



**COLUMBIA BANK**  
BUILDING A  
**PREMIER**  
REGIONAL  
**COMMUNITY BANK**

NASDAQ:COLB

 Columbia Banking System Inc.

**Q1**  
**2019**

# First Quarter 2019 Highlights



- Quarterly net income of \$45.9 million; diluted earnings per share of \$0.63.
- New first quarter record loan production of \$366 million, which surpassed the prior first quarter record set in 2018 by \$102 million.
- Nonperforming assets to period end assets ratio decreased to 0.45%
- Return on Average Tangible Equity<sup>(1)</sup> for the quarter of 15.57%
- Honored as one of Oregon's Most Admired Companies by the Portland Business Journal in 2018
- Declared a regular quarterly dividend of \$0.28 in addition to special cash dividend of \$0.14

<sup>(1)</sup> ROATCE is a non-GAAP measure. Refer to end of presentation for more information.

## **Hadley Robbins**

President & Chief Executive Officer

## **Andy McDonald**

Chief Credit Officer

## **Greg Sigrist**

Chief Financial Officer

## **Clint 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

[investorrelations@columbiabank.com](mailto:investorrelations@columbiabank.com)

# Forward Looking Statements

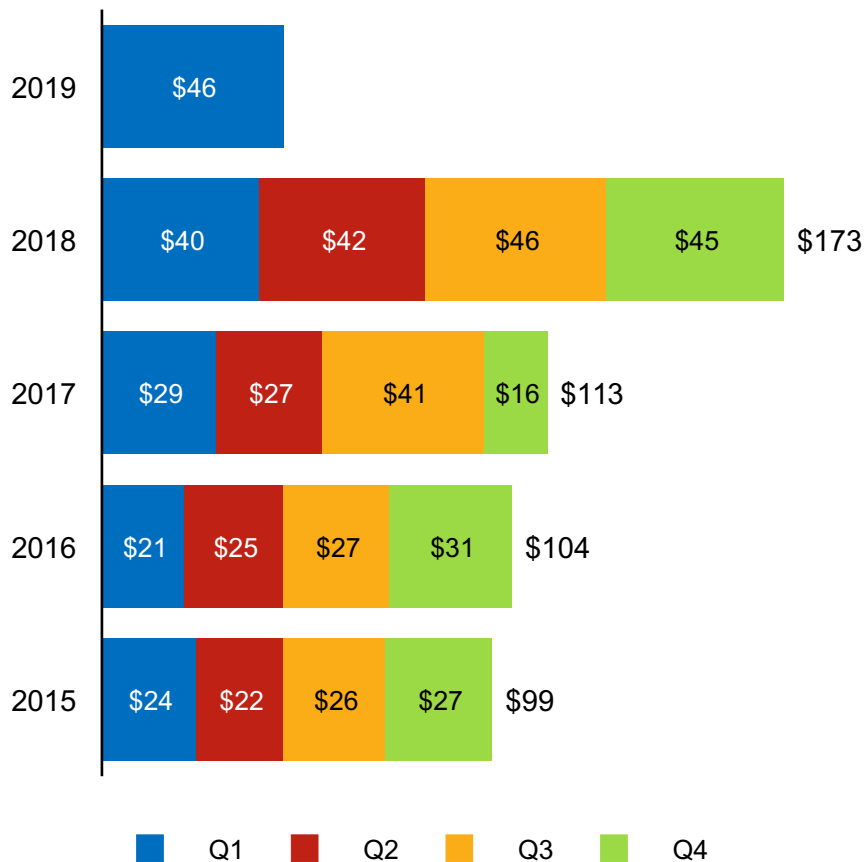


This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which can be identified by words such as “may,” “expected,” “anticipate”, “continue,” or other comparable words. In addition, all statements other than statements of historical 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.

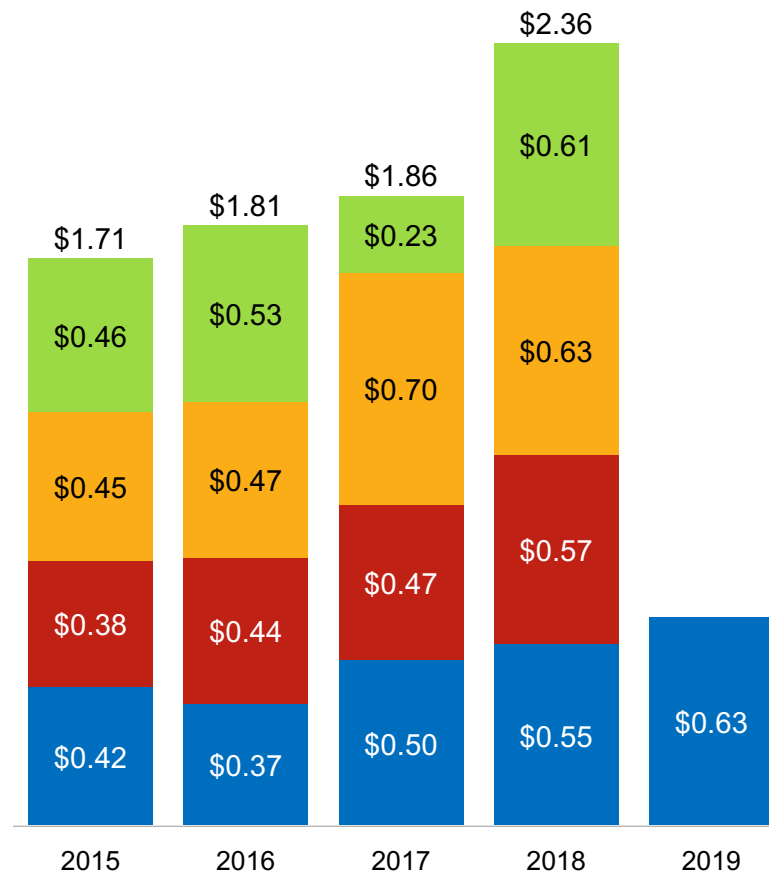
# Favorable Trend of Earnings



**Net Income  
(\$ Millions)**



**Earnings per Share (Diluted)**



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

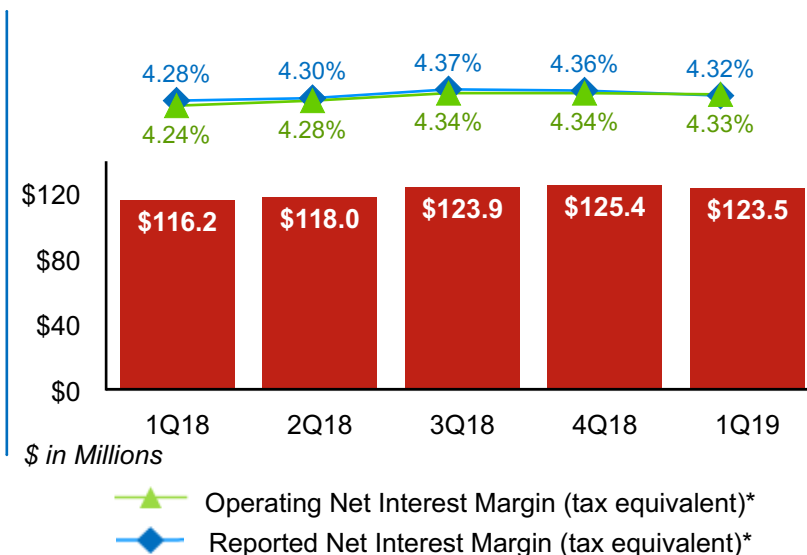
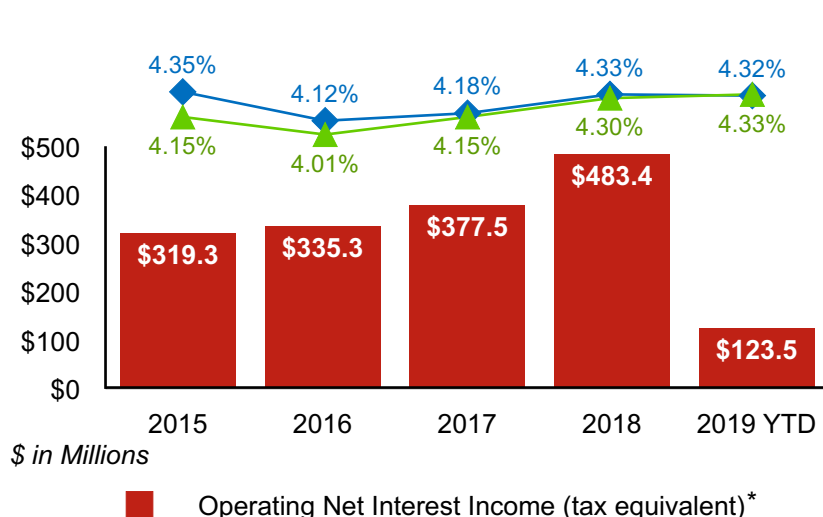
# Summary Income Statement



