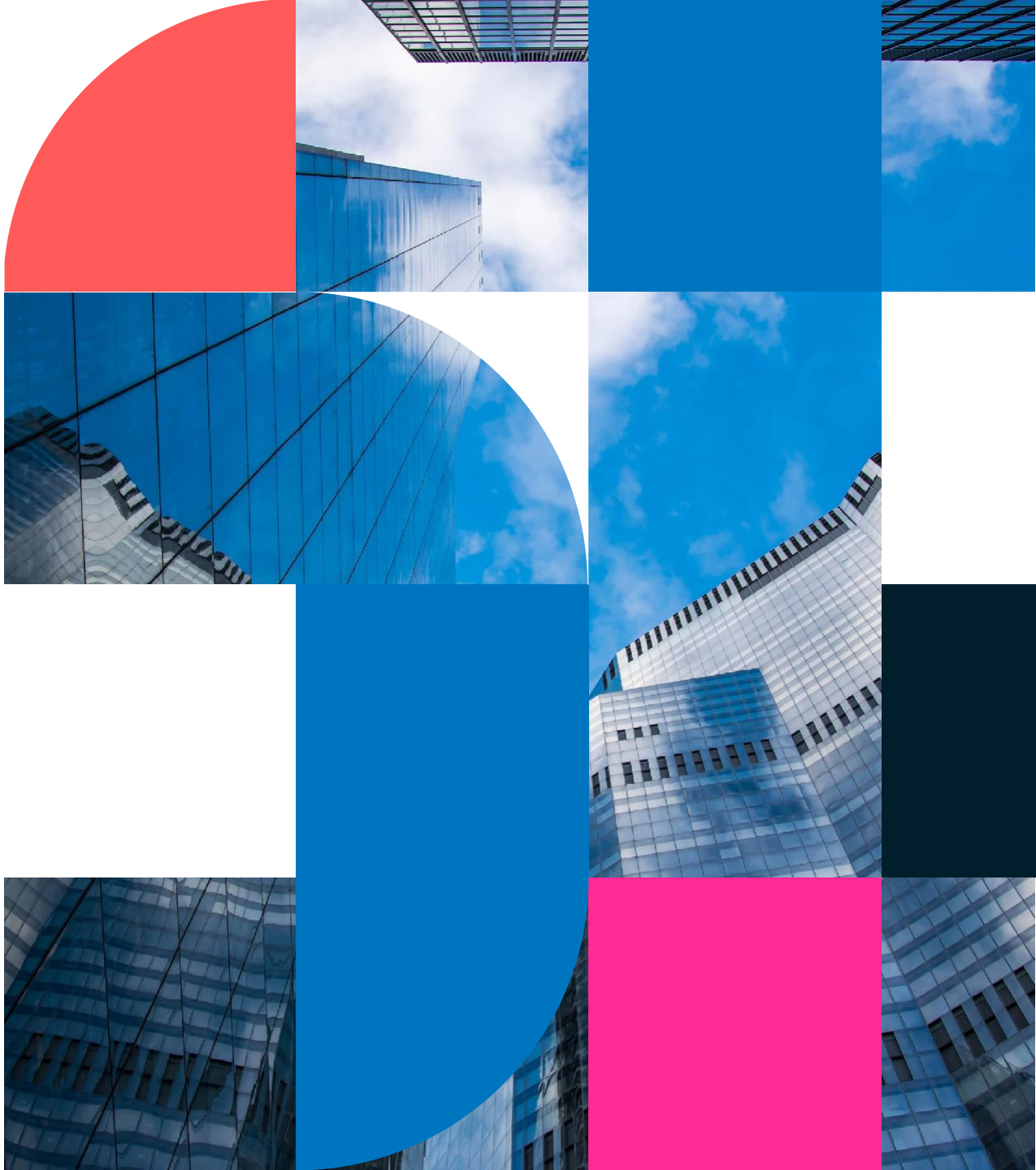
COLUMBIA BANKING SYSTEM

Reverse Merger Accounting Overview

03.03.2023



Notes

The following slides are intended to provide a high-level overview of reverse merger accounting. Columbia Banking System, Inc. ("Columbia") was the legal acquirer in the merger with Umpqua Holdings Corporation ("UHC") that closed on February 28, 2023, and Columbia was the surviving holding company. UHC was the accounting acquirer in the merger, and as such, following the close of the merger, historical Columbia data reflect historical UHC data, with share counts adjusted by the merger's exchange ratio of 0.5958, as detailed on slide 4. The following slides should be viewed alongside the notes detailed below and Columbia's 8-K/A filed on March 3, 2023, which reviews unaudited pro forma condensed combined financial information and its accompanying notes.

(1) Combined company reflects the operations of each historical bank (Umpqua Bank and Columbia State Bank) and the operations of the holding company, Columbia Banking System, Inc. beginning on March 1, 2023. As UHC was treated as the accounting acquirer in the transaction, under the acquisition method of accounting, the assets and liabilities of Columbia, as of February 28, 2023, were recorded by UHC at their respective fair values.
(2) Historical UHC reflects the operations of Umpqua Holdings Corporation prior to its merger with Columbia Banking System, Inc. after the close of business on February 28, 2023.
(3) Share counts should be viewed for illustrative purposes only as actual prospective share counts will vary from the data presented. Historical share counts are used for illustrative purposes, and do not include the impacts of certain share issuances and vesting that would be additive to the displayed share count. Historical UHC EOP shares are represented by EOP shares at December 31, 2022 for all periods presented. Historical UHC average shares are represented by 2022 average diluted shares for all periods presented. Historical (pre-merger) COLB EOP shares are represented by EOP shares at December 31, 2022 for all periods presented. Historical (pre-merger) COLB average shares are represented by 2022 average diluted shares for all periods presented.

