



**FOR IMMEDIATE RELEASE**

**April 30, 2020**

**Columbia Banking System Announces First Quarter 2020 Results  
and Quarterly Cash Dividend**

**TACOMA, Washington, April 30, 2020** -- Clint Stein, President and Chief Executive Officer of Columbia Banking System, Inc. and Columbia Bank (NASDAQ: COLB) (“Columbia”), said today upon the release of Columbia’s first quarter 2020 earnings, “COVID-19 had a profound impact on the final weeks of the first quarter and drove a material increase in our allowance for credit losses. We focused on initiatives intended to improve our operating leverage and their positive impact is reflected in our financial results.” Mr. Stein continued, “We experienced strong loan and deposit growth during the quarter with several lines of business experiencing record first quarter performance. In addition, we focused on efficiency initiatives that significantly lowered our expense ratios.”

**Balance Sheet**

Total assets at March 31, 2020 were \$14.04 billion, a decrease of \$41.0 million from the linked quarter. Loans were \$8.93 billion, up \$189.9 million from December 31, 2019 as a result of loan originations of \$330.7 million and increased line utilization partially offset by payments. Securities available for sale were \$3.55 billion at March 31, 2020, a decrease of \$193.0 million from \$3.75 billion at December 31, 2019. Total deposits at March 31, 2020 were \$10.81 billion, an increase of \$128.0 million from December 31, 2019 principally due to an increase of \$104.6 million in public funds, excluding certificates of deposit. Deposit mix remained fairly consistent from December 31, 2019 with 49% noninterest-bearing and 51% interest-bearing. The average cost of total deposits for the quarter was 14 basis points, a decrease of 7 basis points from the fourth quarter of 2019. For additional information regarding this calculation, see the “Net Interest Margin” section.

Chris Merrywell, Columbia's Executive Vice President and Chief Operating Officer, stated, "The first quarter proved to be a positive quarter for loan growth driven by production and seasonal line utilization. Our bankers were on track for record first quarter loan production through the first two months, even though the first quarter is historically the weakest quarter of the year. Our teams did an excellent job of pivoting and adapting to our clients' needs as our new reality set in during the last month of the quarter. The decrease in interest rates helped to drive down the cost of deposits to levels close to historic lows."

## **Income Statement**

### **Net Interest Income**

Net interest income for the first quarter of 2020 was \$122.4 million, a decrease of \$2.4 million and an increase of \$1.4 million from the linked quarter and the prior year period, respectively. The decrease from the linked quarter was primarily due to lower interest income on loans as a result of the lower rate environment and higher interest expense on FHLB advances due to higher average advance balances. The decrease to net interest income from the linked quarter was partially offset by an increase in interest income on securities primarily due to \$1.9 million of interest income and discount accretion related to the early payoff of three securities and a decrease in interest expense on money market deposits principally due to lower rates. Net interest income compared to the prior year period increased as a result of interest income and discount accretion from the early payoff on securities mentioned previously and higher average balances of securities partially offset by higher interest expense due to higher average balances of FHLB advances. For additional information regarding net interest income, see the "Net Interest Margin" section and the "Average Balances and Rates" tables.

### **Provision for Credit Losses**

Effective January 1, 2020, Columbia adopted Accounting Standards Update 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13") and all related amendments. The allowance for credit losses under ASU 2016-13 utilizes a Current Expected Credit Losses ("CECL") methodology which estimates the expected loan losses over the contractual life of the loans in the loan portfolio of Columbia Bank (the "Bank"). Prior to January 1, 2020, the Allowance for Loan and Lease Losses ("ALLL") methodology was used which estimated the amount of loan losses that had been incurred at the balance sheet date. The day 1 adoption of ASU 2016-13 and related amendments resulted in an increase of \$1.6 million to the Bank's allowance for credit losses, an increase of \$1.6 million to the Bank's allowance for unfunded commitments and letters of credit and a net-of-tax cumulative-effect adjustment of \$2.5 million to decrease the beginning balance of retained earnings.

The Bank's provision for credit losses for the first quarter of 2020, under the new CECL methodology, was \$41.5 million compared to \$1.6 million and \$1.4 million for the linked quarter and comparable quarter in 2019, respectively, which were calculated under the old ALLL methodology. The significant increase in the provision for the first quarter of 2020 was principally the result of the recent novel coronavirus ("COVID-19") pandemic outbreak that has created significant volatility in the local, national and world economies. With the national guidance regarding social distancing and state and county mandates to shelter or stay at home, many large and small businesses have had to close and there has been a dramatic increase in new unemployment claims. As a result, we have increased our reserves for lifetime credit losses as a result of the economic impact of COVID-19. For more information, please see Note 1 to the Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of our annual report on Form 10-K for the 2019 fiscal year and the "COVID-19 Update" section of this earnings release.

Andy McDonald, Columbia's Executive Vice President and Chief Credit Officer, commented, "The increase in the provision was driven by our economic forecast reflecting the changes in the outlook for the economy driven by measures to mitigate health concerns surrounding COVID-19. Also contributing to the rise in the provision for the quarter was the negative migration in the portfolio which came about, not from customer past dues for example, but from our deep dive into the industries we believe that will be most impacted."

### **Noninterest Income**

Noninterest income was \$21.2 million for the first quarter of 2020, a decrease of \$600 thousand from the linked quarter and a decrease of \$489 thousand from the first quarter of 2019. The linked quarter decrease was principally due to decreases in deposit and other fees partially offset by an increase in loan fees. The decrease from the prior year period was primarily due to lower deposit fees and lower net securities gains partially offset by higher loan revenue.

### **Noninterest Expense**

Total noninterest expense for the first quarter of 2020 was \$84.3 million, a decrease of \$2.7 million from the fourth quarter of 2019 due to lower legal and professional fees. The decrease in legal and professional fees was principally due to lower fees on reciprocal money market accounts in 2020 as well as lower expenses related to corporate initiatives during the first quarter of 2020.

Compared to the first quarter of 2019, noninterest expense decreased \$429 thousand. Although total noninterest expense was relatively unchanged, legal and professional fees and Business and Occupation (“B&O”) taxes decreased \$2.5 million and \$1.3 million, respectively, these decreases were partially offset by an increase of \$2.8 million in compensation and employee benefits expense. The decrease in professional fees was due to lower fees on reciprocal money market account fees as well as lower expenses related to corporate initiatives. B&O tax expense benefited from a refund for a prior year.