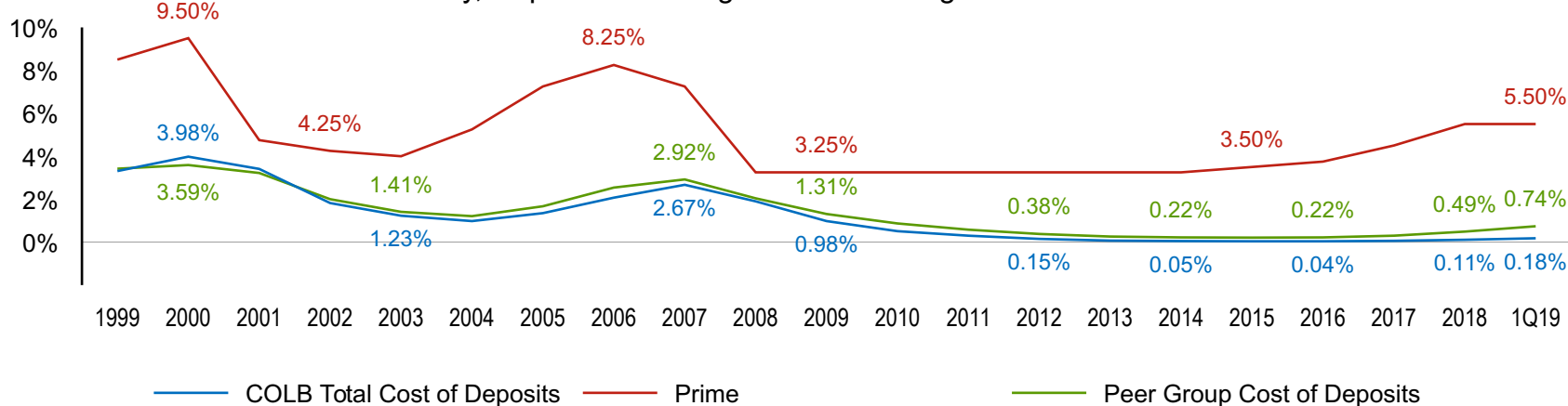
<i>\$ in Thousands (except EPS)</i>	1Q19	4Q18	3Q18	2Q18	1Q18
Net Interest Income	\$121,022	\$123,888	\$122,796	\$116,674	\$115,481
Provision for Loan Losses	1,362	1,789	3,153	3,975	5,852
<b>Net Interest Income after Provision</b>	<b>119,660</b>	<b>122,099</b>	<b>119,643</b>	<b>112,699</b>	<b>109,629</b>
Noninterest Income	21,696	20,402	21,019	23,692	23,143
Noninterest Expense	84,700	87,019	82,841	84,643	85,987
<b>Pre-tax Net Income</b>	<b>56,656</b>	<b>55,482</b>	<b>57,821</b>	<b>51,748</b>	<b>46,785</b>
Provision for Income Taxes	10,785	10,734	11,406	9,999	6,815
<b>Net Income</b>	<b>\$45,871</b>	<b>\$44,748</b>	<b>\$46,415</b>	<b>\$41,749</b>	<b>\$39,970</b>
EPS (Diluted)	\$0.63	\$0.61	\$0.63	\$0.57	\$0.55
Weighted Avg # of Diluted Shares Outstanding	72,524	72,438	72,432	72,390	72,305
<i>Acquisition Related Costs<sup>(1)</sup></i>	<i>\$0</i>	<i>\$493</i>	<i>\$1,081</i>	<i>\$2,822</i>	<i>\$4,265</i>

<sup>(1)</sup> Acquisition Related Costs are included in Noninterest Expense, above.

# Operating Net Interest Margin \*

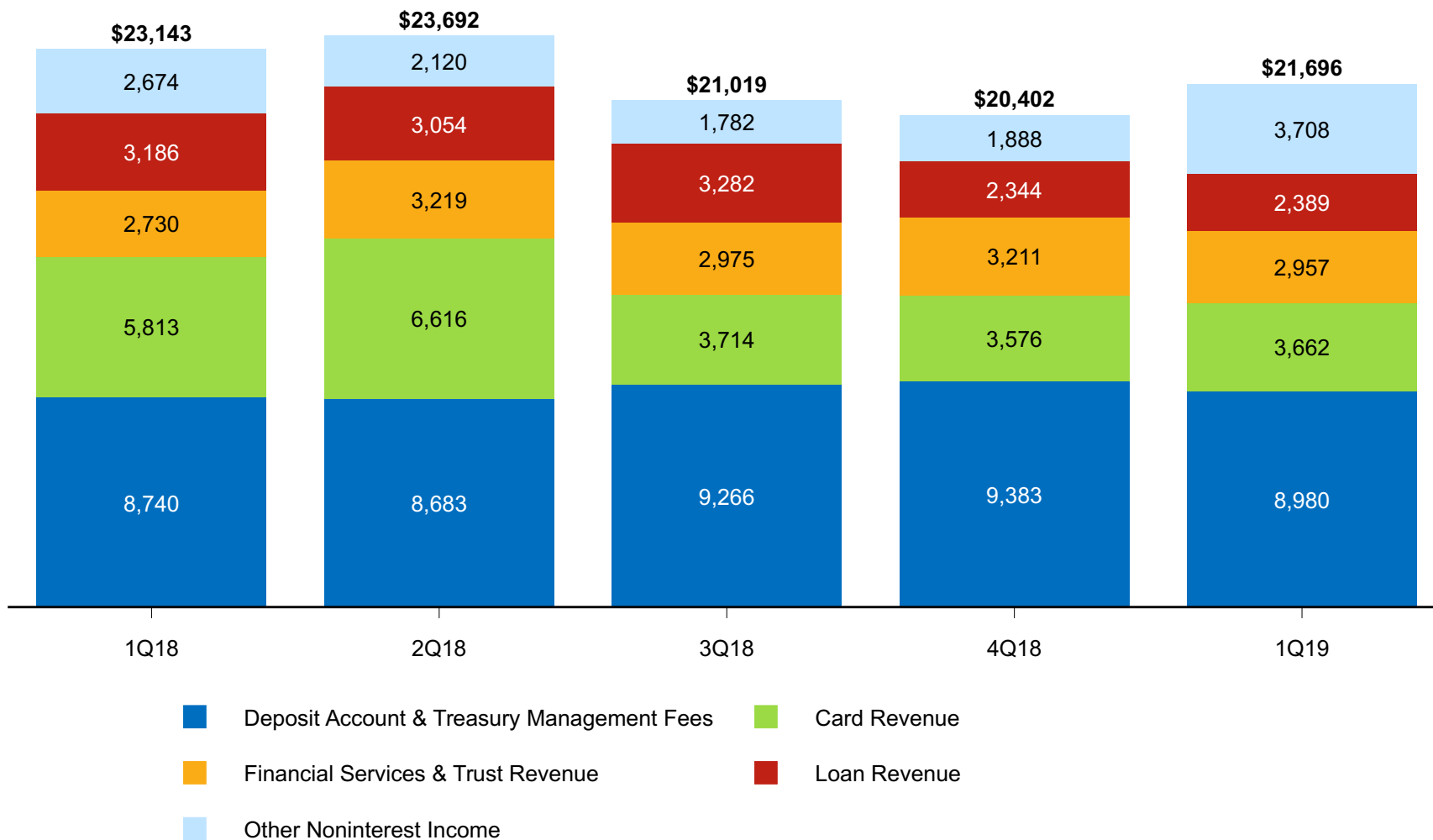


Historically, Deposit Costs Lag Market in Rising Rate Environment



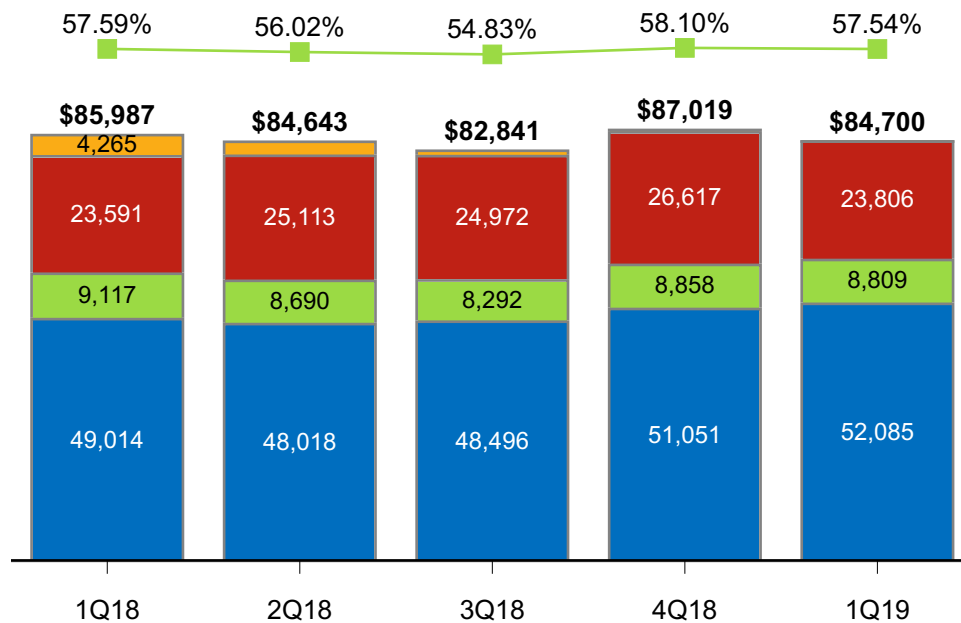
\* Beginning January 2019, reported net interest margin (tax equivalent) and operating net interest margin (tax equivalent) were calculated using the actual number of days and on an Actual/ Actual basis. This change was done to provide more meaningful trend information, on a quarterly basis, for our net interest margin regardless of the number of days in the quarter. Prior periods, which were previously reported on a 30/360 basis, have been restated to conform to the current basis. Operating net interest margin is a non-GAAP measure. Refer to end of presentation for additional information.

