

REFINITIV

DELTA REPORT

10-Q

COLB - COLUMBIA BANKING SYSTEM,
10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1912
CHANGES	494
DELETIONS	532
ADDITIONS	886

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended: **June** **September** 30, 2024

or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from _____ to _____.

Commission File Number: 000-20288

COLUMBIA BANKING SYSTEM, INC.

(Exact Name of Registrant as Specified in Its Charter)

Washington

(State or Other Jurisdiction
of Incorporation or Organization)

91-1422237

(I.R.S. Employer Identification Number)

1301 A Street

Tacoma, Washington 98402-2156

(Address of Principal Executive Offices)(Zip Code)

(253) 305-1900

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

<u>TITLE OF EACH CLASS</u>	<u>TRADING SYMBOL</u>	<u>NAME OF EXCHANGE</u>
Common Stock, No Par Value	COLB	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

☒ Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer
☐ Smaller reporting company ☐ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding for each of the issuer's classes of common stock, as of the latest practical date:
Common stock, no par value: **209,481,301** **209,531,207** shares outstanding as of **July 31, 2024** **October 31, 2024**.

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FORM 10-Q
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GLOSSARY OF DEFINED TERMS	
ACL	Allowance for Credit Losses
ACLLL	Allowance for Credit Losses on Loans and Leases
ASU	Accounting Standards Update
Bank	Umpqua Bank
Basel III	Basel Capital Framework (third accord)
BOLI	Bank Owned Life Insurance
BTFP	Bank Term Funding Program
CECL	Current Expected Credit Losses
Columbia	Columbia Banking System, Inc.
Company	Columbia Banking System, Inc. and its Subsidiaries
CVA	Credit Valuation Adjustments
DCF	Discounted Cash Flow
EVE	Economic Value of Equity
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
Federal Reserve	Board of Governors of the Federal Reserve System
FHLB	Federal Home Loan Bank of Des Moines
FinPac	Financial Pacific Leasing, Inc.
FOMC	Federal Open Market Committee
FRB	Federal Reserve Bank
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GNMA	Government National Mortgage Association
HELOC	Home Equity Line of Credit
LGD	Loss Given Default
Merger	Umpqua Holdings Corporation merged with and into Columbia, with Columbia as the surviving corporation. corporation
Merger Date	February 28, 2023
MSR	Mortgage Servicing Rights
NOL	Net Operating Loss
NM	Not Meaningful
PCD	Purchased with Credit Deterioration
PD	Probability of Default
RUC	Reserve for Unfunded Commitments
SBA	Small Business Administration
SEC	Securities and Exchange Commission
SOFR	Secured Overnight Financing Rate
UHC	Umpqua Holdings Corporation

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

COLUMBIA BANKING SYSTEM, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in thousands, except shares)	June 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
ASSETS	ASSETS		ASSETS	
Cash and due from banks (restricted cash of \$4,240 and \$4,200)				
Interest-bearing cash and temporary investments (restricted cash of \$5,245 and \$900)				

Cash and due from banks (restricted cash of \$8,611 and \$4,200)			
Interest-bearing cash and temporary investments (restricted cash of \$4,745 and \$900)			
Total cash and cash equivalents			
Investment securities	Investment securities	Investment securities	
Equity and other, at fair value			
Available for sale, at fair value			
Held to maturity, at amortized cost			
Loans held for sale			
Loans and leases (at fair value: \$174,021 and \$275,140)			
Loans and leases (at fair value: \$179,617 and \$275,140)			
Allowance for credit losses on loans and leases			
Net loans and leases			
Restricted equity securities			
Premises and equipment, net			
Operating lease right-of-use assets			
Goodwill			
Other intangible assets, net			
Residential mortgage servicing rights, at fair value			
Bank-owned life insurance			
Deferred tax asset, net			
Other assets			
Total assets			
LIABILITIES AND SHAREHOLDERS' EQUITY	LIABILITIES AND SHAREHOLDERS' EQUITY	LIABILITIES AND SHAREHOLDERS' EQUITY	
Deposits	Deposits	Deposits	
Non-interest-bearing			
Interest-bearing			
Total deposits			
Securities sold under agreements to repurchase			
Borrowings			
Junior subordinated debentures, at fair value			
Junior and other subordinated debentures, at amortized cost			
Operating lease liabilities			
Other liabilities			
Other liabilities			
Other liabilities			
Total liabilities			
COMMITMENTS AND CONTINGENCIES (Note 9)	COMMITMENTS AND CONTINGENCIES (Note 9)	COMMITMENTS AND CONTINGENCIES (Note 9)	
SHAREHOLDERS' EQUITY	SHAREHOLDERS' EQUITY	SHAREHOLDERS' EQUITY	
Preferred Stock, no par value, shares authorized: 2,000,000, issued and outstanding: 0			
Common stock, no par value, shares authorized: 520,000,000 in 2024 and 2023; issued and outstanding: 209,459,123 in 2024 and 208,584,667 in 2023			
Common stock, no par value, shares authorized: 520,000,000 in 2024 and 2023; issued and outstanding: 209,531,882 in 2024 and 208,584,667 in 2023			
Accumulated deficit			
Accumulated other comprehensive loss			
Total shareholders' equity			
Total liabilities and shareholders' equity			

See accompanying notes to condensed consolidated financial statements.

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COLUMBIA BANKING SYSTEM, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended
	Three Months Ended
	Three Months Ended
(in thousands, except per share amounts)	
(in thousands, except per share amounts)	
(in thousands, except per share amounts)	
INTEREST INCOME	
INTEREST INCOME	
INTEREST INCOME	
Interest and fees on loans and leases	
Interest and fees on loans and leases	
Interest and fees on loans and leases	
Interest and dividends on investment securities:	
Interest and dividends on investment securities:	
Interest and dividends on investment securities:	
Taxable	
Taxable	
Taxable	
Exempt from federal income tax	
Exempt from federal income tax	
Exempt from federal income tax	
Dividends	
Dividends	
Dividends	
Interest on temporary investments and interest-bearing deposits	
Interest on temporary investments and interest-bearing deposits	
Interest on temporary investments and interest-bearing deposits	
Total interest income	
Total interest income	
Total interest income	
INTEREST EXPENSE	
INTEREST EXPENSE	
INTEREST EXPENSE	
Interest on deposits	
Interest on deposits	
Interest on deposits	
Interest on securities sold under agreement to repurchase and federal funds purchased	
Interest on securities sold under agreement to repurchase and federal funds purchased	
Interest on securities sold under agreement to repurchase and federal funds purchased	
Interest on borrowings	
Interest on borrowings	
Interest on borrowings	
Interest on junior and other subordinated debentures	
Interest on junior and other subordinated debentures	
Interest on junior and other subordinated debentures	
Total interest expense	
Total interest expense	
Total interest expense	
Net interest income	