### **Net Interest Margin**

Columbia’s net interest margin (tax equivalent) for the first quarter of 2020 was 4.00%, a decrease of 11 basis points and 32 basis points from the linked quarter and prior year period, respectively. The decrease in the net interest margin (tax equivalent) compared to the linked quarter was driven by lower rates on the loan portfolio and higher premium amortization on taxable securities. Compared to the prior year period, the decreased net interest margin (tax equivalent) was driven by lower rates on loans and higher average balances of FHLB advances.

Columbia’s operating net interest margin (tax equivalent)<sup>(1)</sup> was 4.02% for the first quarter of 2020, which decreased 7 and 31 basis points compared to the linked quarter and the prior year period, respectively. The decreases in the operating net interest margin for the first quarter of 2020 compared to the linked quarter and the prior year quarter were due to the items noted in the preceding paragraph.

### **Asset Quality**

At March 31, 2020, nonperforming assets to total assets were 0.34% compared to 0.24% at December 31, 2019. Total nonperforming assets increased \$14.5 million from the linked quarter due to an increase in agriculture and commercial business nonaccrual loans.

(1) Operating net interest margin (tax equivalent) is a non-GAAP financial measure. See the section titled “Non-GAAP Financial Measures” in this earnings release for the reconciliation of operating net interest margin (tax equivalent) to net interest margin.

The following table sets forth information regarding nonaccrual loans and total nonperforming assets:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>
	<i>(in thousands)</i>	
Nonaccrual loans:		
Commercial loans:		
Commercial real estate	\$ 5,518	\$ 3,799
Commercial business	24,395	20,937
Agriculture	15,083	5,023
Consumer loans:		
One-to-four family residential real estate	2,643	3,292
Other consumer	8	9
Total nonaccrual loans	<u>47,647</u>	<u>33,060</u>
OREO and other personal property owned	510	552
Total nonperforming assets	<u><u>\$ 48,157</u></u>	<u><u>\$ 33,612</u></u>

The following table provides an analysis of the Company's allowance for credit losses:

	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
	<i>(in thousands)</i>		
Prior year ending balance	\$ 83,968	\$ 82,660	\$ 83,369
CECL day 1 adjustment	1,632	—	—
Beginning balance	<u>85,600</u>	<u>82,660</u>	<u>83,369</u>
Charge-offs:			
Commercial loans:			
Commercial real estate	(101)	(452)	(678)
Commercial business	(1,684)	(2,845)	(1,506)
Agriculture	(4,726)	(51)	(78)
Construction	—	(10)	(195)
Consumer loans:			
One-to-four family residential real estate	(10)	(192)	(481)
Other consumer	(268)	(18)	(50)
Total charge-offs	<u>(6,789)</u>	<u>(3,568)</u>	<u>(2,988)</u>
Recoveries:			
Commercial loans:			
Commercial real estate	14	576	514
Commercial business	860	1,698	527
Agriculture	41	110	58
Construction	442	312	83
Consumer loans:			
One-to-four family residential real estate	282	549	334
Other consumer	124	17	15
Total recoveries	<u>1,763</u>	<u>3,262</u>	<u>1,531</u>
Net charge-offs	(5,026)	(306)	(1,457)
Provision for credit losses	41,500	1,614	1,362
Ending balance	<u>\$ 122,074</u>	<u>\$ 83,968</u>	<u>\$ 83,274</u>

The allowance for credit losses to period end loans was 1.37% at March 31, 2020 compared to an ALLL to period end loans of 0.96% at December 31, 2019.

## **Organizational Update**

### **COVID-19 Update**

Columbia began closely monitoring the COVID-19 outbreak early and enacted its pandemic plan in January to provide support for team members and clients. Advanced preparation and early action enabled the Bank to continue all operations as COVID-19 spread in the Northwest. Columbia continues to monitor the pandemic and adjust its response in concert with local government and healthcare officials. Clients have received support through payment deferral programs as well as a variety of options from the SBA including the Paycheck Protection Program, the Economic Injury Disaster Loan and other deferral and automatic debt relief programs. Columbia has assisted its non-profit community partners by lifting restrictions on sponsorships and contributions to allow these organizations to rededicate the funds to COVID-19 response and recovery efforts.

### **Aaron Deer Named Executive Vice President, Chief Financial Officer**

Columbia recently announced the appointment of Aaron Deer to Executive Vice President and Chief Financial Officer following an extensive national search. Mr. Deer was most recently a Managing Director and Senior Research Analyst at Piper Sandler. As an equity analyst, he covered West Coast financial institutions for nearly 20 years with a focus on commercial banks and thrifts, financing of venture capital and private equity-backed enterprises as well as innovation among financial intermediaries. Mr. Deer has a detailed understanding of Columbia's business and broad industry expertise that will prove valuable as the Company continues to sharpen its strategy and explore opportunities for growth and improved operating leverage.

## **Cash Dividend Announcement**

Columbia will pay a regular cash dividend of \$0.28 per common share on May 28, 2020 to shareholders of record as of the close of business on May 14, 2020.

## **Conference Call Information**

Columbia's management will discuss the first quarter 2020 financial results on a conference call scheduled for Thursday, April 30, 2020 at 10:00 a.m. Pacific Time (1:00 p.m. ET). Interested parties may join the live-streamed event by using the site:

<https://engage.vevent.com/rt/columbiabankingsysteminc/index.jsp?seid=140>

The conference call can also be accessed on Thursday, April 30, 2020 at 10:00 a.m. Pacific Time (1:00 p.m. ET) by calling 888-286-8956; Conference ID: **6697578**.

A replay of the call can be accessed beginning Friday, May 1, 2020 using the site:

<https://engage.vevent.com/rt/columbiabankingsysteminc/index.jsp?seid=140>

## **About Columbia**

Headquartered in Tacoma, Washington, Columbia Banking System, Inc. is the holding company of Columbia Bank, a Washington state-chartered full-service commercial bank with locations throughout Washington, Oregon and Idaho. For the 13th consecutive year, the bank was named in 2019 as one of *Puget Sound Business Journal's* "Washington's Best Workplaces." For the 8th consecutive year, Columbia was included in the 2019 *Forbes* America's Best Banks list.