# Noninterest Income



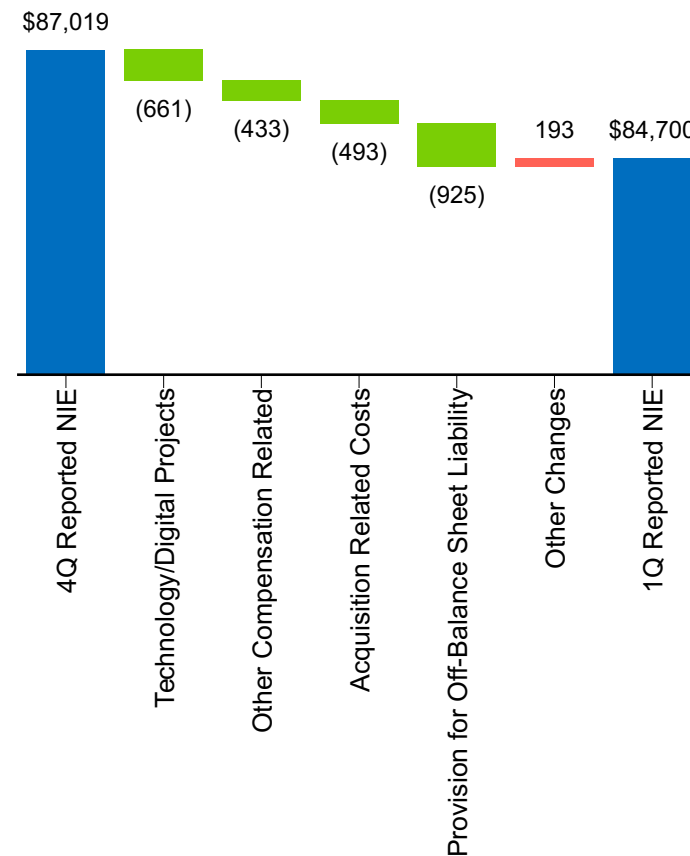


# Noninterest Expense and Operating Efficiency Ratio\*\*



- Compensation & Employee Benefits\*
- Occupancy, Equipment & Depreciation\*
- Other Noninterest Expense\*
- Acquisition Related Expense\*
- Operating Efficiency Ratio\*\*

## Quarterly NIE Change

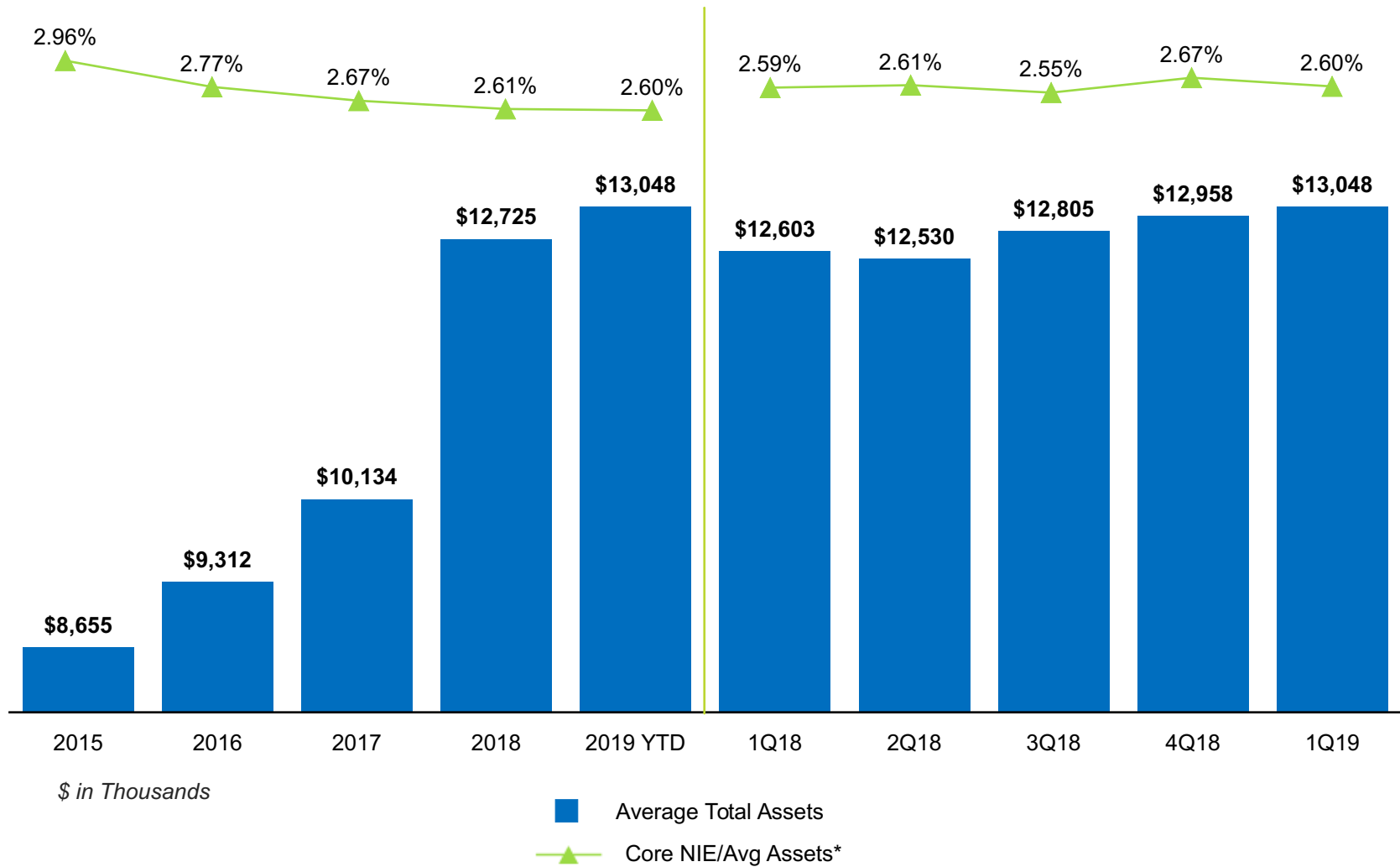


\$ in Thousands

\*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.

# Favorable Trend in Expense Management



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

## Vision

A future where clients can choose to interact with us in-person or through digital channels while seamlessly changing between them. This includes delivering a modern banking experience through digital channels and digitally-enabled bankers allowing us to attract and grow profitable relationships while ensuring our ability to continue serving our communities as the nation's premier regional bank.

## Six Programs

### **Digitally Enabled Commercial, Business, & Healthcare Banking**

*Solidify the Digital Foundation of the Commercial Experience*

### **Competitive Consumer Digital Experience**

*Engage Digital Consumer Clients Where They Are*

### **Data Driven Workforce**

*Sparks Actions and Interactions with Data*

### **Branch & Back-Office Synergy**

*Create Capacity in the Branches by way of the Back Office*

### **Digital Enterprise Workflow**

*Standardize and upgrade the core tools supporting the operations*

### **Digital Talent**

*Leverage the Strategic Function of HR to Develop our Talent in a Digital Environment*

# Selected Balance Sheet & Ratios



<i>\$ in Millions</i>	1Q19	4Q18	3Q18	2Q18	1Q18
Total Assets	\$ 13,064	\$ 13,095	\$ 12,957	\$ 12,629	\$ 12,531
Securities, Including Equity Securities & FHLB Stock	3,053	3,193	2,943	2,665	2,641
Loans, Net of unearned Income	8,521	8,392	8,514	8,454	8,340
Allowance for Loan & Leases Losses	83	83	84	80	80
Goodwill & Other Intangibles	809	812	815	818	821
Core Deposits	9,899	9,974	10,085	9,889	9,897
Deposits	10,369	10,458	10,604	10,384	10,396
Total Shareholders' Equity	2,089	2,034	1,981	1,965	1,948
<u>Ratios:</u>					
ROAA	1.41%	1.38%	1.45%	1.33%	1.27%
ROAE	8.97%	9.00%	9.36%	8.54%	8.2%
ROATCE*	15.57%	16.00%	16.74%	15.57%	15.08%
Loans/Deposits	82%	80%	80%	81%	80%
Core Deposit Ratio	95%	95%	95%	95%	95%
Tangible Common Equity*	10.44%	9.95%	9.61%	9.71%	9.63%

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

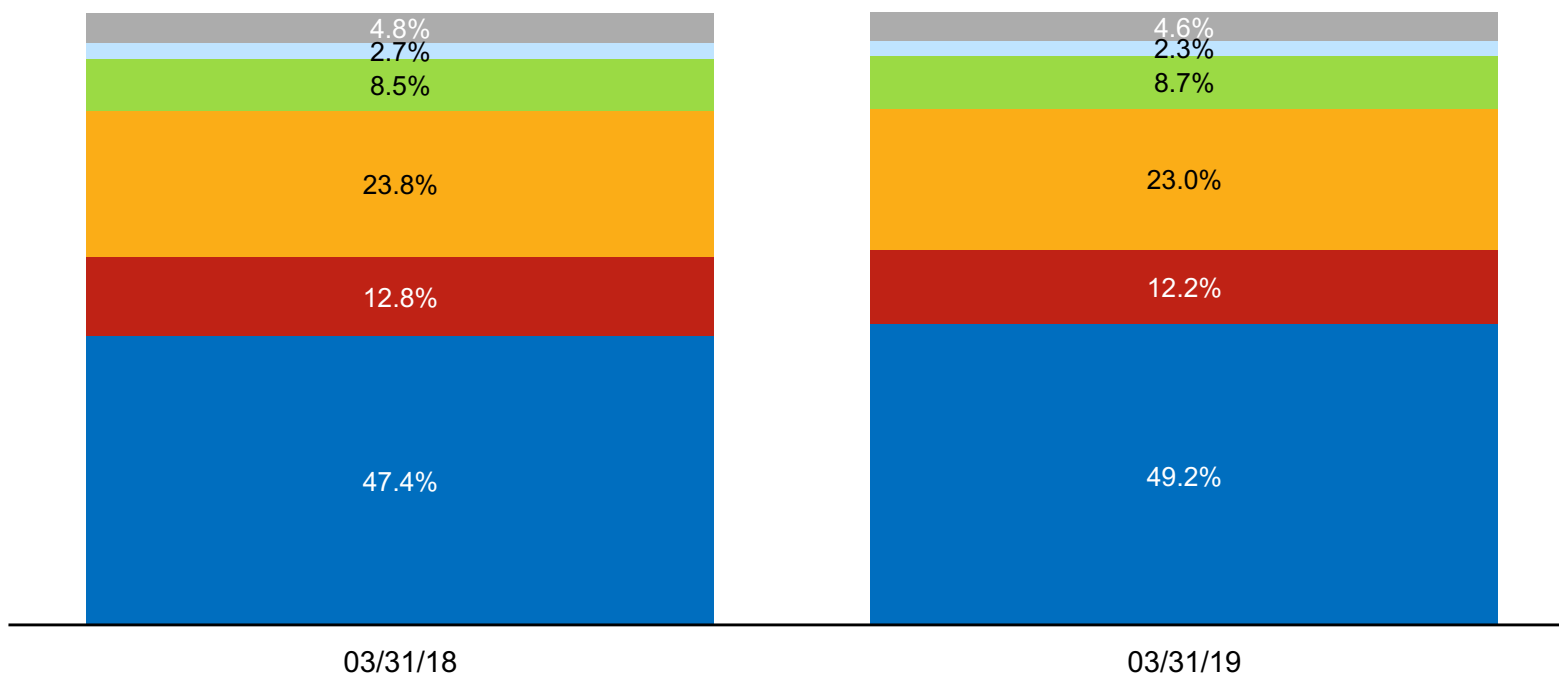
# Diversified, Relationship Centered Deposit Base



Solid core base that is well diversified across business & consumer with a migration toward noninterest bearing.