Net interest income
Net interest income
PROVISION FOR CREDIT LOSSES
PROVISION FOR CREDIT LOSSES
PROVISION FOR CREDIT LOSSES
Net interest income after provision for credit losses
Net interest income after provision for credit losses
Net interest income after provision for credit losses
NON-INTEREST INCOME
NON-INTEREST INCOME
NON-INTEREST INCOME
Service charges on deposits
Service charges on deposits
Service charges on deposits
Card-based fees
Card-based fees
Card-based fees
Financial services and trust revenue
Financial services and trust revenue
Financial services and trust revenue
Residential mortgage banking revenue (loss), net
Residential mortgage banking revenue (loss), net
Residential mortgage banking revenue (loss), net
(Loss) gain on sale of debt securities, net
(Loss) gain on sale of debt securities, net
(Loss) gain on sale of debt securities, net
Residential mortgage banking revenue, net
Residential mortgage banking revenue, net
Residential mortgage banking revenue, net
Gain on sale of debt securities, net
Gain on sale of debt securities, net
Gain on sale of debt securities, net
Gain (loss) on equity securities, net
Gain (loss) on equity securities, net
Gain (loss) on equity securities, net
(Loss) gain on loan and lease sales, net
(Loss) gain on loan and lease sales, net
(Loss) gain on loan and lease sales, net
Gain (loss) on loan and lease sales, net
Gain (loss) on loan and lease sales, net
Gain (loss) on loan and lease sales, net
Bank-owned life insurance income
Bank-owned life insurance income
Bank-owned life insurance income
Other (loss) income
Other (loss) income
Other (loss) income
Other income (loss)
Other income (loss)
Other income (loss)
Total non-interest income

Total non-interest income
Total non-interest income
NON-INTEREST EXPENSE
NON-INTEREST EXPENSE
NON-INTEREST EXPENSE
Salaries and employee benefits
Salaries and employee benefits
Salaries and employee benefits
Occupancy and equipment, net
Occupancy and equipment, net
Occupancy and equipment, net
Communications
Communications
Communications
Marketing
Marketing
Marketing
Services
Services
Services
FDIC assessments
FDIC assessments
FDIC assessments
Intangible amortization
Intangible amortization
Intangible amortization
Merger and restructuring expense
Merger and restructuring expense
Merger and restructuring expense
Other expenses
Other expenses
Other expenses
Total non-interest expense
Total non-interest expense
Total non-interest expense
Income before provision for income taxes
Income before provision for income taxes
Income before provision for income taxes
Provision for income taxes
Provision for income taxes
Provision for income taxes
Net income
Net income
Net income
Earnings per common share:
Earnings per common share:
Earnings per common share:
Basic
Basic
Basic
Diluted

Diluted
Diluted
Weighted average number of common shares outstanding:
Weighted average number of common shares outstanding:
Weighted average number of common shares outstanding:
Basic
Basic
Basic
Diluted
Diluted
Diluted

See accompanying notes to condensed consolidated financial statements.

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COLUMBIA BANKING SYSTEM, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended
	Three Months Ended
	Three Months Ended
(in thousands)	
(in thousands)	
(in thousands)	
Net income	
Net income	
Net income	
Available for sale securities:	
Available for sale securities:	
Available for sale securities:	
Unrealized losses arising during the period	
Unrealized losses arising during the period	
Unrealized losses arising during the period	
Income tax benefit related to unrealized losses	
Income tax benefit related to unrealized losses	
Income tax benefit related to unrealized losses	
Reclassification adjustment for net realized losses (gains) in earnings	
Reclassification adjustment for net realized losses (gains) in earnings	
Reclassification adjustment for net realized losses (gains) in earnings	
Unrealized gains (losses) arising during the period	
Unrealized gains (losses) arising during the period	
Unrealized gains (losses) arising during the period	
Income tax (expense) benefit related to unrealized gains (losses)	
Income tax (expense) benefit related to unrealized gains (losses)	
Income tax (expense) benefit related to unrealized gains (losses)	
Reclassification adjustment for net realized gains in earnings	
Reclassification adjustment for net realized gains in earnings	
Reclassification adjustment for net realized gains in earnings	
Income tax expense related to realized gains	
Income tax expense related to realized gains	
Income tax expense related to realized gains	

Net change in unrealized losses for available for sale securities
Net change in unrealized losses for available for sale securities
Net change in unrealized losses for available for sale securities
Net change in unrealized gains (losses) for available for sale securities
Net change in unrealized gains (losses) for available for sale securities
Net change in unrealized gains (losses) for available for sale securities
Junior subordinated debentures, at fair value:
Junior subordinated debentures, at fair value:
Junior subordinated debentures, at fair value:
Unrealized (losses) gains arising during the period
Unrealized (losses) gains arising during the period
Unrealized (losses) gains arising during the period
Income tax benefit (expense) related to unrealized (losses) gains
Income tax benefit (expense) related to unrealized (losses) gains
Income tax benefit (expense) related to unrealized (losses) gains
Net change in unrealized (losses) gains for junior subordinated debentures, at fair value
Net change in unrealized (losses) gains for junior subordinated debentures, at fair value
Net change in unrealized (losses) gains for junior subordinated debentures, at fair value
Pension plan liability adjustment:
Pension plan liability adjustment:
Pension plan liability adjustment:
Amortization of unrecognized net actuarial loss included in net periodic pension cost
Amortization of unrecognized net actuarial loss included in net periodic pension cost
Amortization of unrecognized net actuarial loss included in net periodic pension cost
Income tax expense related to unrecognized actuarial loss
Income tax expense related to unrecognized actuarial loss
Income tax expense related to unrecognized actuarial loss
Net change in pension plan liability adjustment
Net change in pension plan liability adjustment
Net change in pension plan liability adjustment
Other comprehensive (loss) gain income, net of tax
Other comprehensive (loss) gain income, net of tax
Other comprehensive (loss) gain income, net of tax
Comprehensive income
Comprehensive income
Comprehensive income
Other comprehensive income (loss), net of tax
Other comprehensive income (loss), net of tax
Other comprehensive income (loss), net of tax
Comprehensive income (loss)
Comprehensive income (loss)
Comprehensive income (loss)

See accompanying notes to condensed consolidated financial statements.

COLUMBIA BANKING SYSTEM, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

	Common Stock	Retained Earnings	Accumulated Other
--	--------------	-------------------	-------------------

(in thousands, except shares)			(Accumulated		Comprehensive Income		Total
	Shares	Amount	Deficit)		(Loss)		
Balance at January 1, 2023	129,320,962	\$ 3,450,493	\$ (543,803)	\$	(426,864)	\$	2,479,826
Net loss			(14,038)				(14,038)
Other comprehensive income, net of tax					126,730		126,730
Stock issued in connection with the Merger	78,863,112	2,337,632					2,337,632
Stock-based compensation		5,644					5,644
Stock repurchased and retired	(215,229)	(5,216)					(5,216)
Issuances of common stock under stock plans	460,399	—					—
Cash dividends on common stock (\$0.35 per share)			(45,855)				(45,855)
Balance at March 31, 2023	208,429,244	\$ 5,788,553	\$ (603,696)	\$	(300,134)	\$	4,884,723
Net income			133,377				133,377
Other comprehensive loss, net of tax					(118,628)		(118,628)
Stock issued in connection with the Merger		1,646					1,646
Stock-based compensation		3,335					3,335
Stock repurchased and retired	(32,727)	(742)					(742)
Issuances of common stock under stock plans	117,122	—					—
Cash dividends on common stock (\$0.36 per share)			(75,523)				(75,523)
Balance at June 30, 2023	208,513,639	\$ 5,792,792	\$ (545,842)	\$	(418,762)	\$	4,828,188
Net income			135,845				135,845
Other comprehensive loss, net of tax					(261,667)		(261,667)
Stock-based compensation		4,338					4,338
Stock repurchased and retired	(7,072)	(148)					(148)
Issuances of common stock under stock plans	10,472	—					—
Issuances of common stock under the employee stock purchase plan	58,440	1,185					1,185
Cash dividends on common stock (\$0.36 per share)			(75,579)				(75,579)
Balance at September 30, 2023	208,575,479	\$ 5,798,167	\$ (485,576)	\$	(680,429)	\$	4,632,162
Net income			93,531				93,531
Other comprehensive income, net of tax					340,287		340,287
Stock-based compensation		4,756					4,756
Stock repurchased and retired	(8,807)	(176)					(176)
Issuances of common stock under stock plans	17,995	—					—
Cash dividends on common stock (\$0.36 per share)			(75,526)				(75,526)
Balance at December 31, 2023	208,584,667	\$ 5,802,747	\$ (467,571)	\$	(340,142)	\$	4,995,034

