' Equity	1,297,314	1,328,428	1,949,922	1,947,923	1,964,881
- Preferred Equity	—	—	—	—	—
- Goodwill	(382,762)	(382,762)	(765,842)	(765,842)	(765,842)
- Other Intangible Assets, net	(15,033)	(13,845)	(58,173)	(54,985)	(51,897)
Tangible Common Equity	$899,519	$931,821	$1,125,907	$1,127,096	$1,147,142
Total Assets	9,685,110	9,814,578	12,716,886	12,530,636	12,628,586
Goodwill	(382,762)	(382,762)	(765,842)	(765,842)	(765,842)
- Other Intangible Assets, net	(15,033)	(13,845)	(58,173)	(54,985)	(51,897)
Tangible Assets	$ 9,287,315	$ 9,417,971	$11,892,871	$11,709,809	$11,810,847
Tangible Common Equity Ratio	9.69%	9.89%	9.47%	9.63%	9.71%

ROATCE *$ in Thousands*	2Q17	3Q17	4Q17	1Q18	2Q18
Net Income	$ 27,132	$ 40,769	$ 15,728	$ 39,970	$ 41,749
- Preferred Dividends	—	—	—	—	—
Net Inc Applicable to Common Shareholders	27,132	40,769	15,728	39,970	41,749
+ Amortization of Intangibles	1,249	1,188	2,547	3,188	3,088
- Tax Effect on Intangible Amort	(437)	(416)	(891)	(669)	(649)
Adjusted Net Inc	27,944	41,541	17,384	42,489	44,188
Avg Shareholders' Equity	1,295,564	1,323,794	1,754,745	1,949,275	1,954,552
- Avg Preferred Equity	—	—	—	—	—
- Average Intangibles	(398,385)	(397,160)	(662,814)	(822,376)	(819,211)
Adjusted Avg Common Shareholders' Equity	897,179	926,634	1,091,931	1,126,899	1,135,341
Return on Average Tangible Common Shareholders' Equity	12.46%	17.93%	6.37%	15.08%	15.57%

Non-GAAP Financial Measures

Operating Efficiency Ratio $ in Thousands	2Q17	3Q17	4Q17	1Q18	2Q18	2017 YTD	2018 YTD
Noninterest expense (numerator A)	$ 68,867	$ 67,537	$ 85,627	$ 85,987	$ 84,643	$ 137,853	$ 170,630
Adjustments to arrive at operating noninterest expense:							
Acquisition-related expenses	(1,023)	(1,171)	(13,638)	(4,265)	(2,822)	(2,387)	(7,087)
Net benefit (cost) of operation of OREO and OPPO	1	(271)	(46)	4	(758)	(149)	(754)
FDIC clawback liability recovery	—	—	—	—	—	54	—
Loss on asset disposals	(8)	—	(56)	—	(1)	(14)	(1)
Termination of FDIC loss share agreements charge	(2,409)	—	—	—	—	(2,409)	—
State of Washington Business and Occupation ("B&O") taxes	(642)	(1,394)	(1,167)	(1,317)	(1,459)	(1,765)	(2,776)
Operating noninterest expense (numerator B)	$ 64,786	$ 64,701	$ 70,720	$ 80,409	$ 79,603	$ 131,183	$ 160,012
Net interest income (tax equivalent) (1)	$ 89,075	$ 91,887	$ 109,627	$ 117,359	$ 118,602	$ 178,593	$ 235,961
Noninterest income	24,135	37,067	23,581	23,143	23,692	48,994	46,835
Bank owned life insurance tax equivalent adjustment	772	695	741	379	455	1,461	834
Total revenue (tax equivalent) (denominator A)	113,982	129,649	133,949	140,881	142,749	229,048	283,630
Operating net interest income (tax equivalent) (1)	88,382	90,850	111,072	116,152	117,970	175,562	234,122
Adjustments to arrive at operating noninterest income (tax equivalent):							
Investment securities gains (loss), net	$ —	$ —	$ 11	$ (22)	$ 33	$ —	$ 11
Gain on asset disposals	(256)	(38)	(34)	(35)	(47)	(285)	(82)
Mortgage loan repurchase liability adjustment	—	—	—	—	—	(573)	—
Change in FDIC loss-sharing asset	173	—	—	—	—	447	—
Gain on sale of merchant card services portfolio	—	(14,000)	—	—	—	—	—
Operating noninterest income (tax equivalent)	24,824	23,724	24,299	23,465	24,133	50,044	47,598
Total operating revenue (tax equivalent) (denominator B)	$ 113,206	$ 114,574	$ 135,371	$ 139,617	$ 142,103	$ 225,606	$ 281,720
Efficiency ratio (tax equivalent) (numerator A/denominator A)	60.42%	52.09%	63.93%	61.04%	59.29%	60.19%	60.16%
Operating efficiency ratio (tax equivalent) (numerator B/denominator B)	57.23%	56.47%	52.24%	57.59%	56.02%	58.15%	56.80%

(1) Tax-exempt interest income has been adjusted to a tax equivalent basis.

Non-interest Expense net of Acquisition Related Expense $ in Thousands	2Q17	3Q17	4Q17	1Q18	2Q18
Compensation & Employee Benefits	$ 38,393	$ 39,983	$ 50,473	$ 50,570	$ 48,949
less: Related Acquisition Expense	—	(3)	(8,011)	(1,556)	(931)
Compensation & Employee Benefits net of ARC's	$ 38,393	$ 39,980	$ 42,462	$ 49,014	$ 48,018
Occupancy, Equipment & Depreciation	$ 7,577	$ 8,085	$ 9,554	$ 10,121	$ 9,276
less: Related Acquisition Expense	(351)	(593)	(967)	(1,004)	(586)
Occupancy, Equipment & Depreciation net of ARC's	$ 7,226	$ 7,492	$ 8,587	$ 9,117	$ 8,690
Total Noninterest Expense	$ 68,867	$ 67,537	$ 85,627	$ 85,987	$ 84,643
-Compensation and employee benefits	(38,393)	(39,983)	(50,473)	(50,570)	(48,949)
-Occupancy, Equipment & Depreciation	(7,577)	(8,085)	(9,554)	(10,121)	(9,276)
Other Noninterest Expense	22,897	19,469	25,600	25,296	26,418
less: Related Acquisition Expense	(672)	(575)	(4,660)	(1,705)	(1,305)
Other Noninterest Expense net of ARC's	$ 22,225	$ 18,894	$ 20,940	$ 23,591	$ 25,113
Total Acquisition Related Expense	$ 1,023	$ 1,171	$ 13,638	$ 4,265	$ 2,822