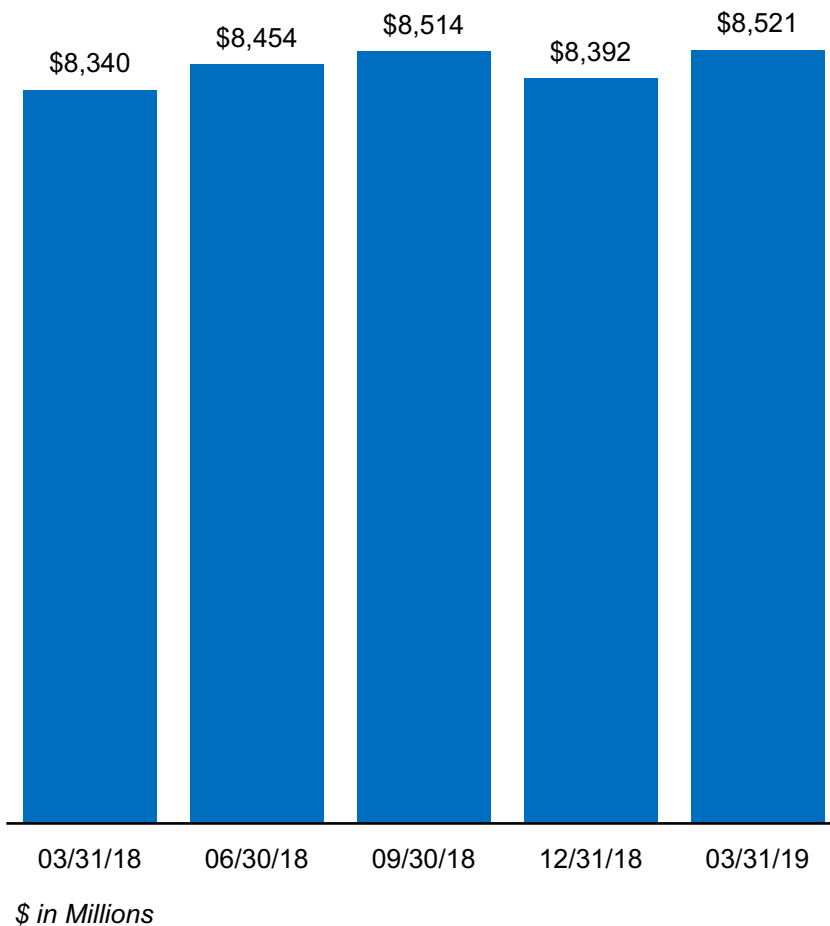
**\$10.4 billion**  
 58% Business & 42% Consumer  
 Core deposit ratio = 95%

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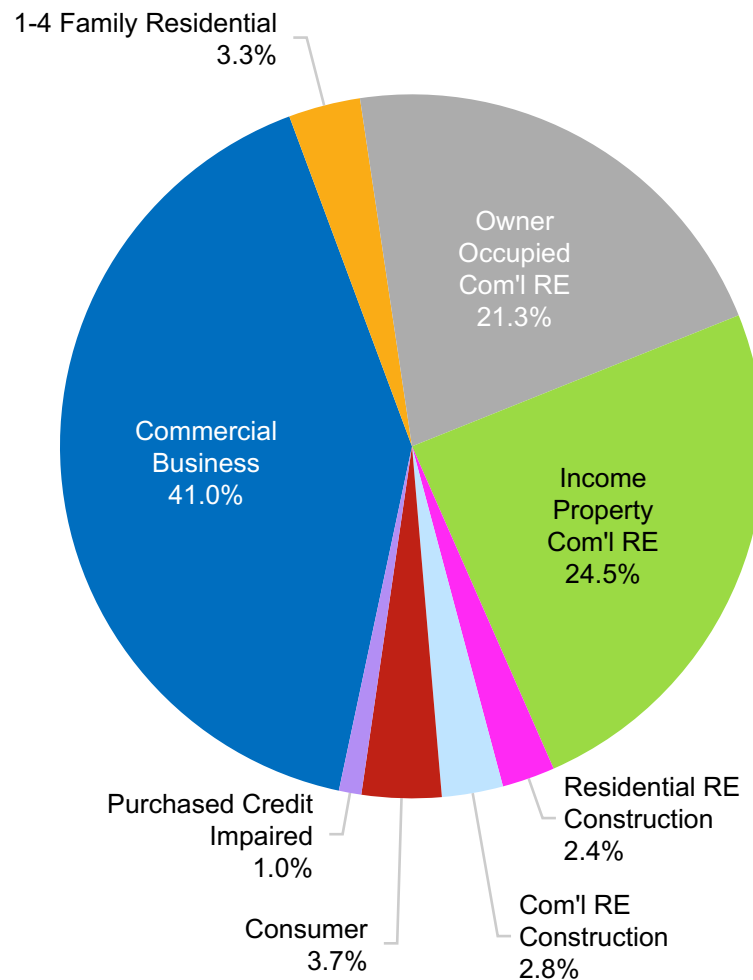


- Demand and other noninterest-bearing
- Interest-bearing demand
- Money market
- Savings
- Certificates of deposit, less than \$250,000
- Non-core deposits