More information about Columbia can be found on its website at [www.columbiabank.com](http://www.columbiabank.com).

### **Note Regarding Forward-Looking Statements**

This news release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, descriptions of Columbia’s management’s expectations regarding future events and developments such as future operating results, growth in loans and deposits, continued success of Columbia’s style of banking and the strength of the local economy as well as the potential effects of the COVID-19 pandemic on Columbia’s business, operations, financial performance and prospects. The words “will,” “believe,” “expect,” “intend,” “should,” and “anticipate” or the negative of these words or words of similar construction are intended in part to help identify forward-looking statements. Future events are difficult to predict, and the expectations described above are necessarily subject to risks and uncertainties, many of which are outside our control, that may cause actual results to differ materially and adversely. In addition to discussions about risks and uncertainties set forth from time to time in Columbia’s filings with the Securities and Exchange Commission, available at the U.S. Securities and Exchange Commission’s (the “SEC”) website at [www.sec.gov](http://www.sec.gov) and the Company’s website at [www.columbiabank.com](http://www.columbiabank.com), include the “Risk Factors,” “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of our annual reports on Form 10-K and quarterly reports on Form 10-Q (as applicable), factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following: (1) local, national and international economic conditions may be less favorable than expected or have a more direct and pronounced effect on Columbia than expected and adversely affect Columbia’s ability to continue its internal growth at historical rates and maintain the quality of its earning assets; (2) the effect of COVID-19 and other infectious illness outbreaks that may arise in the future, which has created significant uncertainties in U.S. and global markets, is expected to continue to adversely affect the businesses in which Columbia is engaged; (3) changes in interest rates could significantly reduce net interest income and negatively affect funding sources; (4) projected business increases following strategic expansion or opening or acquiring new branches may be lower than expected; (5) costs or difficulties related to the integration of acquisitions may be greater than expected; (6) competitive pressure among financial institutions may increase significantly; (7) failure to maintain effective internal control over financial reporting or disclosure controls and procedures may adversely affect our business; (8) reliance on and cost of technology may increase; and (9) changes in governmental policy and regulation, including measures taken in response to economic, business, political and social conditions, including with regard to COVID-19, have adversely affected and may continue to adversely affect the businesses in which Columbia is engaged. We believe the expectations reflected in our forward-looking statements are reasonable, based on information available to us on the date hereof. However, given the described uncertainties and risks, we cannot guarantee our future performance or results of operations and you should not place undue reliance on these forward-looking statements which speak only as of the date hereof. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by the federal securities laws. The factors noted above and the risks and uncertainties described in our SEC filings should be considered when reading any forward-looking statements in this release.

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President and  
Chief Executive Officer

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**CONSOLIDATED BALANCE SHEETS****Columbia Banking System, Inc.**

Unaudited

	March 31, 2020	December 31, 2019
	<i>(in thousands)</i>	
<b>ASSETS</b>		
Cash and due from banks	\$ 190,399	\$ 223,541
Interest-earning deposits with banks	25,357	24,132
Total cash and cash equivalents	215,756	247,673
Debt securities available for sale at fair value	3,553,128	3,746,142
Federal Home Loan Bank ("FHLB") stock at cost	38,280	48,120
Loans held for sale	9,701	17,718
Loans, net of unearned income	8,933,321	8,743,465
Less: Allowance for credit losses	122,074	83,968
Loans, net	8,811,247	8,659,497
Interest receivable	44,577	46,839
Premises and equipment, net	164,626	165,408
Other real estate owned	510	552
Goodwill	765,842	765,842
Other intangible assets, net	33,148	35,458
Other assets	401,688	346,275
Total assets	<u>\$ 14,038,503</u>	<u>\$ 14,079,524</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits:		
Noninterest-bearing	\$ 5,323,908	\$ 5,328,146
Interest-bearing	5,488,848	5,356,562
Total deposits	10,812,756	10,684,708
FHLB advances and Federal Reserve Bank ("FRB") borrowings	712,455	953,469
Securities sold under agreements to repurchase	29,252	64,437
Subordinated debentures	35,231	35,277
Revolving line of credit	5,000	—
Other liabilities	230,207	181,671
Total liabilities	11,824,901	11,919,562
Commitments and contingent liabilities		
Shareholders' equity:		
	March 31, 2020	December 31, 2019
	<i>(in thousands)</i>	
Preferred stock (no par value)		
Authorized shares	2,000	2,000
Common stock (no par value)		
Authorized shares	115,000	115,000
Issued	73,759	73,577
Outstanding	71,575	72,124
Retained earnings		495,830
Accumulated other comprehensive income		137,207
Treasury stock at cost	2,184	1,453
Total shareholders' equity		<u>2,213,602</u>
Total liabilities and shareholders' equity		<u>\$ 14,038,503</u>
		<u>\$ 14,079,524</u>

**CONSOLIDATED STATEMENTS OF INCOME**

**Columbia Banking System, Inc.**

Unaudited

Three Months Ended

**Interest Income**

Loans  
Taxable securities  
Tax-exempt securities  
Deposits in banks  
Total interest income

**Interest Expense**

Deposits  
FHLB advances and FRB borrowings  
Subordinated debentures  
Other borrowings  
Total interest expense

**Net Interest Income**

Provision for credit losses  
Net interest income after provision for credit losses

**Noninterest Income**

Deposit account and treasury management fees  
Card revenue  
Financial services and trust revenue  
Loan revenue  
Bank owned life insurance  
Investment securities gains, net  
Other  
Total noninterest income

**Noninterest Expense**

Compensation and employee benefits  
Occupancy  
Data processing  
Legal and professional fees  
Amortization of intangibles  
Business and Occupation ("B&O") taxes  
Advertising and promotion  
Regulatory premiums  
Net cost (benefit) of operation of other real estate owned  
Other  
Total noninterest expense

Income before income taxes  
Provision for income taxes

**Net Income**

**Earnings per common share**

Basic  
Diluted  
Dividends declared per common share - regular  
Dividends declared per common share - special  
Dividends declared per common share - total

Weighted average number of common shares outstanding  
Weighted average number of diluted common shares outstanding