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COLUMBIA BANKING SYSTEM, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)(Continued)

(in thousands, except shares)	Common Stock		Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount			
Balance at January 1, 2024	208,584,667	\$ 5,802,747	\$ (467,571)	\$ (340,142)	\$ 4,995,034
Net income			124,080		124,080
Other comprehensive loss, net of tax				(85,989)	(85,989)
Stock-based compensation		4,422			4,422
Stock repurchased and retired	(240,329)	(4,847)			(4,847)
Issuances of common stock under stock plans	1,026,057	—			—
Cash dividends on common stock (\$0.36 per share)			(75,455)		(75,455)
Balance at March 31, 2024	209,370,395	\$ 5,802,322	\$ (418,946)	\$ (426,131)	\$ 4,957,245

Net income			120,144			120,144
Other comprehensive loss, net of tax				(29,551)		(29,551)
Stock-based compensation		5,486				5,486
Stock repurchased and retired	(41,399)	(767)				(767)
Issuances of common stock under stock plans	130,127	—				—
Cash dividends on common stock (\$0.36 per share)			(75,885)			(75,885)
Balance at June 30, 2024	209,459,123	\$ 5,807,041	\$ (374,687)	\$ (455,682)	\$	4,976,672
Net income			146,182			146,182
Other comprehensive income, net of tax				221,798		221,798
Stock-based compensation		5,216				5,216
Stock repurchased and retired	(870)	(20)				(20)
Issuances of common stock under stock plans	73,629	—				—
Cash dividends on common stock (\$0.36 per share)			(76,020)			(76,020)
Balance at September 30, 2024	209,531,882	\$ 5,812,237	\$ (304,525)	\$ (233,884)	\$	5,273,828

	Common Stock		Retained Earnings	Accumulated Other		
	Shares	Amount	(Accumulated Deficit)	Comprehensive Income (Loss)		Total
(in thousands, except shares)						
Balance at January 1, 2023	129,320,962	\$ 3,450,493	\$ (543,803)	\$ (426,864)	\$	2,479,826
Net loss			(14,038)			(14,038)
Other comprehensive income, net of tax				126,730		126,730
Stock issued in connection with the Merger	78,863,112	2,337,632				2,337,632
Stock-based compensation		5,644				5,644
Stock repurchased and retired	(215,229)	(5,216)				(5,216)
Issuances of common stock under stock plans	460,399	—				—
Cash dividends on common stock (\$0.35 per share)			(45,855)			(45,855)
Balance at March 31, 2023	208,429,244	\$ 5,788,553	\$ (603,696)	\$ (300,134)	\$	4,884,723
Net income			133,377			133,377
Other comprehensive loss, net of tax				(118,628)		(118,628)
Stock issued in connection with the Merger		1,646				1,646
Stock-based compensation		3,335				3,335
Stock repurchased and retired	(32,727)	(742)				(742)
Issuances of common stock under stock plans	117,122	—				—
Cash dividends on common stock (\$0.36 per share)			(75,523)			(75,523)
Balance at June 30, 2023	208,513,639	\$ 5,792,792	\$ (545,842)	\$ (418,762)	\$	4,828,188
Net income			135,845			135,845
Other comprehensive loss, net of tax				(261,667)		(261,667)
Stock-based compensation		4,338				4,338
Stock repurchased and retired	(7,072)	(148)				(148)
Issuances of common stock under stock plans	10,472	—				—
Issuances of common stock under the employee stock purchase plan	58,440	1,185				1,185
Cash dividends on common stock (\$0.36 per share)			(75,579)			(75,579)
Balance at September 30, 2023	208,575,479	\$ 5,798,167	\$ (485,576)	\$ (680,429)	\$	4,632,162
Net income			93,531			93,531
Other comprehensive income, net of tax				340,287		340,287
Stock-based compensation		4,756				4,756
Stock repurchased and retired	(8,807)	(176)				(176)
Issuances of common stock under stock plans	17,995	—				—
Cash dividends on common stock (\$0.36 per share)			(75,526)			(75,526)
Balance at December 31, 2023	208,584,667	\$ 5,802,747	\$ (467,571)	\$ (340,142)	\$	4,995,034
Net income			124,080			124,080

Other comprehensive loss, net of tax					(85,989)	(85,989)
Stock-based compensation		4,422				4,422
Stock repurchased and retired	(240,329)	(4,847)				(4,847)
Issuances of common stock under stock plans	1,026,057	—				—
Cash dividends on common stock (\$0.36 per share)				(75,455)		(75,455)
Balance at March 31, 2024	209,370,395	\$ 5,802,322	\$ (418,946)	\$ (426,131)	\$ 4,957,245	
Net income			120,144			120,144
Other comprehensive loss, net of tax				(29,551)		(29,551)
Stock-based compensation		5,486				5,486
Stock repurchased and retired	(41,399)	(767)				(767)
Issuances of common stock under stock plans	130,127	—				—
Cash dividends on common stock (\$0.36 per share)				(75,885)		(75,885)
Balance at June 30, 2024	209,459,123	\$ 5,807,041	\$ (374,687)	\$ (455,682)	\$ 4,976,672	

See accompanying notes to condensed consolidated financial statements.

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COLUMBIA BANKING SYSTEM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

COLUMBIA BANKING SYSTEM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

COLUMBIA BANKING SYSTEM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended
	Six Months Ended
	Six Months Ended
	Nine Months Ended
	Nine Months Ended
	Nine Months Ended
(in thousands)	
(in thousands)	
(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:	
CASH FLOWS FROM OPERATING ACTIVITIES:	
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	
Net income	
Net income	
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Accretion of investment discounts, net	
Accretion of investment discounts, net	
Accretion of investment discounts, net	
Gain on sale of investment securities, net	
Gain on sale of investment securities, net	
Gain on sale of investment securities, net	
Provision for credit losses	
Provision for credit losses	
Provision for credit losses	
Change in cash surrender value of bank-owned life insurance	
Change in cash surrender value of bank-owned life insurance	
Change in cash surrender value of bank-owned life insurance	