# Total Loans, Net of Unearned Income



**Total Loans = \$8.5 billion**  
 Annualized quarterly growth = 6%

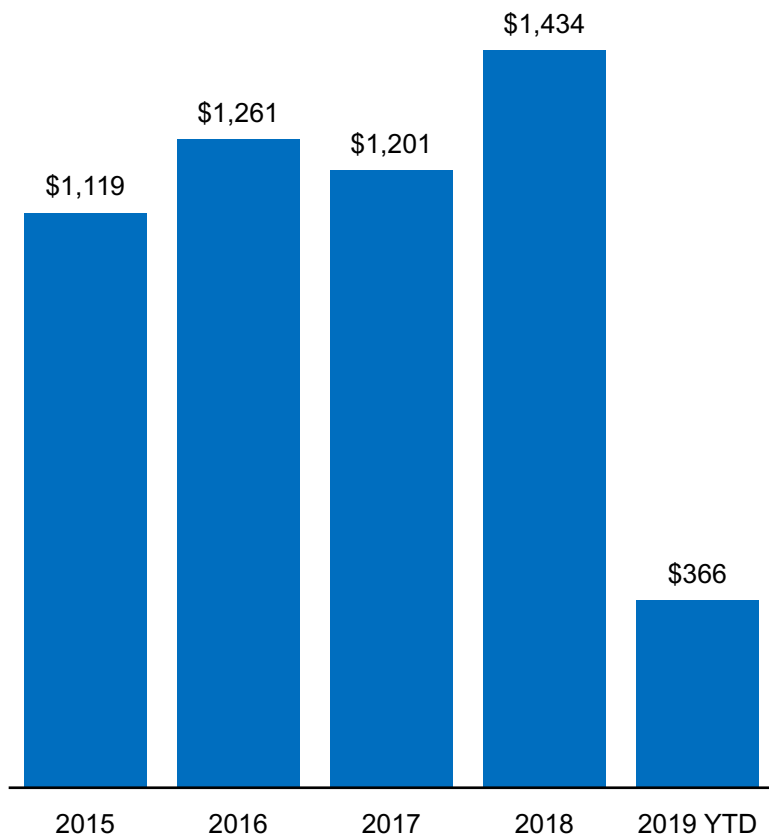


As of March 31, 2019

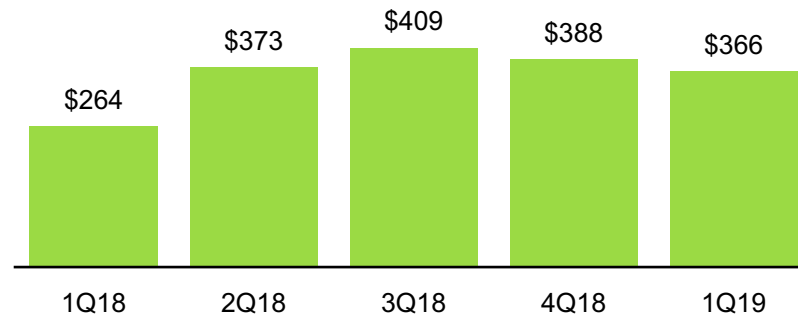
# Record First Quarter Loan Production



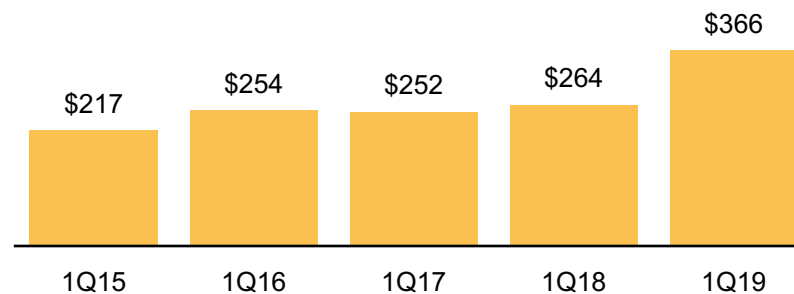
## Annual Loan Production



## Rolling 5 Quarter Loan Production



## 1st Quarter Loan Production

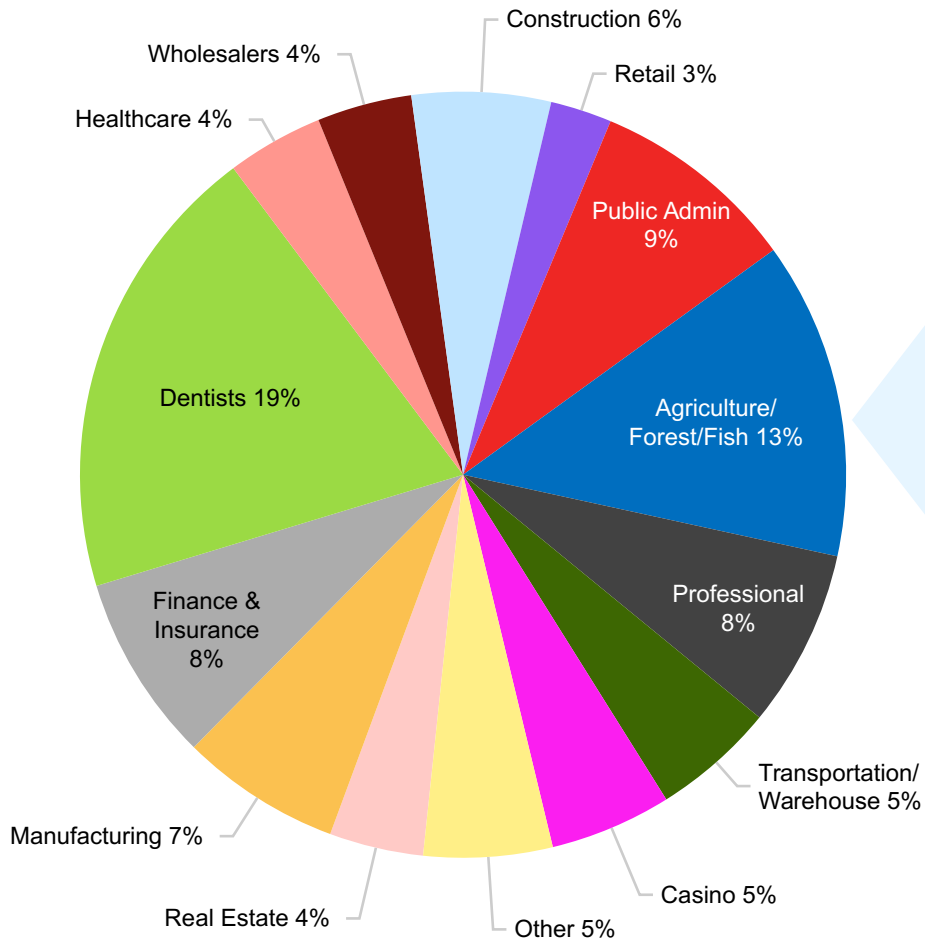


*\$ in Millions*

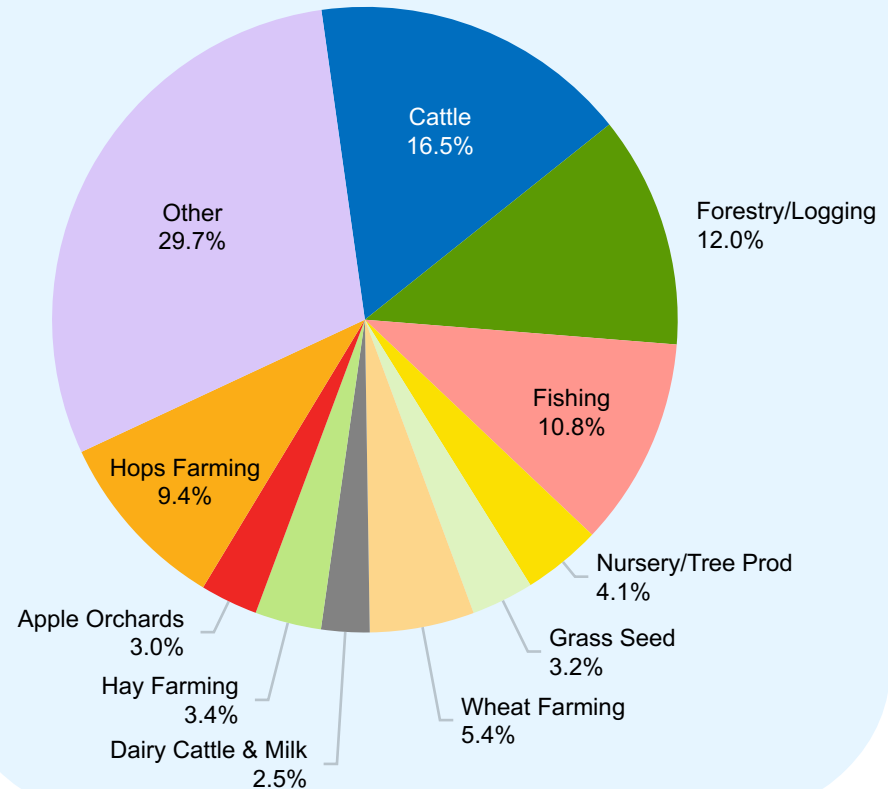
# Well Diversified C&I and Agriculture Loan Portfolios