	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
	<i>(in thousands except per share amounts)</i>		
\$	107,366	\$ 110,384	\$ 108,416
	21,088	20,074	17,415
	2,302	2,498	2,969
	141	153	88
	130,897	133,109	128,888
	3,642	5,809	4,498
	4,229	1,899	2,685
	468	467	468
	136	117	215
	8,475	8,292	7,866
	122,422	124,817	121,022
	41,500	1,614	1,362
	80,922	123,203	119,660
	7,788	8,665	8,980
	3,518	3,767	3,662
	3,065	3,191	2,957
	4,590	3,625	2,389
	1,596	1,650	1,519
	249	—	1,847
	401	909	342
	21,207	21,807	21,696
	54,842	54,308	52,085
	9,197	9,010	8,809
	4,840	4,792	4,669
	2,102	4,835	4,573
	2,310	2,450	2,748
	624	1,234	1,876
	1,305	1,329	974
	34	18	984
	12	(10)	113
	9,005	9,012	7,869
	84,271	86,978	84,700
	17,858	58,032	56,656
	3,230	11,903	10,785
\$	14,628	\$ 46,129	\$ 45,871
\$	0.20	\$ 0.64	\$ 0.63
\$	0.20	\$ 0.64	\$ 0.63
\$	0.28	\$ 0.28	\$ 0.28
\$	0.22	\$ —	\$ 0.14
\$	0.50	\$ 0.28	\$ 0.42
	71,206	71,238	72,521
	71,264	71,310	72,524

## FINANCIAL STATISTICS

### Columbia Banking System, Inc.

Unaudited

	Three Months Ended		
	March 31,	December 31,	March 31,
	2020	2019	2019
<i>(dollars in thousands except per share amounts)</i>			
<b>Earnings</b>			
Net interest income	\$ 122,422	\$ 124,817	\$ 121,022
Provision for credit losses	\$ 41,500	\$ 1,614	\$ 1,362
Noninterest income	\$ 21,207	\$ 21,807	\$ 21,696
Noninterest expense	\$ 84,271	\$ 86,978	\$ 84,700
Net income	\$ 14,628	\$ 46,129	\$ 45,871
<b>Per Common Share</b>			
Earnings (basic)	\$ 0.20	\$ 0.64	\$ 0.63
Earnings (diluted)	\$ 0.20	\$ 0.64	\$ 0.63
Book value	\$ 30.93	\$ 29.95	\$ 28.39
Tangible book value per common share (1)	\$ 19.76	\$ 18.84	\$ 17.39
<b>Averages</b>			
Total assets	\$ 13,995,632	\$ 13,750,840	\$ 13,048,041
Interest-earning assets	\$ 12,487,550	\$ 12,231,779	\$ 11,561,627
Loans	\$ 8,815,755	\$ 8,742,246	\$ 8,406,664
Securities and FHLB stock	\$ 3,618,567	\$ 3,453,554	\$ 3,140,201
Deposits	\$ 10,622,379	\$ 10,959,434	\$ 10,271,016
Interest-bearing deposits	\$ 5,383,203	\$ 5,610,850	\$ 5,226,396
Interest-bearing liabilities	\$ 6,375,931	\$ 6,058,319	\$ 5,802,965
Noninterest-bearing deposits	\$ 5,239,176	\$ 5,348,584	\$ 5,044,620
Shareholders' equity	\$ 2,193,051	\$ 2,170,879	\$ 2,044,832
<b>Financial Ratios</b>			
Return on average assets	0.42 %	1.34 %	1.41 %
Return on average common equity	2.67 %	8.50 %	8.97 %
Return on average tangible common equity (1)	4.72 %	14.05 %	15.57 %
Average equity to average assets	15.67 %	15.79 %	15.67 %
Shareholders' equity to total assets	15.77 %	15.34 %	15.99 %
Tangible common shareholders' equity to tangible assets (1)	10.68 %	10.23 %	10.44 %
Net interest margin (tax equivalent)	4.00 %	4.11 %	4.32 %
Efficiency ratio (tax equivalent) (2)	57.73 %	58.34 %	58.33 %
Operating efficiency ratio (tax equivalent) (1)	57.24 %	58.07 %	57.54 %
Noninterest expense ratio	2.41 %	2.53 %	2.60 %
<b>Period end</b>	<b>March 31,</b>	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>	
Total assets	\$ 14,038,503	\$ 14,079,524	
Loans, net of unearned income	\$ 8,933,321	\$ 8,743,465	
Allowance for credit losses	\$ 122,074	\$ 83,968	
Securities and FHLB stock	\$ 3,591,408	\$ 3,794,262	
Deposits	\$ 10,812,756	\$ 10,684,708	
Shareholders' equity	\$ 2,213,602	\$ 2,159,962	
<b>Nonperforming assets</b>			
Nonaccrual loans	\$ 47,647	\$ 33,060	
Other real estate owned ("OREO") and other personal property owned ("OPPO")	510	552	
Total nonperforming assets	<u>\$ 48,157</u>	<u>\$ 33,612</u>	
Nonperforming loans to period-end loans	0.53 %	0.38 %	
Nonperforming assets to period-end assets	0.34 %	0.24 %	
Allowance for credit losses to period-end loans	1.37 %	0.96 %	
Net loan charge-offs (recoveries) (for the three months ended)	\$ 5,026	\$ 306	

(1) This is a non-GAAP measure. See section titled "Non-GAAP Financial Measures" on the last three pages of this earnings release for a reconciliation to the most comparable GAAP measure.

(2) Noninterest expense divided by the sum of net interest income on a tax equivalent basis and noninterest income on a tax equivalent basis.