Depreciation, amortization and accretion
Depreciation, amortization and accretion
Depreciation, amortization and accretion
Gain on sale of premises and equipment
Gain on sale of premises and equipment
Gain on sale of premises and equipment
Additions to residential mortgage servicing rights carried at fair value
Additions to residential mortgage servicing rights carried at fair value
Additions to residential mortgage servicing rights carried at fair value
Change in fair value of residential mortgage servicing rights carried at fair value
Change in fair value of residential mortgage servicing rights carried at fair value
Change in fair value of residential mortgage servicing rights carried at fair value
Stock-based compensation
Stock-based compensation
Stock-based compensation
Net increase in equity and other investments
Net increase in equity and other investments
Net increase in equity and other investments
Loss (gain) on equity securities, net
Loss (gain) on equity securities, net
Loss (gain) on equity securities, net
Net (increase) decrease in equity and other investments
Net (increase) decrease in equity and other investments
Net (increase) decrease in equity and other investments
(Gain) loss on equity securities, net
(Gain) loss on equity securities, net
(Gain) loss on equity securities, net
Gain on sale of loans and leases, net
Gain on sale of loans and leases, net
Gain on sale of loans and leases, net
Change in fair value of loans held for sale
Change in fair value of loans held for sale
Change in fair value of loans held for sale
Origination of loans held for sale
Origination of loans held for sale
Origination of loans held for sale
Proceeds from sales of loans held for sale
Proceeds from sales of loans held for sale
Proceeds from sales of loans held for sale
Change in other assets and liabilities:
Change in other assets and liabilities:
Change in other assets and liabilities:
Net increase in other assets
Net increase in other assets
Net increase in other assets
Net increase (decrease) in other liabilities
Net increase (decrease) in other liabilities
Net increase (decrease) in other liabilities
Net decrease (increase) in other assets
Net decrease (increase) in other assets
Net decrease (increase) in other assets
Net (decrease) increase in other liabilities
Net (decrease) increase in other liabilities
Net (decrease) increase in other liabilities
Net cash provided by operating activities
Net cash provided by operating activities
Net cash provided by operating activities
CASH FLOWS FROM INVESTING ACTIVITIES:
CASH FLOWS FROM INVESTING ACTIVITIES:

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investment securities available for sale

Purchases of investment securities available for sale

Purchases of investment securities available for sale

Proceeds from investment securities available for sale

Proceeds from investment securities available for sale

Proceeds from investment securities available for sale

Purchases of restricted equity securities

Purchases of restricted equity securities

Purchases of restricted equity securities

Redemption of restricted equity securities

Redemption of restricted equity securities

Redemption of restricted equity securities

Net change in loans and leases

Net change in loans and leases

Net change in loans and leases

Proceeds from sales of loans and leases

Proceeds from sales of loans and leases

Proceeds from sales of loans and leases

Change in premises and equipment

Change in premises and equipment

Change in premises and equipment

Proceeds from bank-owned life insurance death benefits

Proceeds from bank-owned life insurance death benefits

Proceeds from bank-owned life insurance death benefits

Proceeds from sale of mortgage servicing rights

Proceeds from sale of mortgage servicing rights

Proceeds from sale of mortgage servicing rights

Cash received in the Merger

Cash received in the Merger

Cash received in the Merger

Other

Other

Other

Net cash (used in) provided by investing activities

Net cash (used in) provided by investing activities

Net cash (used in) provided by investing activities

Net cash provided by investing activities

Net cash provided by investing activities

Net cash provided by investing activities

CASH FLOWS FROM FINANCING ACTIVITIES:

CASH FLOWS FROM FINANCING ACTIVITIES:

CASH FLOWS FROM FINANCING ACTIVITIES:

Net decrease in deposit liabilities

Net decrease in deposit liabilities

Net decrease in deposit liabilities

Net decrease in federal funds purchased

Net decrease in federal funds purchased

Net decrease in federal funds purchased

Net decrease in securities sold under agreements to repurchase

Net decrease in securities sold under agreements to repurchase

Net decrease in securities sold under agreements to repurchase

Proceeds from borrowings

Proceeds from borrowings

Proceeds from borrowings

Repayment of borrowings
Repayment of borrowings
Repayment of borrowings
Net proceeds from issuance of common stock
Net proceeds from issuance of common stock
Net proceeds from issuance of common stock
Dividends paid on common stock
Dividends paid on common stock
Dividends paid on common stock
Repurchase and retirement of common stock
Repurchase and retirement of common stock
Repurchase and retirement of common stock
Net cash (used in) provided by financing activities
Net cash (used in) provided by financing activities
Net cash (used in) provided by financing activities
Net cash used in financing activities
Net cash used in financing activities
Net cash used in financing activities
Net (decrease) increase in cash and cash equivalents
Net (decrease) increase in cash and cash equivalents
Net (decrease) increase in cash and cash equivalents
Cash and cash equivalents, beginning of period
Cash and cash equivalents, beginning of period
Cash and cash equivalents, beginning of period
Cash and cash equivalents, end of period
Cash and cash equivalents, end of period
Cash and cash equivalents, end of period

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COLUMBIA BANKING SYSTEM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)(Continued)

COLUMBIA BANKING SYSTEM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)(Continued)

COLUMBIA BANKING SYSTEM, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)(Continued)

	Six Months Ended
	Six Months Ended
	Six Months Ended
	Nine Months Ended
	Nine Months Ended
	Nine Months Ended
(in thousands)	
(in thousands)	
(in thousands)	
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the period for:	
Cash paid during the period for:	
Cash paid during the period for:	
Interest	
Interest	

Interest
Income taxes
Income taxes
Income taxes
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:
Changes in unrealized gains and losses on investment securities available for sale, net of taxes
Changes in unrealized gains and losses on investment securities available for sale, net of taxes
Changes in unrealized gains and losses on investment securities available for sale, net of taxes
Changes in unrealized gains and losses on junior subordinated debentures carried at fair value, net of taxes
Changes in unrealized gains and losses on junior subordinated debentures carried at fair value, net of taxes
Changes in unrealized gains and losses on junior subordinated debentures carried at fair value, net of taxes
Transfer of loans to loans held for sale
Transfer of loans to loans held for sale
Transfer of loans to loans held for sale
Acquisitions:
Acquisitions:
Acquisitions:
Assets acquired
Assets acquired
Assets acquired
Liabilities assumed
Liabilities assumed
Liabilities assumed
Net assets acquired
Net assets acquired
Net assets acquired

See accompanying notes to condensed consolidated financial statements.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1 – Summary of Significant Accounting Policies

The accounting and financial reporting policies of Columbia Banking System, Inc. conform to accounting principles generally accepted in the United States of America and with prevailing practices within the banking and securities industries. All references in this report to "Columbia," "we," "our," or "us" or similar references mean the Company and its subsidiaries, including the wholly-owned banking subsidiary Umpqua Bank (the "Bank"). FinPac is a commercial equipment leasing company and a wholly-owned subsidiary of the Bank. The accompanying interim condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, and the Bank's wholly-owned subsidiaries. All inter-company balances and transactions have been eliminated. The condensed consolidated financial statements have not been audited. A more detailed description of the Company's accounting policies is included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

In preparing these condensed consolidated financial statements, the Company has evaluated events and transactions subsequent to **June 30, 2024** **September 30, 2024**, for potential recognition or disclosure. In management's opinion, all accounting adjustments necessary to accurately reflect the financial position and results of operations on the accompanying financial statements have been made. These adjustments include normal and recurring accruals considered necessary for a fair and accurate presentation. The results for interim periods are not necessarily indicative of results for the full year or any other interim period.

Basis of Financial Statement Presentation-On February 28, 2023, UHC merged with and into Columbia, with Columbia continuing as the surviving legal corporation. Promptly following the Merger, Columbia's wholly-owned bank subsidiary, Columbia State Bank, merged with and into UHC's wholly-owned bank subsidiary, Umpqua Bank, with Umpqua Bank as the surviving bank. Upon completion of the Merger, the combined company became Columbia Banking System, Inc., a financial holding company that wholly owns the Bank.