**C&I Portfolio \$3.5 billion**



**Agriculture Portfolio \$470 million**



As of March 31, 2019

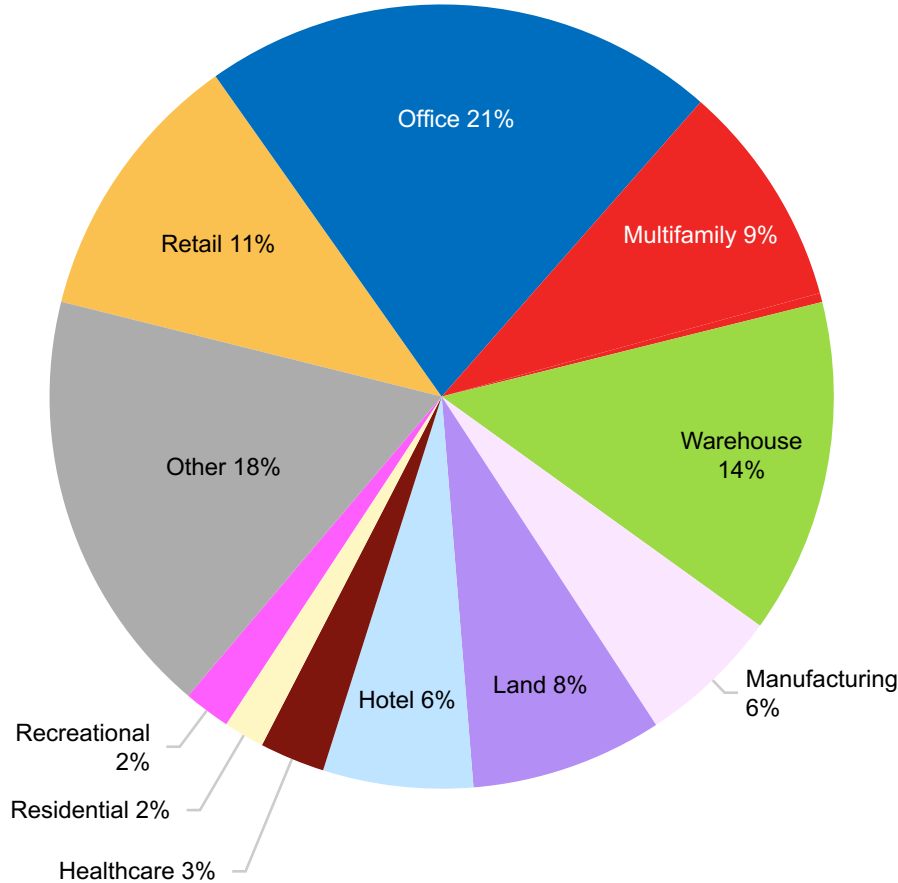


# Balanced CRE Loan Portfolio



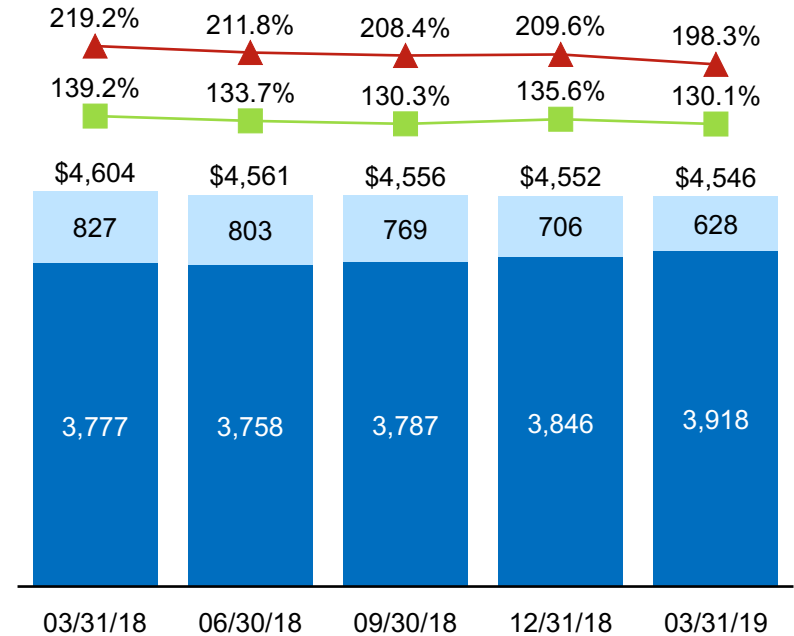
## CRE Portfolio \$3.9 billion

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



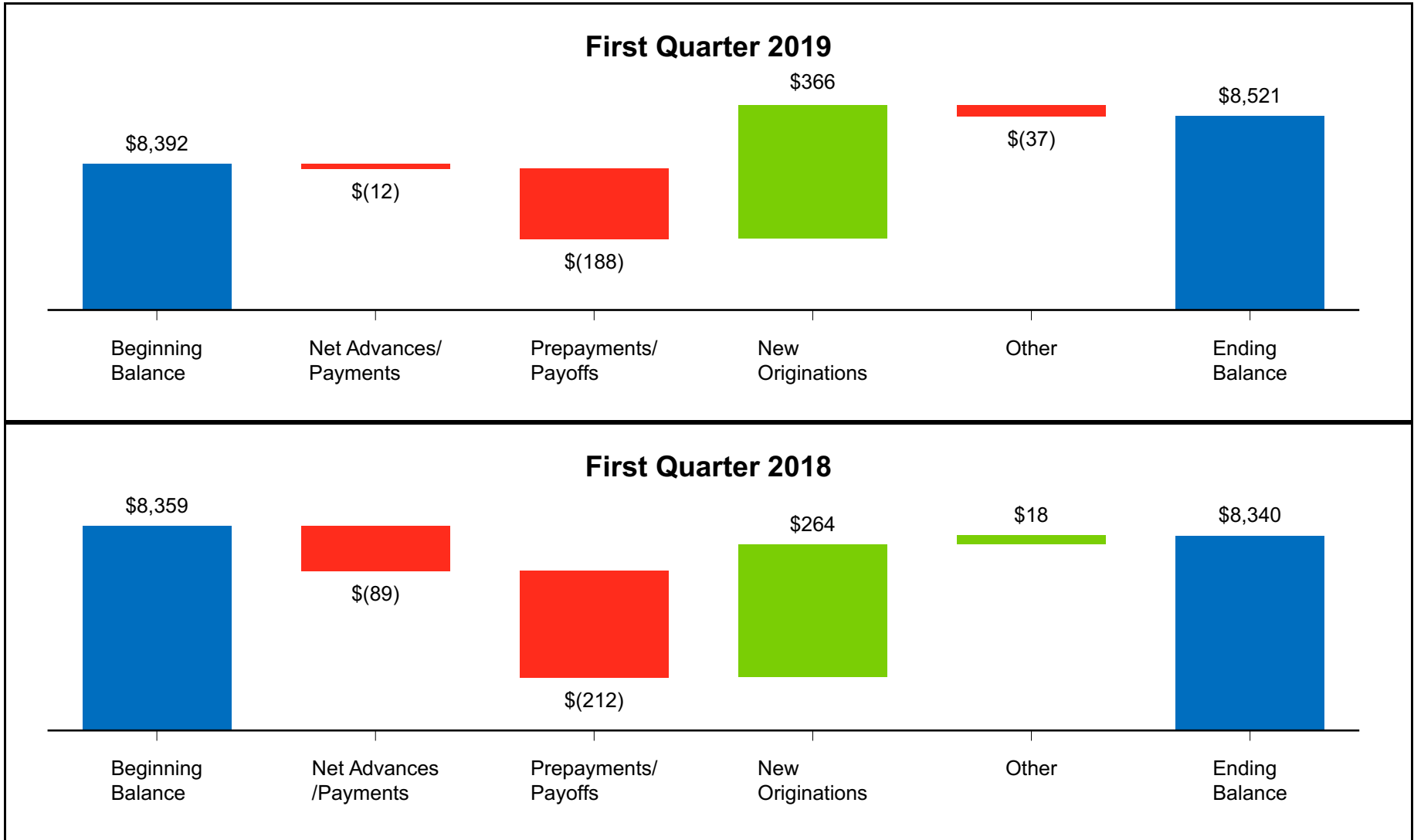
As of March 31, 2019

## Consistent CRE Coverage

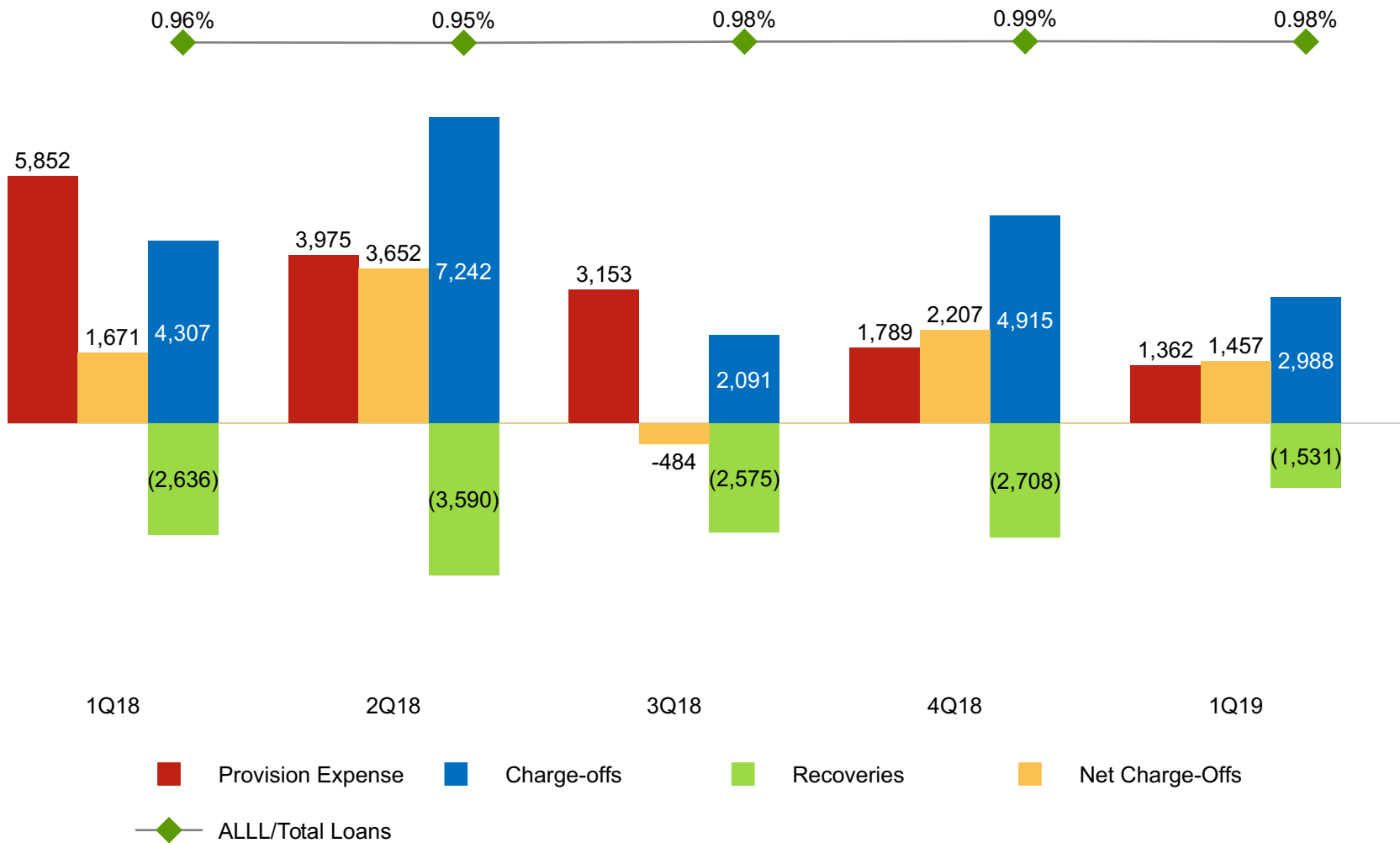


- CRE Loans
- Unfunded CRE Commitments
- ▲ NOO CRE as a % of Reg Capital
- OO CRE as a % of Reg Capital