**QUARTERLY FINANCIAL STATISTICS**

**Columbia Banking System, Inc.**

Unaudited

	Three Months Ended				
	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
<b>Earnings</b>					
<i>(dollars in thousands except per share amounts)</i>					
Net interest income	\$ 122,422	\$ 124,817	\$ 122,450	\$ 125,116	\$ 121,022
Provision for credit losses	\$ 41,500	\$ 1,614	\$ 299	\$ 218	\$ 1,362
Noninterest income	\$ 21,207	\$ 21,807	\$ 28,030	\$ 25,648	\$ 21,696
Noninterest expense	\$ 84,271	\$ 86,978	\$ 87,076	\$ 86,728	\$ 84,700
Net income	\$ 14,628	\$ 46,129	\$ 50,727	\$ 51,724	\$ 45,871
<b>Per Common Share</b>					
Earnings (basic)	\$ 0.20	\$ 0.64	\$ 0.70	\$ 0.71	\$ 0.63
Earnings (diluted)	\$ 0.20	\$ 0.64	\$ 0.70	\$ 0.71	\$ 0.63
Book value	\$ 30.93	\$ 29.95	\$ 29.90	\$ 29.26	\$ 28.39
<b>Averages</b>					
Total assets	\$ 13,995,632	\$ 13,750,840	\$ 13,459,774	\$ 13,096,413	\$ 13,048,041
Interest-earning assets	\$ 12,487,550	\$ 12,231,779	\$ 11,941,578	\$ 11,606,727	\$ 11,561,627
Loans	\$ 8,815,755	\$ 8,742,246	\$ 8,694,592	\$ 8,601,819	\$ 8,406,664
Securities and FHLB stock	\$ 3,618,567	\$ 3,453,554	\$ 3,102,213	\$ 2,969,749	\$ 3,140,201
Deposits	\$ 10,622,379	\$ 10,959,434	\$ 10,668,767	\$ 10,186,371	\$ 10,271,016
Interest-bearing deposits	\$ 5,383,203	\$ 5,610,850	\$ 5,517,171	\$ 5,174,875	\$ 5,226,396
Interest-bearing liabilities	\$ 6,375,931	\$ 6,058,319	\$ 5,989,042	\$ 5,841,425	\$ 5,802,965
Noninterest-bearing deposits	\$ 5,239,176	\$ 5,348,584	\$ 5,151,596	\$ 5,011,496	\$ 5,044,620
Shareholders' equity	\$ 2,193,051	\$ 2,170,879	\$ 2,152,916	\$ 2,096,157	\$ 2,044,832
<b>Financial Ratios</b>					
Return on average assets	0.42 %	1.34 %	1.51 %	1.58 %	1.41 %
Return on average common equity	2.67 %	8.50 %	9.42 %	9.87 %	8.97 %
Average equity to average assets	15.67 %	15.79 %	16.00 %	16.01 %	15.67 %
Shareholders' equity to total assets	15.77 %	15.34 %	15.71 %	16.30 %	15.99 %
Net interest margin (tax equivalent)	4.00 %	4.11 %	4.14 %	4.40 %	4.32 %
<b>Period-end</b>					
Total assets	\$ 14,038,503	\$ 14,079,524	\$ 13,757,760	\$ 13,090,808	\$ 13,064,436
Loans, net of unearned income	\$ 8,933,321	\$ 8,743,465	\$ 8,756,355	\$ 8,646,990	\$ 8,520,798
Allowance for credit losses	\$ 122,074	\$ 83,968	\$ 82,660	\$ 80,517	\$ 83,274
Securities and FHLB stock	\$ 3,591,408	\$ 3,794,262	\$ 3,397,252	\$ 2,894,218	\$ 3,052,870
Deposits	\$ 10,812,756	\$ 10,684,708	\$ 10,855,716	\$ 10,211,599	\$ 10,369,009
Shareholders' equity	\$ 2,213,602	\$ 2,159,962	\$ 2,161,577	\$ 2,133,638	\$ 2,088,620
Goodwill	\$ 765,842	\$ 765,842	\$ 765,842	\$ 765,842	\$ 765,842
Other intangible assets, net	\$ 33,148	\$ 35,458	\$ 37,908	\$ 40,540	\$ 43,189
<b>Nonperforming assets</b>					
Nonaccrual loans	\$ 47,647	\$ 33,060	\$ 37,021	\$ 39,038	\$ 52,615
OREO and OPPO	510	552	625	1,118	6,075
Total nonperforming assets	<u>\$ 48,157</u>	<u>\$ 33,612</u>	<u>\$ 37,646</u>	<u>\$ 40,156</u>	<u>\$ 58,690</u>
Nonperforming loans to period-end loans	0.53 %	0.38 %	0.42 %	0.45 %	0.62 %
Nonperforming assets to period-end assets	0.34 %	0.24 %	0.27 %	0.31 %	0.45 %
Allowance for credit losses to period-end loans	1.37 %	0.96 %	0.94 %	0.93 %	0.98 %
Net loan charge-offs (recoveries)	\$ 5,026	\$ 306	\$ (1,844)	\$ 2,975	\$ 1,457

**LOAN PORTFOLIO COMPOSITION****Columbia Banking System, Inc.**

Unaudited

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>	<b>June 30, 2019</b>	<b>March 31, 2019</b>
<b>Loan Portfolio Composition - Dollars</b>					
<i>(dollars in thousands)</i>					
Commercial loans:					
Commercial real estate	\$ 3,969,974	\$ 3,945,853	\$ 3,746,365	\$ 3,689,282	\$ 3,676,921
Commercial business	3,169,668	2,989,613	3,057,669	3,059,066	2,996,412
Agriculture	754,491	765,371	777,619	744,481	663,394
Construction	308,186	361,533	479,171	446,101	458,946
Consumer loans:					
One-to-four family residential real estate	690,506	637,325	654,077	667,037	683,227
Other consumer	40,496	43,770	41,454	41,023	41,898
Total loans	<u>8,933,321</u>	<u>8,743,465</u>	<u>8,756,355</u>	<u>8,646,990</u>	<u>8,520,798</u>
Less: Allowance for credit losses	<u>(122,074)</u>	<u>(83,968)</u>	<u>(82,660)</u>	<u>(80,517)</u>	<u>(83,274)</u>
Total loans, net	<u>\$ 8,811,247</u>	<u>\$ 8,659,497</u>	<u>\$ 8,673,695</u>	<u>\$ 8,566,473</u>	<u>\$ 8,437,524</u>
Loans held for sale	<u>\$ 9,701</u>	<u>\$ 17,718</u>	<u>\$ 15,036</u>	<u>\$ 12,189</u>	<u>\$ 4,017</u>