Reverse Merger Accounting Mechanics: Financial Statements(1), (2)

	Year Ended December 31, 2022	Month Ended January 31, 2023	Month Ended February 28, 2023	Month Ended March 31, 2023	Three Months Ended March 31, 2023	Notes
Income Statement						
Net Interest Income	Historical UHC	Historical UHC	Historical UHC	Combined Company	Jan + Feb + Mar	March will include discount accretion related to the fair value marks made on Columbia's balance sheet on February 28, 2023.
Provision - operating	Historical UHC	Historical UHC	Historical UHC	Combined Company	Jan + Feb + Mar	Includes two months of historical UHC-related provision and one month of the combined company's provision.
Provision - merger-related	NA	NA	Initial provision on Columbia non-PCD loans taken at close of merger on February 28, 2023	NA	Jan + Feb + Mar	Initial provision will include the required ACL for Columbia's non-PCD loans as of February 28, 2023; required ACL associated with Columbia PCD loans will be reflected through the balance sheet at closing with no significant impact to the income statement.
Non-interest income	Historical UHC	Historical UHC	Historical UHC	Combined Company	Jan + Feb + Mar	Includes two months of historical UHC-related non-interest income and one month of the combined company's non-interest income.
Non-interest expense	Historical UHC	Historical UHC	Historical UHC	Combined Company	Jan + Feb + Mar	March will include amortization of the core deposit intangible asset associated with Columbia's deposit portfolio on February 28, 2023.
Net income	Historical UHC	Historical UHC	Historical UHC	Combined Company	Jan + Feb + Mar	Net income reflects the tax-effected items highlighted above.
Balance Sheet						
End of period balance sheet	Historical UHC at December 31, 2022				Combined company at March 31, 2023	The combined company balance sheet is the sum of the historical UHC balance sheet and the Columbia balance sheet as of February 28, 2023 adjusted for fair value marks at that time plus changes to the combined company subsequent to the closing.
End of period share count	Historical UHC at December 31, 2022 x exchange ratio				Combined company at March 31, 2023	See example on slide 4.
Average balance sheet	Historical UHC	Historical UHC	Historical UHC	Combined Company	Average of Jan, Feb, and Mar	Calculated as the average of January, February, and March.
Average shares (basic and diluted)	Historical UHC 2022 average shares x exchange ratio	Historical UHC x exchange ratio	Historical UHC x exchange ratio	Combined Company	Average of Jan, Feb, and Mar	See example on slide 4.

The above chart should be reviewed alongside the notes detailed on slide 2 and Columbia’s 8-K/A filed on March 3, 2023, which reviews unaudited pro forma condensed combined financial information and its accompanying notes.

Reverse Merger Accounting Mechanics: Share Count Calculation Examples(1), (2), (3)

	Year Ended December 31, 2022	Month Ended January 31, 2023	Month Ended February 28, 2023	Month Ended March 31, 2023	Three Month Ended March 31, 2023	Notes
End of Period Shares Calculations						
Pre-Closing Share Calculation						
Historical UHC shares	217 million					All historical shares (pre-closing shares) will be reported as historical UHC shares multiplied by the exchange ratio. ***This will impact all reported per-share metrics (e.g., book value per share, dividends per share).***
Multiplied by the exchange ratio	x 0.5958					
Historical UHC shares converted to COLB shares	129 million	not disclosed	not disclosed	NA - merger closed	NA - merger closed	
Post-Closing Share Calculation						
Historical UHC shares					217 million	
Multiplied by the exchange ratio					x 0.5958	
Equals COLB shares issued for UMPQ shares					129 million	
Plus historical (pre-merger) COLB shares					+ 79 million	
COLB shares at March 31, 2023					208 million	Reported as EOP share count on March 31, 2023.
Average Diluted Shares Calculations						
Pre-Closing Share Calculation						
Historical UHC shares	217 million	217 million	217 million			All historical shares (pre-closing shares) will be reported as historical UHC shares multiplied by the exchange ratio. **This will impact all reported per-share metrics (e.g., earnings per share)**.
Multiplied by the exchange ratio	x 0.5958	x 0.5958	x 0.5958			
Historical UHC shares converted to COLB shares	129 million	129 million	129 million	NA - merger closed	NA - merger closed	
Post-Closing Share Calculation						
Historical UHC shares				217 million	217 million	
Multiplied by the exchange ratio				x 0.5958	x 0.5958	
Equals COLB shares issued for UMPQ shares				129 million	129 million	
Plus historical (pre-merger) COLB shares				+ 79 million	+ 79 million	
COLB shares for the month ended March 31, 2023				208 million	208 million	
Q1 2023 average diluted share calculation		129 million	129 million	208 million	155 million	Calculated as the average of January, February, and March. ***Note that average diluted shares for the year ended December 31, 2023 will be impacted by the lower share count in January and February (pre-closing) relative to the remainder of the year.***

The above chart should be reviewed alongside the notes detailed on slide 2 and Columbia's 8-K/A filed on March 3, 2023, which reviews unaudited pro forma condensed combined financial information and its accompanying notes.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