The Merger was accounted for as a reverse merger using the acquisition method of accounting; therefore, UHC was deemed the acquirer for financial reporting purposes, even though Columbia was the legal acquirer. The Merger was effectively an all-stock transaction and **has been was** accounted for as a business combination. Columbia's financial results for any periods ended prior to February 28, 2023, the Merger Date, reflect UHC results only on a standalone basis. Accordingly, Columbia's reported financial results for the **six nine** months ended **June 30, 2023** **September 30, 2023**, reflect only UHC financial results through the closing of the Merger and may not be directly comparable to the prior or future reported periods. Under the reverse acquisition method of accounting, the assets and liabilities of Columbia were recorded at their respective fair values as of February 28, 2023 ("historical Columbia"). Refer to Note 2 – **Business Combination** for additional information on this acquisition.

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Application of new accounting guidance

Standard	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
ASU No. 2022-03, <i>Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions</i>	The amendments in this ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The amendments also update the disclosures for equity securities subject to contractual restrictions.	Fiscal years, and interim periods within those fiscal years, beginning after December 15, 2023.	The Company adopted the guidance on January 1, 2024, using a prospective methodology, and it did not have a material impact on the Company's consolidated financial statements.
ASU No. 2023-02, <i>Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method (a consensus of the Emerging Issues Task Force)</i>	The amendments in this ASU permit companies to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the income tax credits and other income tax benefits received and recognizes the net amortization and income tax credits and other income tax benefits in the statement of income as a component of income tax expense (benefit). The amendments also require that a reporting entity disclose certain information in annual and interim reporting periods that enable investors to understand the investments that generate income tax credits and other income tax benefits from a tax credit program.	Fiscal years, and interim periods within those fiscal years, beginning after December 15, 2023.	The Company adopted the guidance on January 1, 2024, and it did not have a material impact on the Company's consolidated financial statements. Refer to Note 13 - <i>Income Taxes</i> for additional information.

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Recent accounting pronouncements

Standard	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
ASU No. 2023-06, <i>Disclosure Improvements</i>	The amendments in this ASU modify the disclosure or presentation requirements of a variety of topics in the codification. The amendments align the requirements in the codification with the SEC's regulations.	Each amendment is effective on the date on which the SEC removes the related disclosure requirement from Regulation S-X or Regulation S-K, as applicable. For all entities within the scope of the affected codification subtopics, if, by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the associated amendment will be removed from the codification and will not become effective for any entities.	The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.
ASU No. 2023-07, <i>Segment Reporting (Topic 280)</i>	The amendments improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The ASU requires that a public entity that has a single reportable segment provide all the disclosures required by the amendments in this ASU and all existing segment disclosures in Topic 280.	Fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024.	The Company is currently evaluating the impact adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.
ASU No. 2023-09, <i>Income Taxes (Topic 740): Improvements to Income Tax Disclosures</i>	The amendments are intended to provide more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The ASU requires annual disclosure of the rate reconciliation of specific categories as well as additional information related to the reconciliation of certain items that meet a quantitative threshold and further disaggregation of income taxes paid.	Annual periods beginning after December 15, 2024.	The Company is currently evaluating the impact of this ASU on the Company's consolidated financial statements.
ASU No. 2024-01, <i>Compensation - Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards</i>	The amendments improve GAAP by adding an illustrative example to demonstrate how an entity should apply the scope guidance in paragraph 718-10-15-3 to determine whether profits interest and similar awards should be accounted for in accordance with Topic 718, <i>Compensation—Stock Compensation</i> .	Fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted.	The Company is currently evaluating the impact of this ASU on the Company's consolidated financial statements.

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Standard	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
FASB Accounting Standards Update No. 2024-02— <i>Codification Improvements—Amendments to Remove References to the Concepts Statements</i>	The amendments focus on codification improvements and specifically addresses the removal of references to the Concepts Statements. These amendments aim to streamline accounting guidance by eliminating extraneous references that are not essential for understanding or applying the accounting principles. The update ensures all relevant disclosure guidance is appropriately placed within the Disclosure Section of the codification to enhance clarity and accessibility for users of financial statements.	Fiscal years beginning after December 15, 2024.	The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

Note 2 – Business Combination

On February 28, 2023, the Company completed the Merger and UHC merged with and into Columbia, with Columbia continuing as the surviving legal corporation. Promptly following the Merger, Columbia's wholly-owned bank subsidiary, Columbia State Bank, merged with and into UHC's wholly-owned bank subsidiary, Umpqua Bank, with Umpqua

Bank surviving the merger. Refer to Note 1 [Summary of Significant Accounting Policies](#) under the Basis of Financial Statement Presentation for more information pertaining to the completed Merger.

The Merger was accounted for as a reverse merger using the acquisition method of accounting; therefore, UHC was deemed the acquirer for financial reporting purposes, even though Columbia was the legal acquirer. The Merger was effectively an all-stock transaction and [has been](#) [was](#) accounted for as a business combination.

As of December 31, 2023, the Company finalized its valuation of all assets acquired and liabilities assumed in connection with the Merger. The Company recorded approximately \$1.0 billion of goodwill and \$710.2 million of other intangible assets. Goodwill represents the excess of the purchase price over the fair value of the assets acquired, net of fair value of liabilities assumed. Goodwill is not deductible for tax purposes.

During the three and [six](#) [nine](#) months ended [June 30, 2024](#) [September 30, 2024](#), there were [\\$2.7 million](#) [\\$1.6 million](#) and [\\$7.2 million](#) [\\$8.8 million](#) in merger-related expenses, respectively, compared to [\\$29.6 million](#) [\\$18.9 million](#) and [\\$145.5 million](#) [\\$164.5 million](#) during the three and [six](#) [nine](#) months ended [June 30, 2023](#) [September 30, 2023](#), respectively. Additional merger-related expenses will be expensed in future periods as incurred.

The following table presents unaudited pro forma information as if the Merger had occurred on January 1, 2022, which was the beginning of the last full fiscal year completed prior to the date of the Merger. The pro forma adjustments give effect to any change in interest income due to the accretion of the discount (premium) associated with the fair value adjustments to acquired loans and leases, any change in interest expense due to estimated premium amortization/discount accretion associated with the fair value adjustment to acquired interest-bearing deposits and long-term debt and the amortization of the core deposit intangible that would have resulted had the deposits been acquired as of January 1, 2022. The pro forma information is not indicative of what would have occurred had the Merger occurred as of the beginning of the year prior to the Merger Date. The pro forma amounts below do not reflect the Company's expectations as of the date of the pro forma information of further operating cost savings and other business synergies expected to be achieved, including revenue growth as a result of the Merger. As a result, actual amounts differed from the unaudited pro forma information presented.

(in thousands)	Unaudited Pro Forma for the	
	Six Nine Months Ended	
	June September	30, 2023
Net interest income	\$ 1,014,447	1,494,339
Non-interest income	\$ 128,250	172,231
Net income ⁽¹⁾	\$ 381,212	530,049

⁽¹⁾ The 2023 pro forma net income excludes [\\$173.5](#) [\\$192.5](#) million of merger-related costs, inclusive of historical Columbia merger-related costs, incurred in 2023, as these costs were included in the 2022 pro forma net income.