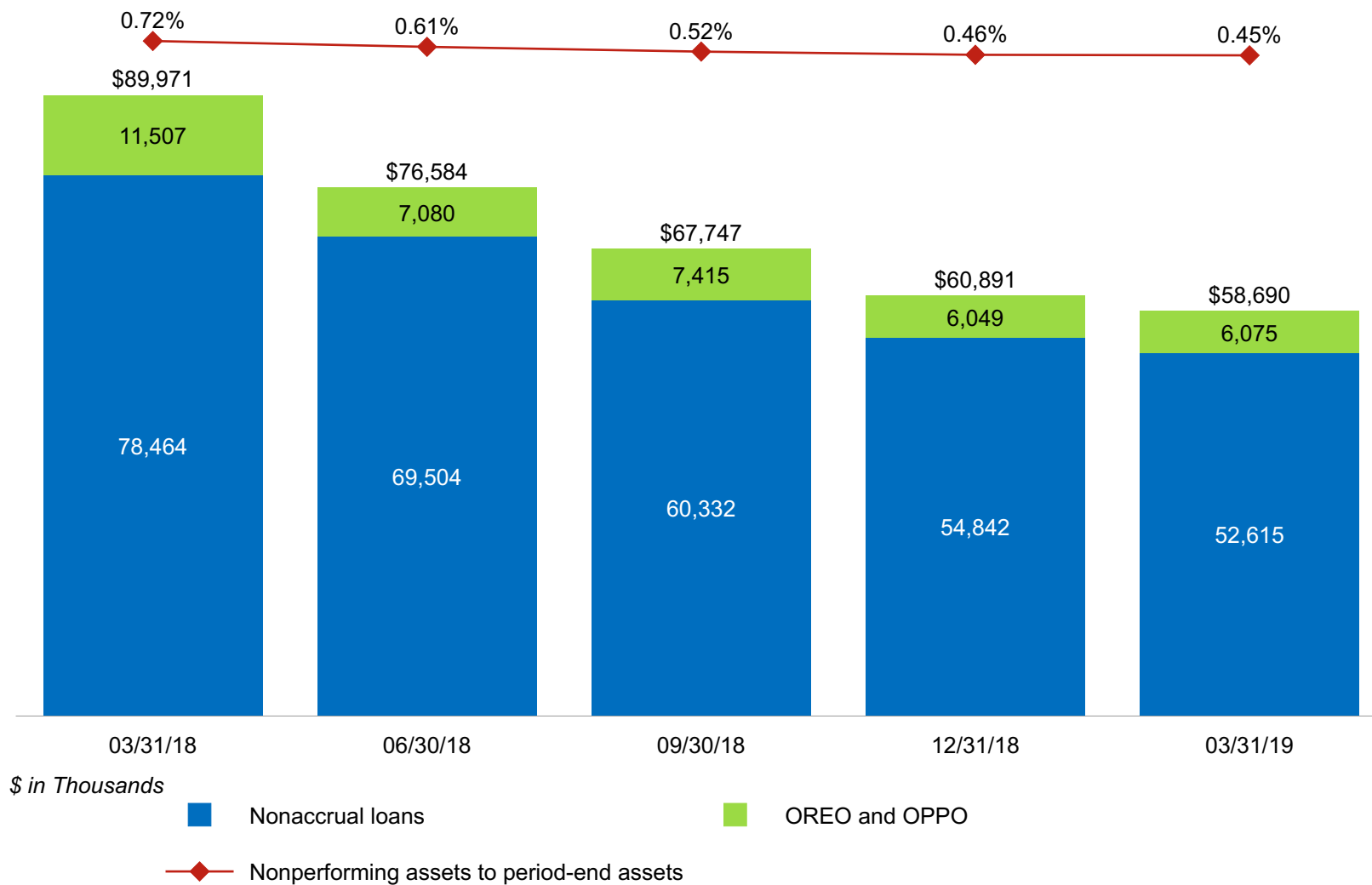
# Components of First Quarter Change in Loans



# 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 – 2019)		15.08%✓	12.64%✓	18.91%✓	12.60%✓	10.24%✓	12.18%✓	6.64%
	Projected Population Change (2019-2024)		6.85%✓	6.48%✓	7.81%✓	6.21%✓	5.83%✓	6.25%✓	3.56%
	Projected Median HH Income Change (2019-2024)		13.31%✓	15.70%✓	9.94%✓	13.64%✓	12.24%✓	9.93%✓	8.82%
Economics	Unemployment Rate <sup>(1)</sup> (Feb 2019, MSA's Feb 2019)		4.1%	4.1%	3.3%✓	4.5%	4.4%	2.9%✓	3.8%
	Home Price Index Change 12 months ending Jan 2019		4.1%	3.3%					4.3%
	24 months ending Jan 2019		17.4%✓	10.6%	n/a	n/a	n/a	n/a	10.8%
	Low in 1Q12 – Jan 2019		88.9%✓	79.5%✓					52.8%

<sup>(1)</sup> 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

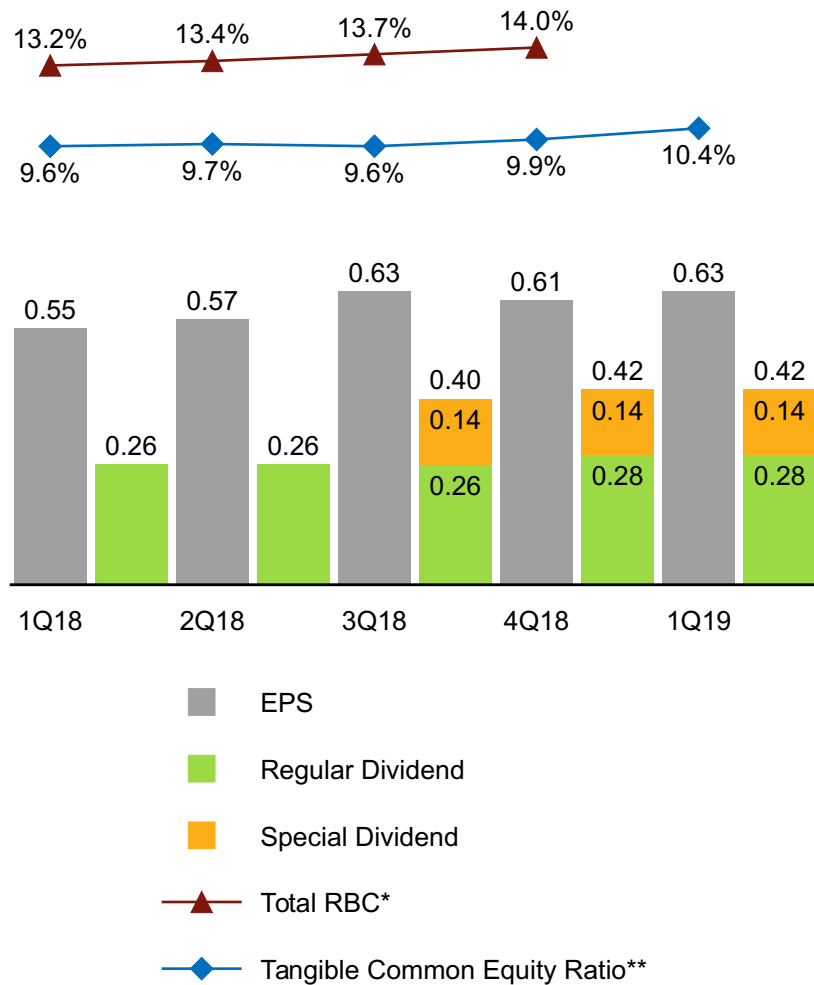
# IDAHO

# OREGON

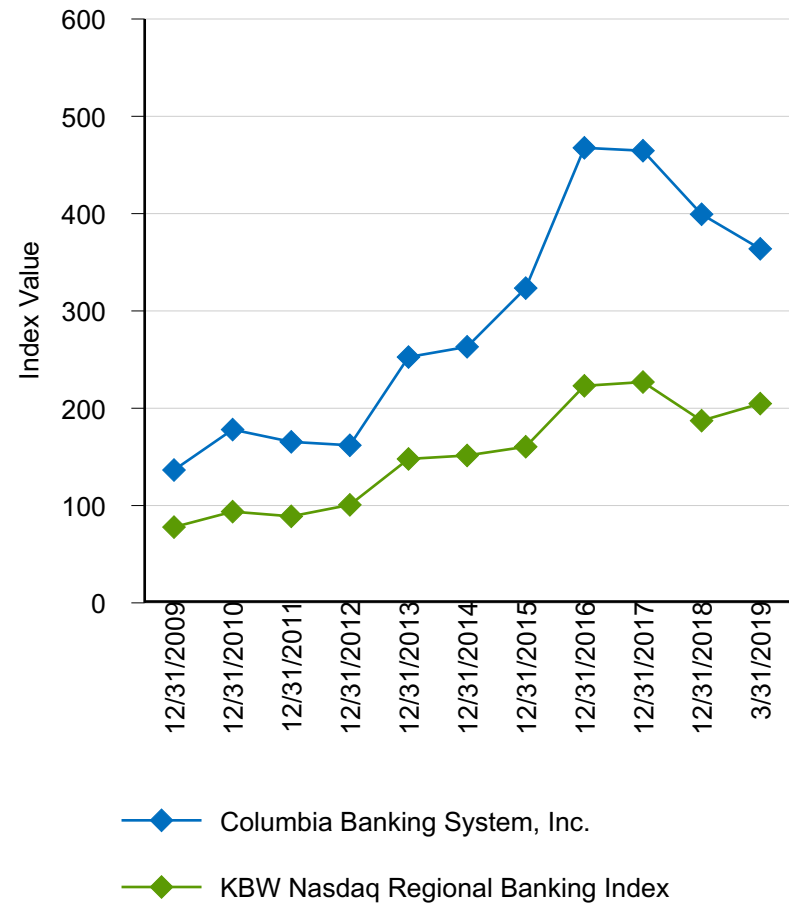
A network of 150 branches throughout the Northwest



# Strong Capital, Dividend Payouts & Total Return



### 10 Year Total Return Performance



\*The RBC ratio as of 3/31/2019 has not yet been filed.