	<b>March 31, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>	<b>June 30, 2019</b>	<b>March 31, 2019</b>
<b>Loan Portfolio Composition - Percentages</b>					
Commercial loans:					
Commercial real estate	44.5 %	45.1 %	42.7 %	42.6 %	43.1 %
Commercial business	35.5 %	34.2 %	34.9 %	35.4 %	35.2 %
Agriculture	8.4 %	8.8 %	8.9 %	8.6 %	7.8 %
Construction	3.4 %	4.1 %	5.5 %	5.2 %	5.4 %
Consumer loans:					
One-to-four family residential real estate	7.7 %	7.3 %	7.5 %	7.7 %	8.0 %
Other consumer	<u>0.5 %</u>	<u>0.5 %</u>	<u>0.5 %</u>	<u>0.5 %</u>	<u>0.5 %</u>
Total loans	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

**DEPOSIT COMPOSITION**  
**Columbia Banking System, Inc.**  
*Unaudited*

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
<b>Deposit Composition - Dollars</b>					
	<i>(dollars in thousands)</i>				
Demand and other noninterest-bearing	\$ 5,323,908	\$ 5,328,146	\$ 5,320,435	\$ 5,082,219	\$ 5,106,568
Money market	2,313,717	2,322,644	2,295,229	2,240,522	2,311,937
Interest-bearing demand	1,131,874	1,150,437	1,059,502	1,058,545	1,078,849
Savings	905,931	882,050	892,438	887,172	896,458
Interest-bearing public funds, other than certificates of deposit	405,810	301,203	629,797	270,398	269,156
Certificates of deposit, less than \$250,000	214,449	218,764	223,249	228,920	236,014
Certificates of deposit, \$250,000 or more	109,659	151,995	107,506	105,782	101,965
Certificates of deposit insured by CDARS®	17,171	17,065	17,252	16,559	22,890
Brokered certificates of deposit	12,259	12,259	18,852	40,502	51,375
Reciprocal money market accounts	377,980	300,158	291,542	281,247	294,096
Subtotal	<u>10,812,758</u>	<u>10,684,721</u>	<u>10,855,802</u>	<u>10,211,866</u>	<u>10,369,308</u>
Valuation adjustment resulting from acquisition accounting	(2)	(13)	(86)	(267)	(299)
Total deposits	<u><u>\$ 10,812,756</u></u>	<u><u>\$ 10,684,708</u></u>	<u><u>\$ 10,855,716</u></u>	<u><u>\$ 10,211,599</u></u>	<u><u>\$ 10,369,009</u></u>

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
<b>Deposit Composition - Percentages</b>					
Demand and other noninterest-bearing	49.2 %	49.9 %	49.0 %	49.8 %	49.2 %
Money market	21.4 %	21.7 %	21.1 %	21.9 %	22.3 %
Interest-bearing demand	10.5 %	10.8 %	9.8 %	10.4 %	10.4 %
Savings	8.4 %	8.3 %	8.2 %	8.7 %	8.6 %
Interest-bearing public funds, other than certificates of deposit	3.8 %	2.8 %	5.8 %	2.7 %	2.6 %
Certificates of deposit, less than \$250,000	2.0 %	2.0 %	2.1 %	2.2 %	2.3 %
Certificates of deposit, \$250,000 or more	1.0 %	1.4 %	1.0 %	1.0 %	1.0 %
Certificates of deposit insured by CDARS®	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %
Brokered certificates of deposit	0.1 %	0.1 %	0.2 %	0.4 %	0.5 %
Reciprocal money market accounts	3.4 %	2.8 %	2.6 %	2.7 %	2.9 %
Total	<u><u>100.0 %</u></u>				

## AVERAGE BALANCES AND RATES

### Columbia Banking System, Inc.

Unaudited

	Three Months Ended			Three Months Ended		
	March 31, 2020			March 31, 2019		
	Average Balances	Interest Earned / Paid	Average Rate	Average Balances	Interest Earned / Paid	Average Rate
<i>(dollars in thousands)</i>						
<b>ASSETS</b>						
Loans, net (1)(2)	\$ 8,815,755	\$ 108,665	4.96 %	\$ 8,406,664	\$ 109,715	5.29 %
Taxable securities	3,209,110	21,088	2.64 %	2,637,436	17,415	2.68 %
Tax exempt securities (2)	409,457	2,914	2.86 %	502,765	3,758	3.03 %
Interest-earning deposits with banks	53,228	141	1.07 %	14,762	88	2.42 %
Total interest-earning assets	12,487,550	132,808	4.28 %	11,561,627	130,976	4.59 %
Other earning assets	232,361			232,077		
Noninterest-earning assets	1,275,721			1,254,337		
Total assets	\$ 13,995,632			\$ 13,048,041		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
Money market accounts (3)	\$ 2,633,931	\$ 1,728	0.26 %	\$ 2,585,983	\$ 2,585	0.41 %
Interest-bearing demand (3)	1,125,691	484	0.17 %	1,074,595	364	0.14 %
Savings accounts (3)	897,276	43	0.02 %	896,514	43	0.02 %
Interest-bearing public funds, other than certificates of deposit (3)	355,401	903	1.02 %	262,765	930	1.44 %
Certificates of deposit	370,904	484	0.52 %	406,539	576	0.57 %
Total interest-bearing	5,383,203	3,642	0.27 %	5,226,396	4,498	0.35 %
FHLB advances and FRB	909,110	4,229	1.87 %	499,428	2,685	2.18 %
Subordinated debentures	35,253	468	5.34 %	35,438	468	5.36 %
Other borrowings and interest-bearing liabilities	48,365	136	1.13 %	41,703	215	2.09 %
Total interest-bearing	6,375,931	8,475	0.53 %	5,802,965	7,866	0.55 %
Noninterest-bearing deposits	5,239,176			5,044,620		
Other noninterest-bearing liabilities	187,474			155,624		
Shareholders' equity	2,193,051			2,044,832		
Total liabilities & shareholders'	\$ 13,995,632			\$ 13,048,041		
Net interest income (tax equivalent)		\$ 124,333			\$ 123,110	
Net interest margin (tax equivalent)			<u>4.00 %</u>			<u>4.32 %</u>

- (1) Nonaccrual loans have been included in the tables as loans carrying a zero yield. Amortized net deferred loan fees and net unearned discounts on acquired loans were included in the interest income calculations. The amortization of net deferred loan fees was \$2.4 million and \$2.2 million for the three months ended March 31, 2020 and 2019, respectively. The incremental accretion income on acquired loans was \$1.5 million and \$2.0 million for the three months ended March 31, 2020 and 2019, respectively.
- (2) Tax-exempt income is calculated on a tax equivalent basis. The tax equivalent yield adjustment to interest earned on loans was \$1.3 million for both the three months ended March 31, 2020 and 2019. The tax equivalent yield adjustment to interest earned on tax exempt securities was \$612 thousand and \$789 thousand for the three months ended March 31, 2020 and 2019, respectively.
- (3) Beginning July 2019, interest-bearing public funds, other than certificates of deposit, are presented separately in this table. Prior period amounts have been reclassified to conform to current period presentation.