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Note 3 – Investment Securities

The following tables present the amortized cost, unrealized gains, unrealized losses, and approximate fair values of debt securities as of the dates presented:

The following tables present the amortized cost, unrealized gains, unrealized losses, and approximate fair values of debt securities as of the dates presented.											
(in thousands)	June 30, 2024				September 30, 2024						
	(in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses		Fair Value	(in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available for sale:	Available for sale:				Available for sale:						
U.S. Treasury and agencies											
Obligations of states and political subdivisions											
Mortgage-backed securities and collateralized mortgage obligations											
Total available for sale securities											
Held to maturity:	Held to maturity:				Held to maturity:						
Mortgage-backed securities and collateralized mortgage obligations											
Total held to maturity securities											

(in thousands)	December 31, 2023			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available for sale:				

U.S. Treasury and agencies	\$	1,551,074	\$	6,192	\$	(78,874)	\$	1,478,392
Obligations of states and political subdivisions		1,073,264		20,451		(21,610)		1,072,105
Mortgage-backed securities and collateralized mortgage obligations		6,638,439		28,558		(387,624)		6,279,373
Total available for sale securities	\$	9,262,777	\$	55,201	\$	(488,108)	\$	8,829,870
Held to maturity:								
Mortgage-backed securities and collateralized mortgage obligations	\$	2,300	\$	725	\$	—	\$	3,025
Total held to maturity securities	\$	2,300	\$	725	\$	—	\$	3,025

The Company elected to exclude accrued interest receivable from the amortized cost basis of debt securities disclosed throughout this note. Interest accrued on investment securities totaled \$33.5 million, \$32.6 million and \$34.1 million as of June 30, 2024, September 30, 2024 and December 31, 2023, respectively, and is included in other assets on the Condensed Consolidated Balance Sheets.

The following tables present debt securities that were in an unrealized loss position as of the dates presented, based on the length of time individual securities have been in an unrealized loss position:

	June 30, 2024					September 30, 2024				
	Less than 12 Months		Less than 12 Months	12 Months or Longer	Total	Less than 12 Months		12 Months or Longer	Total	
	(in thousands)	Fair Value	Unrealized Losses	Fair Value		(in thousands)	Fair Value	Unrealized Losses		
(in thousands)					Fair Value				Fair Value	Unrealized Losses
Available for sale:					Available for sale:					
U.S. Treasury and agencies										
Obligations of states and political subdivisions										
Mortgage-backed securities and collateralized mortgage obligations										
Total temporarily impaired securities										

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	December 31, 2023					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(in thousands)						
Available for sale:						
U.S. Treasury and agencies	\$ 99,898	\$ (1,074)	\$ 822,245	\$ (77,800)	\$ 922,143	\$ (78,874)
Obligations of states and political subdivisions	103,256	(580)	169,231	(21,030)	272,487	(21,610)
Mortgage-backed securities and collateralized mortgage obligations	1,089,640	(10,355)	1,817,768	(377,269)	2,907,408	(387,624)
Total temporarily impaired securities	\$ 1,292,794	\$ (12,009)	\$ 2,809,244	\$ (476,099)	\$ 4,102,038	\$ (488,108)

The number of individual debt securities in an unrealized loss position in the tables above increased decreased to 1,263,540 as of June 30, 2024, September 30, 2024, as compared to 600 at December 31, 2023. These unrealized losses on the debt securities held by the Company were caused by changes in market interest rates or the widening of market spreads subsequent to the initial purchase of these securities and are not due to the underlying credit of the issuers. Management monitors the published credit ratings of the issuers of the debt securities for material rating or outlook changes. As the decline in fair value of the debt securities is attributable to changes in interest rates or widening market spreads and not credit quality, these investments do not have an ACL as of June 30, 2024, September 30, 2024.

The following table presents the contractual maturities of debt securities as of June 30, 2024, September 30, 2024:

	Available For Sale		Held To Maturity		Available For Sale		Held To Maturity	
	(in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value	(in thousands)	Amortized Cost	Fair Value
Due within one year								
Due after one year through five years								

Due after five years through ten years
Due after ten years
Total debt securities

The following table presents, as of **June 30, 2024** **September 30, 2024**, investment securities which were pledged to secure borrowings, public deposits, and repurchase agreements, and for other purposes as permitted or required by law:

(in thousands)	(in thousands)	Amortized Cost	Fair Value	(in thousands)	Amortized Cost	Fair Value
To state and local governments to secure public deposits						
To state and local governments to secure public deposits						
To state and local governments to secure public deposits						
To secure repurchase agreements						
Other securities pledged						
Total pledged securities						

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Note 4 – Loans and Leases

The following table presents the major types of loans and leases, net of deferred fees and costs, as of the dates presented:

(in thousands)	(in thousands)	June 30, 2024	December 31, 2023	(in thousands)	September 30, 2024	December 31, 2023
Commercial real estate	Commercial real estate			Commercial real estate		
Non-owner occupied term, net						
Owner occupied term, net						
Multifamily, net						
Construction & development, net						
Residential development, net						
Commercial						
Term, net						
Term, net						
Term, net						
Lines of credit & other, net						
Leases & equipment finance, net						
Residential						
Mortgage, net						
Mortgage, net						
Mortgage, net						
Home equity loans & lines, net						
Consumer & other, net						
Total loans and leases, net of deferred fees and costs						

The Company elected to exclude accrued interest receivable from the amortized cost basis of loans disclosed throughout this note. Interest accrued on loans totaled **\$154.7 million** **\$152.0 million** and \$154.9 million as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively, and is included in other assets on the Condensed Consolidated Balance Sheets. As of **June 30, 2024** **September 30, 2024**, loans totaling **\$22.7 billion** **\$22.3 billion** were pledged to secure borrowings and available lines of credit.

As of **June 30, 2024** **September 30, 2024** and December 31, 2023, the net deferred fees and costs were **\$67.5 million** **\$65.0 million** and \$71.8 million, respectively. Originated loans are reported at the principal amount outstanding, net of unearned interest, deferred fees and costs, any partial charge-offs recorded, and interest applied to principal. Purchased loans are recorded at fair value at the date of purchase. Total loans and leases also include discounts on acquired loans of **\$492.5 million** **\$466.4 million** and \$552.5 million as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively. The outstanding contractual unpaid principal balance of PCD loans, excluding acquisition accounting adjustments, was **\$293.5 million** **\$272.3 million** and \$331.9 million as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively. The carrying balance of PCD loans was **\$268.7 million** **\$248.2 million** and \$300.2 million as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively.

The Bank, through its commercial equipment leasing subsidiary, FinPac, is a provider of commercial equipment leasing and financing. Direct finance leases are included within the leases and equipment finance segment within the loans and leases, net line item. These direct financing leases typically have terms of three to five years. Interest income recognized on these leases was \$5.5 million and **\$10.4 million** **\$15.9 million** for the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024**, respectively, as compared to \$4.7 million and **\$9.4 million** **\$14.1 million** for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively.

Note 5 – Allowance for Credit Losses

Allowance for Credit Losses Methodology

The ACL represents management's estimate of lifetime credit losses for assets within its scope, specifically loans and leases and unfunded commitments. To calculate the ACL, management uses models to estimate the PD and LGD for loans utilizing inputs that include forecasted future economic conditions and that are dependent upon specific macroeconomic variables relevant to each of the Bank's loan and lease portfolios. Moody's Analytics, a third party, provided the historical and forward-looking macroeconomic data utilized in the models used to calculate the ACL.

In calculating the ACL, the Bank considered the financial and economic environment at the time of assessment and economic scenarios that differed in the levels of severity and sensitivity to the ACL results. At each measurement date, the Bank selects the scenario that reflects its view of future economic conditions and is determined to be the most probable outcome.