\*\*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  
2018 Corporate Citizenship Award



8th consecutive year

PUGET SOUND BUSINESS JOURNAL



Puget Sound Business Journal  
2018 Washington's Best Workplaces  
12th consecutive year



South Sound Magazine  
2018 Best Bank & Best Large Business



The Oregonian  
2018 Oregon's Top Workplaces



Statesman Journal  
2018 Best of Mid-Valley  
Best Bank



Portland Business Journal  
2018 Oregon's Most  
Admired Companies





# Non-GAAP Financial Measures



Net Interest Margin \$ in Thousands	2015	2016	2017	2018	2019 YTD	1Q18	2Q18	3Q18	4Q18	1Q19	Tangible Common Equity \$ in Thousands	1Q18	2Q18	3Q18	4Q18	1Q19
Net interest income (tax equivalent) (1)	\$334,548	\$344,425	\$380,107	\$486,667	\$123,110	\$117,359	\$118,602	\$124,789	\$125,917	\$123,110	Total Shareholders' Equity	1,947,923	1,964,881	1,981,395	2,033,649	2,088,620
Adjustments to arrive at operating net interest income (tax equivalent):																
Incremental accretion income on FDIC purchased credit impaired	(9,096)	(5,972)	(4,107)	(1,635)	(288)	(329)	(326)	(585)	(395)	(288)	- Goodwill	(765,842)	(765,842)	(765,842)	(765,842)	(765,842)
Incremental accretion income: Other FDIC acquired loans (2)	(234)	—	—	—	—	—	—	—	—	—	- Other Intangible Assets, net	(54,985)	(51,897)	(48,827)	(45,937)	(43,189)
Incremental accretion income on other acquired loans	(17,862)	(11,983)	(8,689)	(10,921)	(1,747)	(3,370)	(2,690)	(2,643)	(2,218)	(1,747)	<b>Tangible Common Equity</b>	<b>\$1,127,096</b>	<b>\$1,147,142</b>	<b>\$1,166,726</b>	<b>\$1,221,870</b>	<b>\$1,279,589</b>
Premium amortization on acquired securities	10,217	7,738	6,636	7,736	1,779	2,075	2,131	1,859	1,671	1,779	Total Assets	12,530,636	12,628,586	12,956,596	13,095,145	13,064,436
Correction of immaterial error - securities premium amortization	—	—	1,771	—	—	—	—	—	—	—	Goodwill	(765,842)	(765,842)	(765,842)	(765,842)	(765,842)
Interest reversals on nonaccrual loans	1,713	1,072	1,766	1,564	626	417	253	477	417	626	- Other Intangible Assets, net	(54,985)	(51,897)	(48,827)	(45,937)	(43,189)
Operating net interest income (tax equivalent) (1)	\$319,286	\$335,280	\$377,484	\$483,411	\$123,480	\$116,152	\$117,970	\$123,897	\$125,392	\$123,480	Tangible Assets	\$11,709,809	\$11,810,847	\$12,141,927	\$12,283,366	\$12,255,405
Average Earning Assets	7,685,734	8,363,309	9,098,276	11,241,321	11,561,627	11,122,753	11,052,807	11,326,629	11,458,470	11,561,627	Tangible Common Equity Ratio	9.63%	9.71%	9.61%	9.95%	10.44%
Net Interest Margin (tax equivalent) (3)	4.35%	4.12%	4.18%	4.33%	4.32%	4.28%	4.30%	4.37%	4.36%	4.32%						
Operating Net Interest Margin (tax equivalent) (3)	4.15%	4.01%	4.15%	4.30%	4.33%	4.24%	4.28%	4.34%	4.34%	4.33%						

(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

(3) Beginning January 2019, reported net interest margin (tax equivalent) and operating net interest margin (tax equivalent) were calculated using the actual number of days and on an Actual/Actual basis. This change was done to provide more meaningful trend information, on a quarterly basis, for our net interest margin regardless of the number of days in the quarter. Prior periods, which were previously reported on a 30/360 basis, have been restated to conform to the current basis.

NIE/Average Assets \$ in Thousands	2015	2016	2017	2018	2019 YTD	1Q18	2Q18	3Q18	4Q18	1Q19
Reported Noninterest Expense	\$266,149	\$261,142	\$291,017	\$340,490	\$84,700	\$85,987	\$84,643	\$82,841	\$87,019	\$84,700
- FDIC Clawback (Expense)/Recap <sup>(4)</sup>	(979)	(280)	54	—	—	—	—	—	—	—
- Acquisition Related Costs	(10,917)	(2,727)	(17,196)	(8,661)	—	(4,265)	(2,822)	(1,081)	(493)	—
- Net OREO/OPPO Exp <sup>(4)</sup>	1,724	(544)	(466)	—	—	—	—	—	—	—
- Term of FDIC Loss Sharing Agreement	—	—	(2,409)	—	—	—	—	—	—	—
<b>Core Noninterest Exp</b>	<b>\$255,977</b>	<b>\$257,591</b>	<b>\$271,000</b>	<b>\$331,829</b>	<b>\$84,700</b>	<b>\$81,722</b>	<b>\$81,821</b>	<b>\$81,760</b>	<b>\$86,526</b>	<b>\$84,700</b>
Average Assets	8,655,243	9,311,621	10,134,306	12,725,086	13,048,041	12,603,144	12,529,540	12,805,131	12,957,754	13,048,041
Noninterest Expense/Average Assets	3.08%	2.80%	2.87%	2.68%	2.60%	2.73%	2.70%	2.59%	2.69%	2.60%
Core NIE/Average Assets	2.96%	2.77%	2.67%	2.61%	2.60%	2.59%	2.61%	2.55%	2.67%	2.60%

ROATCE \$ in Thousands	1Q18	2Q18	3Q18	4Q18	1Q19
Net Income	\$ 39,970	\$ 41,749	\$ 46,415	\$ 44,748	\$ 45,871
- Preferred Dividends	—	—	—	—	—
Net Inc Applicable to Common Shareholders	39,970	41,749	46,415	44,748	45,871
+ Amortization of Intangibles	3,188	3,088	3,070	2,890	2,748
- Tax Effect on Intangible Amort	(669)	(649)	(645)	(607)	(577)
<b>Adjusted Net Inc</b>	<b>42,489</b>	<b>44,188</b>	<b>48,840</b>	<b>47,031</b>	<b>48,042</b>
Avg Shareholders' Equity	1,949,275	1,954,552	1,983,317	1,988,981	2,044,832
- Avg Preferred Equity	—	—	—	—	—
- Average Intangibles	(822,376)	(819,211)	(816,128)	(813,145)	(810,376)
<b>Adjusted Avg Common Shareholders' Equity</b>	<b>1,126,899</b>	<b>1,135,341</b>	<b>1,167,189</b>	<b>1,175,836</b>	<b>1,234,456</b>
Return on Average Tangible Common Shareholders' Equity	15.08%	15.57%	16.74%	16.00%	15.57%

# Non-GAAP Financial Measures



Operating Efficiency Ratio \$ in Thousands	1Q18	2Q18	3Q18	4Q18	1Q19
Noninterest expense (numerator A)	\$ 85,987	\$ 84,643	\$ 82,841	\$ 87,019	\$ 84,700
Adjustments to arrive at operating noninterest expense:					
Acquisition-related expenses	(4,265)	(2,822)	(1,081)	(493)	—
Net benefit (cost) of operation of OREO and OPPO	4	(758)	(485)	(23)	(114)
Loss on asset disposals	—	(1)	(110)	(166)	—
Business and Occupation ("B&O") taxes	(1,317)	(1,459)	(1,478)	(1,410)	(1,876)
Operating noninterest expense (numerator B)	\$ 80,409	\$ 79,603	\$ 79,687	\$ 84,927	\$ 82,710
Net interest income (tax equivalent) (1)	\$ 117,359	\$ 118,602	\$ 124,789	\$ 125,917	\$ 123,110
Noninterest income	23,143	23,692	21,019	20,402	21,696
Bank owned life insurance tax equivalent adjustment	379	455	373	390	404
Total revenue (tax equivalent) (denominator A)	140,881	142,749	146,181	146,709	145,210
Operating net interest income (tax equivalent) (1)	116,152	117,970	123,897	125,392	123,480
Adjustments to arrive at operating noninterest income (tax equivalent):					
Investment securities loss (gain), net	\$ (22)	\$ 33	\$ 62	\$ 16	\$ (1,847)
Gain on asset disposals	(35)	(47)	(29)	(30)	—
Operating noninterest income (tax equivalent)	23,465	24,133	21,425	20,778	20,253
Total operating revenue (tax equivalent) (denominator B)	\$ 139,617	\$ 142,103	\$ 145,322	\$ 146,170	\$ 143,733
Efficiency ratio (tax equivalent) (numerator A/denominator A)	61.04%	59.29%	56.67%	59.31%	58.33%
Operating efficiency ratio (tax equivalent) (numerator B/denominator B)	57.59%	56.02%	54.83%	58.10%	57.54%

Non-interest Expense net of Acquisition Related Expense					
\$ in Thousands	1Q18	2Q18	3Q18	4Q18	1Q19
Compensation & Employee Benefits	\$ 50,570	\$ 48,949	\$ 49,419	\$ 51,261	\$ 52,085
less: Related Acquisition Costs	(1,556)	(931)	(923)	(210)	—
Compensation & Employee Benefits net of ARC's	\$ 49,014	\$ 48,018	\$ 48,496	\$ 51,051	\$ 52,085
Occupancy, Equipment & Depreciation	\$ 10,121	\$ 9,276	\$ 8,321	\$ 8,858	\$ 8,809
less: Related Acquisition Costs	(1,004)	(586)	(29)	—	—
Occupancy, Equipment & Depreciation net of ARC's	\$ 9,117	\$ 8,690	\$ 8,292	\$ 8,858	\$ 8,809
Total Noninterest Expense	\$ 85,987	\$ 84,643	\$ 82,841	\$ 87,019	\$ 84,700
-Compensation and employee benefits	(50,570)	(48,949)	(49,419)	(51,261)	(52,085)
-Occupancy, Equipment & Depreciation	(10,121)	(9,276)	(8,321)	(8,858)	(8,809)
Other Noninterest Expense	25,296	26,418	25,101	26,900	23,806
less: Related Acquisition Costs	(1,705)	(1,305)	(129)	(283)	—
Other Noninterest Expense net of ARC's	\$ 23,591	\$ 25,113	\$ 24,972	\$ 26,617	\$ 23,806
Total Acquisition Related Costs	\$ 4,265	\$ 2,822	\$ 1,081	\$ 493	\$ —