## AVERAGE BALANCES AND RATES

### Columbia Banking System, Inc.

Unaudited

	Three Months Ended			Three Months Ended		
	March 31, 2020			December 31, 2019		
	Average Balances	Interest Earned / Paid	Average Rate	Average Balances	Interest Earned / Paid	Average Rate
<i>(dollars in thousands)</i>						
<b>ASSETS</b>						
Loans, net (1)(2)	\$ 8,815,755	\$ 108,665	4.96 %	\$ 8,742,246	\$ 111,754	5.07 %
Taxable securities	3,209,110	21,088	2.64 %	3,011,521	20,074	2.64 %
Tax exempt securities (2)	409,457	2,914	2.86 %	442,033	3,163	2.84 %
Interest-earning deposits with banks	53,228	141	1.07 %	35,979	153	1.69 %
Total interest-earning assets	12,487,550	132,808	4.28 %	12,231,779	135,144	4.38 %
Other earning assets	232,361			231,456		
Noninterest-earning assets	1,275,721			1,287,605		
Total assets	\$ 13,995,632			\$ 13,750,840		
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
Money market accounts	\$ 2,633,931	\$ 1,728	0.26 %	\$ 2,649,404	\$ 2,277	0.34 %
Interest-bearing demand	1,125,691	484	0.17 %	1,065,531	446	0.17 %
Savings accounts	897,276	43	0.02 %	888,895	47	0.02 %
Interest-bearing public funds, other than certificates of deposit	355,401	903	1.02 %	616,938	2,413	1.55 %
Certificates of deposit	370,904	484	0.52 %	390,082	626	0.64 %
Total interest-bearing deposits	5,383,203	3,642	0.27 %	5,610,850	5,809	0.41 %
FHLB advances and FRB borrowings	909,110	4,229	1.87 %	379,975	1,899	1.98 %
Subordinated debentures	35,253	468	5.34 %	35,299	467	5.25 %
Other borrowings and interest-bearing liabilities	48,365	136	1.13 %	32,195	117	1.44 %
Total interest-bearing liabilities	6,375,931	8,475	0.53 %	6,058,319	8,292	0.54 %
Noninterest-bearing deposits	5,239,176			5,348,584		
Other noninterest-bearing liabilities	187,474			173,058		
Shareholders' equity	2,193,051			2,170,879		
Total liabilities & shareholders' equity	\$ 13,995,632			\$ 13,750,840		
Net interest income (tax equivalent)		\$ 124,333			\$ 126,852	
Net interest margin (tax equivalent)			<u>4.00 %</u>			<u>4.11 %</u>

- (1) Nonaccrual loans have been included in the tables as loans carrying a zero yield. Amortized net deferred loan fees and net unearned discounts on acquired loans were included in the interest income calculations. The amortization of net deferred loan fees was \$2.4 million and \$2.1 million for the three months ended March 31, 2020 and December 31, 2019, respectively. The incremental accretion on acquired loans was \$1.5 million and \$2.3 million for the three months ended March 31, 2020 and December 31, 2019, respectively.
- (2) Tax-exempt income is calculated on a tax equivalent basis. The tax equivalent yield adjustment to interest earned on loans was \$1.3 million and \$1.4 million for the three months ended March 31, 2020 and December 31, 2019, respectively. The tax equivalent yield adjustment to interest earned on tax exempt securities was \$612 thousand and \$665 thousand for the three months ended March 31, 2020 and December 31, 2019, respectively.

## Non-GAAP Financial Measures

The Company considers its operating net interest margin and operating efficiency ratios to be useful measurements as they more closely reflect the ongoing operating performance of the Company. Despite the usefulness of the operating net interest margin and operating efficiency ratio to the Company, there are no standardized definitions for them. As a result, the Company's calculations may not be comparable with other organizations. The Company encourages readers to consider its consolidated financial statements in their entirety and not to rely on any single financial measure.

The following tables reconcile the Company's calculation of the operating net interest margin and operating efficiency ratio:

	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
<i>(dollars in thousands)</i>			
<b>Operating net interest margin non-GAAP reconciliation:</b>			
Net interest income (tax equivalent) (1)	\$ 124,333	\$ 126,852	\$ 123,110
Adjustments to arrive at operating net interest income (tax equivalent):			
Incremental accretion income on acquired loans (2)	(1,491)	(2,316)	(2,035)
Premium amortization on acquired securities	1,127	1,204	1,779
Interest reversals on nonaccrual loans	788	209	626
Operating net interest income (tax equivalent) (1)	\$ 124,757	\$ 125,949	\$ 123,480
Average interest earning assets	\$ 12,487,550	\$ 12,231,779	\$ 11,561,627
Net interest margin (tax equivalent) (1)	4.00 %	4.11 %	4.32 %
Operating net interest margin (tax equivalent) (1)	4.02 %	4.09 %	4.33 %
<b>Three Months Ended</b>			
	March 31, 2020	December 31, 2019	March 31, 2019
<i>(dollars in thousands)</i>			
<b>Operating efficiency ratio non-GAAP reconciliation:</b>			
Noninterest expense (numerator A)	\$ 84,271	\$ 86,978	\$ 84,700
Adjustments to arrive at operating noninterest expense:			
Net benefit (cost) of operation of OREO and OPPO	(4)	10	(114)
Loss on asset disposals	(4)	—	—
Business and Occupation ("B&O") taxes	(624)	(1,234)	(1,876)
Operating noninterest expense (numerator B)	\$ 83,639	\$ 85,754	\$ 82,710
Net interest income (tax equivalent) (1)	\$ 124,333	\$ 126,852	\$ 123,110
Noninterest income	21,207	21,807	21,696
Bank owned life insurance tax equivalent adjustment	424	439	404
Total revenue (tax equivalent) (denominator A)	\$ 145,964	\$ 149,098	\$ 145,210
Operating net interest income (tax equivalent) (1)	\$ 124,757	\$ 125,949	\$ 123,480
Adjustments to arrive at operating noninterest income (tax equivalent):			
Investment securities loss (gain), net	(249)	—	(1,847)
Gain on asset disposals	(21)	(530)	—
Operating noninterest income (tax equivalent)	21,361	21,716	20,253
Total operating revenue (tax equivalent) (denominator B)	\$ 146,118	\$ 147,665	\$ 143,733
Efficiency ratio (tax equivalent) (numerator A/denominator A)	57.73 %	58.34 %	58.33 %
Operating efficiency ratio (tax equivalent) (numerator B/denominator B)	57.24 %	58.07 %	57.54 %