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All forecasts are updated for each variable where applicable and incorporated as relevant into the ACL calculation. Actual credit loss results and the timing thereof will differ from the estimate of credit losses, either in a strong economy or a recession, as the portfolio will change through time due to growth, risk mitigation actions and other factors. In addition, the scenarios used will differ and change through time as economic conditions change. Economic scenarios might not capture deterioration or improvement in the economy timely enough for the Bank to be able to adequately address the impact to the ACL.

Select macroeconomic variables are projected over the forecast period, and they could have a material impact in determining the ACL. As the length of the forecast period increases, information about the future becomes less readily available and projections are inherently less certain.

The following is a discussion of the changes in the factors that influenced management's current estimate of expected credit losses. The changes in the ACL estimate during the three months ended **June 30, 2024** **September 30, 2024** reflect credit migration trends and changes in the economic assumptions. Due to the dynamic economic environment, the Bank opted to use Moody's Analytics' **May** **August 2024** **baseline consensus** economic forecast for estimating the ACL as of **June 30, 2024** **September 30, 2024**.

In the **baseline consensus** scenario selected, the probability that the economy will perform better than this **baseline consensus** is equal to the probability that it will perform worse and included the following **factors**; **variables**:

- U.S. real GDP average annualized growth of **2.5%** **2.6%** in 2024, **1.7%** **1.8%** in 2025, 1.9% in 2026, and **2.2%** **1.9%** in 2027;
- U.S. unemployment rate average of 4.0% in 2024, **4.1%** **4.2%** in 2025, 4.0% in 2026, and 4.0% in 2027; and
- The forecasted average federal funds rate is expected to be 5.2% in 2024, **4.3%** **4.1%** in 2025, **3.3%** **3.6%** in 2026 and **2.9%** **3.3%** in 2027.

The Bank uses an additional scenario that differs in terms of severity, both favorable or unfavorable, to assess the sensitivity in the ACL results and to inform qualitative adjustments. The economic **factors** **variables** are consistent between scenarios. The Bank selected the Moody's Analytics' **May** **August 2024** S2 scenario for this analysis. In the scenario selected, there is a 75% probability that the economy will perform better, broadly speaking, and a 25% probability that it will perform worse; and the scenario includes the following **factors**; **variables**:

- U.S. real GDP average annualized growth of **2.0%** **2.4%** in 2024, **0.1%** **-0.1%** in 2025, **2.5%** **2.2%** in 2026, and **2.7%** **2.6%** in 2027;
- U.S. unemployment rate average of **4.5%** **4.2%** in 2024, **6.1%** **6.4%** in 2025, **4.4%** **4.8%** in 2026, and 4.0% in 2027; and
- The forecasted average federal funds rate is expected to be **5.0%** **5.2%** in 2024, **2.8%** **3.2%** in 2025, **2.2%** **2.1%** in 2026 and **2.7%** **2.5%** in 2027.

The results using the comparison scenario as well as changes to the macroeconomic variables subsequent to selected economic forecast scenarios for sensitivity analysis were reviewed by management and were considered when evaluating the qualitative factor adjustments.

The ACL is measured on a collective (pool) basis when similar characteristics exist. The Company has selected models at the portfolio level using a risk-based approach, with larger, more complex portfolios having more complex models. Except as noted below, the macroeconomic variables that are inputs to the models are reasonable and supportable over the life of the loans in that they reasonably project the key economic variables in the near term and then converge to a long-run equilibrium trend. These models produce reasonable and supportable estimates of loss over the life of the loans as the projected credit losses will also converge to a steady state in line with the variables applied.

The Company measures the ACL using the following methods:

Commercial Real Estate: Non-owner occupied commercial real estate, multifamily, and commercial construction loans are analyzed using a model that uses four primary property variables: net operating income, property value, property type, and location. For PD estimation, the model simulates potential future paths of net operating income given commercial real estate market factors determined from macroeconomic and regional commercial real estate forecasts. Using the resulting expected debt service coverage ratios, together with predicted loan-to-values and other variables, the model estimates PD from the range of conditional possibilities. In addition, the model estimates maturity PD capturing refinance default risk to produce a total PD for the loan. The model estimates LGD, inclusive of principal loss and liquidation expenses, empirically using predicted loan-to-value as well as certain market and other factors. The LGD calculation also includes a separate maturity risk component. The primary economic drivers in the model are GDP growth, U.S.

unemployment rate, and 10-Year Treasury yield. These economic drivers are translated into a forecast, provided by Moody's Analytics' REIS, of real estate metrics, such as rental rates, vacancies, and cap rates. The model produces PD and LGD on a quarter-by-quarter basis for the life of loan.

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The owner occupied owner-occupied commercial real-estate real estate portfolio utilizes a top-down macroeconomic model using linear logistic regression. This model produces portfolio level quarterly net charge-off rates for 10 years according to the macroeconomic scenario over a reasonable and carries forward the last quarter's expected loss percentage projection to remaining periods; supportable two-year forecast. The primary economic drivers for this model are commercial real estate price index and a five-state average unemployment rate. The model utilizes output reversion methodology, which after two years reverts on a straight-line basis over one year to the long run historical average net charge off rate.

Commercial: Non-homogeneous commercial loans and leases and residential development loans are analyzed in a multi-step process. An initial PD is estimated using a model driven by an obligor's selected financial statement ratios, together with cycle-adjusting information based on the obligor's state and industry. An initial LGD is derived separately based on collateral type using collateral value and a haircut to reflect the loss in liquidation. Another model then applies an auto-regression technique to the initial PD and LGD metrics to estimate the PD and LGD curves according to the macroeconomic scenario over a one-year reasonable and supportable forecast. scenario. The primary economic drivers in the model are GDP growth and commercial real estate price index. This model utilizes output reversion methodology, which, after one year, reverts on a straight-line basis over two years to long-term PD estimated using financial statement ratios of each obligor.

The model for the homogeneous lease and equipment finance agreement portfolio uses lease and equipment finance agreement information, such as origination and performance, as well as macroeconomic variables to calculate PD and LGD values. The PD calculation is based on survival analysis while LGD is calculated using a two-step regression. The model calculates LGD using an estimate of the probability that a defaulted lease or equipment finance agreement will have a loss, and an estimate of the loss amount. The primary economic drivers for the model are GDP, U.S. unemployment rate, the 5-year treasury rate, value of construction put in place, consumer price index, and a home price growth index. The model produces PD and LGD curves at the lease or equipment finance agreement level for each month in the forecast horizon.

Residential: The models for residential real estate and HELOCs utilize loan level variables, such as origination and performance, as well as macroeconomic variables to calculate PD and LGD. The U.S. unemployment rate and home price growth rate indexes are primary economic drivers in both the residential real estate and HELOC models. In addition, the prime rate is also a primary driver in the HELOC model. The models focus on establishing an empirical relationship between default probabilities and a set of loan-level, borrower, and macroeconomic credit risk drivers. The LGD calculation for residential real estate is based on an estimate of the probability that a defaulted loan will have a loss, and then an estimate of the loss amount. HELOCs utilize the same model using residential real estate LGD values to assign loans to cohorts based on FICO scores and loan age. The model produces PD and LGD curves at the loan level for each quarter in the forecast horizon.

Consumer: Historical net charge-off information as well as economic assumptions are used to project loss rates for the Consumer segment.