(1) Tax-exempt interest income has been adjusted to a tax equivalent basis. The amount of such adjustment was an addition to net interest income of \$1.9 million, \$2.0 million, and \$2.1 million for the three months ended March 31, 2020, December 31, 2019, and March 31, 2019, respectively.

(2) Beginning January 2020, incremental accretion income on purchased credit impaired loans is no longer presented separate from incremental accretion income on other acquired loans. Prior period amounts have been reclassified to conform with current period presentation.

## Non-GAAP Financial Measures - Continued

The Company considers its pre-tax, pre-provision income to be a useful measurement in evaluating the earnings of the Company as it provides a method to assess income. Despite the usefulness of this measure to the Company, there is not a standardized definition for it. As a result, the Company's calculation may not always be comparable with other organizations. The Company encourages readers to consider its consolidated financial statements in their entirety and not to rely on any single financial measure.

The following table reconciles the Company's calculation of the pre-tax, pre-provision income:

	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
<b>Pre-tax, pre-provision income:</b>			
Income before income taxes	\$ 17,858	\$ 58,032	\$ 56,656
Provision for credit losses	41,500	1,614	1,362
Pre-tax, pre-provision income	<u>\$ 59,358</u>	<u>\$ 59,646</u>	<u>\$ 58,018</u>

The Company considers its tangible common equity ratio and tangible book value per share ratio to be useful measurements in evaluating the capital adequacy of the Company as they provide a method to assess management's success in utilizing our tangible capital. Despite the usefulness of these ratios to the Company, there is not a standardized definition for them. As a result, the Company's calculation may not always be comparable with other organizations. The Company encourages readers to consider its consolidated financial statements in their entirety and not to rely on any single financial measure.

The following tables reconcile the Company's calculation of the tangible common equity ratio:

	March 31, 2020	December 31, 2019	March 31, 2019
		<i>(dollars in thousands except per share amounts)</i>	
<b>Tangible common equity ratio and tangible book value per common share non-GAAP reconciliation:</b>			
Shareholders' equity (numerator A)	\$ 2,213,602	\$ 2,159,962	\$ 2,088,620
Adjustments to arrive at tangible common equity:			
Goodwill	(765,842)	(765,842)	(765,842)
Other intangible assets, net	(33,148)	(35,458)	(43,189)
Tangible common equity (numerator B)	<u>\$ 1,414,612</u>	<u>\$ 1,358,662</u>	<u>\$ 1,279,589</u>
Total assets (denominator A)	\$ 14,038,503	\$ 14,079,524	\$ 13,064,436
Adjustments to arrive at tangible assets:			
Goodwill	(765,842)	(765,842)	(765,842)
Other intangible assets, net	(33,148)	(35,458)	(43,189)
Tangible assets (denominator B)	<u>\$ 13,239,513</u>	<u>\$ 13,278,224</u>	<u>\$ 12,255,405</u>
Shareholders' equity to total assets (numerator A/denominator A)	15.77 %	15.34 %	15.99 %
Tangible common shareholders' equity to tangible assets (numerator B/denominator B)	10.68 %	10.23 %	10.44 %
Common shares outstanding (denominator C)	71,575	72,124	73,565
Book value per common share (numerator A/denominator C)	\$ 30.93	\$ 29.95	\$ 28.39
Tangible book value per common share (numerator B/denominator C)	\$ 19.76	\$ 18.84	\$ 17.39

## Non-GAAP Financial Measures - Continued

The Company also considers its return on average tangible common equity ratio to be a useful measurement as it evaluates the Company's ongoing ability to generate returns for its common shareholders. By removing the impact of intangible assets and their related amortization and tax effects, the performance of the business can be evaluated, whether acquired or developed internally. Despite the usefulness of this ratio to the Company, there is not a standardized definition for it. As a result, the Company's calculation may not always be comparable with other organizations. The Company encourages readers to consider its consolidated financial statements in their entirety and not to rely on any single financial measure.

The following tables reconcile the Company's calculation of the return on average tangible common shareholders' equity ratio:

	Three Months Ended		
	March 31, 2020	December 31, 2019	March 31, 2019
<i>(dollars in thousands)</i>			
<b>Return on average tangible common equity non-GAAP reconciliation:</b>			
Net income (numerator A)	\$ 14,628	\$ 46,129	\$ 45,871
Adjustments to arrive at tangible income applicable to common shareholders:			
Amortization of intangibles	2,310	2,450	2,748
Tax effect on intangible amortization	(485)	(515)	(577)
Tangible income applicable to common shareholders (numerator B)	<u>\$ 16,453</u>	<u>\$ 48,064</u>	<u>\$ 48,042</u>
Average shareholders' equity (denominator A)	\$ 2,193,051	\$ 2,170,879	\$ 2,044,832
Adjustments to arrive at average tangible common equity:			
Average intangibles	(800,079)	(802,446)	(810,376)
Average tangible common equity (denominator B)	<u>\$ 1,392,972</u>	<u>\$ 1,368,433</u>	<u>\$ 1,234,456</u>
Return on average common equity (numerator A/denominator A) (1)	2.67 %	8.50 %	8.97 %
Return on average tangible common equity (numerator B/denominator B) (2)	4.72 %	14.05 %	15.57 %

(1) For the purpose of this ratio, interim net income has been annualized.

(2) For the purpose of this ratio, interim tangible income applicable to common shareholders has been annualized.