All loans Loans and leases that have not been modeled receive included in the primary models based on portfolio type are assigned a loss rate via through an extrapolated rate extrapolation methodology. The loans and leases receiving an extrapolated rate include This methodology applies to certain real estate loans acquired through the Merger, mergers, newly originated loans and leases, and loans and leases without those lacking the granularity of detailed data necessary to be modeled. Based required for the primary models. The extrapolation methodology involves calculating loss rates through the primary modeling process. These loss rates are determined based on the vintage year, credit classification, and reporting category of the modeled loans and leases, a loss factor is calculated and applied to the non-modeled loans and leases. The results calculated loss factors are then applied to the excluded loans and leases and evaluated qualitatively to ensure reasonability and compliance with CECL.

Along with the quantitative factors produced by the above models, management also considers prepayment speeds and qualitative factors when determining the ACL. The Company uses a prepayment model that forecasts the constant prepayment rates based on institution specific data for the commercial real estate, commercial and industrial, and consumer portfolios and a forward curve approach that changes with macro-economic input variables for the residential and leases portfolios. Below are the nine qualitative factors considered where applicable:

- Changes in lending policies and procedures, including changes in underwriting standards and collection, charge-off, and recovery practices not considered elsewhere in estimating credit losses.
- Changes in national, regional, and local economic and business conditions and developments that affect the collectability of the portfolio, including the condition of various market segments.
- Changes in the nature and volume of the portfolio and in the terms of loans and leases.
- Changes in the experience, ability, and depth of lending management and other relevant staff.
- Changes in the volume and severity of past due loans and leases, the volume of non-accrual loans and leases, and the volume and severity of adversely classified or graded loans and leases.
- Changes in the quality of the Bank's credit review system.
- Changes in the value of the underlying collateral for collateral-dependent loans and leases.
- The existence and effect of any concentrations of credit, and changes in the level of such concentrations.
- The effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the Bank's existing portfolio.

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The Company evaluated each qualitative factor as of **June 30, 2024** **September 30, 2024** and applied **upward** adjustments **considered necessary to model results, the quantitative results for the ACL**, as compared to downward adjustments as of December 31, 2023. The majority of the qualitative overlays in the period are centered in the commercial loan portfolio, more closely aligning the portfolio with the S2 scenario as discussed above and additional overlays for the transportation segment of the lease portfolio. While qualitative overlays are applied, the majority of the allowance is driven by modeled results, as management determined that the models adequately reflect the significant changes in credit conditions and overall portfolio risk.

Loss factors from the models, prepayment speeds, and qualitative factors are input into the Company's CECL accounting application, which aggregates the information. The Company then uses two methods to calculate the current expected credit loss: 1) the DCF method, which is used for all loans except lines of credit and 2) the non-DCF method, which is used for lines of credit due to the difficulty of calculating an effective interest rate when lines have yet to be drawn on. The DCF method utilizes the effective interest rate of individual assets to discount the expected credit losses adjusted for prepayments. The difference in the net present value and the amortized cost of the asset will result in the required allowance. The non-DCF method uses the exposure at default, along with the expected credit losses adjusted for prepayments to calculate the required allowance.

The following tables summarize activity related to the ACL by portfolio segment for the periods indicated:

Three Months Ended June 30, 2024					
(in thousands)	Commercial			Consumer &	
	Real Estate	Commercial	Residential	Other	Total
Allowance for credit losses on loans and leases					
Balance, beginning of period					
Balance, beginning of period					
Balance, beginning of period					
(Recapture) provision for credit losses for loans and leases					
Charge-offs					
Recoveries					
Net charge-offs					
Balance, end of period					
Reserve for unfunded commitments					
Balance, beginning of period					
Balance, beginning of period					
Balance, beginning of period					
(Recapture) provision for credit losses on unfunded commitments					
Balance, end of period					
Total allowance for credit losses					
	Six Months Ended June 30, 2024				
	Six Months Ended June 30, 2024				
	Six Months Ended June 30, 2024				
	Six Months Ended June 30, 2024				
	Six Months Ended June 30, 2024				
	Six Months Ended June 30, 2024				
	Six Months Ended June 30, 2024				
	Six Months Ended June 30, 2024				
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	Six Months Ended June 30, 2024				
	Six Months Ended June 30, 2024				
	Six Months Ended June 30, 2024				
	Six Months Ended June 30, 2024				
	Six Months Ended June 30, 2024				
	Six Months Ended June 30, 2024				

Asset Quality and Non-Performing Loans and Leases

The Bank manages asset quality and controls credit risk through diversification of the loan and lease portfolio and the application of policies designed to promote sound underwriting and loan and lease monitoring practices. The Bank's Credit Quality Administration department is charged with monitoring asset quality, establishing credit policies and procedures, and enforcing the consistent application of these policies and procedures across the Bank. Reviews of non-performing, past due loans and leases and larger credits, designed to identify potential charges to the allowance for credit losses, and to determine the adequacy of the allowance, are conducted on an ongoing basis. These reviews consider such factors as the financial strength of borrowers, the value of the applicable collateral, loan and lease loss experience, estimated loan and lease losses, growth in the loan and lease portfolio, prevailing economic conditions, and other factors.

Loans and Leases Past Due and Non-Accrual Loans and Leases

Typically, loans in a non-accrual status will not have an allowance for credit loss as they will be written down to their net realizable value or charged-off. However, the net realizable value for homogeneous leases and equipment finance agreements is determined by the LGD calculated by the CECL model and therefore leases and equipment finance agreements on non-accrual will have an allowance for credit losses until they become 181 days past due, at which time they are charged-off. The Company recognized no interest income on non-accrual loans and leases during the three and ~~six~~nine months ended ~~June 30, 2024~~ ~~September 30, 2024~~ and 2023.

The following tables present the carrying value of the loans and leases past due, by loan and lease class, as of the dates presented:

	June 30, 2024								September 30, 2024							
	(in thousands)	Greater than 30 to 59 Days Past Due	60 to 89 Days Past Due	90 Days or More and Accruing ⁽²⁾	Total Past Due	Non-Accrual ⁽²⁾	Current and Other	Total Loans and Leases	(in thousands)	Greater than 30 to 59 Days Past Due	60 to 89 Days Past Due	90 Days or More and Accruing ⁽²⁾	Total Past Due	Non-Accrual ⁽²⁾	Current and Other	Total Loans and Leases
Commercial real estate																
Non-owner occupied term, net																
Non-owner occupied term, net																
Non-owner occupied term, net																
Owner occupied term, net																
Multifamily, net																
Construction & development, net																
Residential development, net																
Commercial																
Term, net																
Term, net																
Term, net																
Lines of credit & other, net																
Leases & equipment finance, net																
Residential																
Mortgage, net ⁽¹⁾																

Mortgage, net ⁽¹⁾
Mortgage, net ⁽¹⁾
Home equity
loans & lines,
net
Consumer &
other, net
Total, net of
deferred fees
and costs

⁽¹⁾ Includes government guaranteed mortgage loans that the Bank has the right but not the obligation to repurchase that are past due 90 days or more, totaling \$1.0 million \$3.7 million at June 30, 2024 September 30, 2024.

⁽²⁾ Includes government guaranteed portion of \$27.9 million \$26.9 million and \$36.8 million \$38.9 million for 90 days or greater and non-accrual loans, respectively.

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	December 31, 2023							December 31, 2023					December 31, 2023			
	(in thousands)	(in thousands)	Greater than	60 to 89	90 Days or	Total		Current	Total	Greater than	60 to 89	90 Days or	Total	Non-	Current	Total
			30 to 59 Days	Days	More and	Past			Loans		Days	More and	Past	Accrual	and	Loans
			Past Due	Past Due	Accruing ⁽²⁾	Due	Non- Accrual ⁽²⁾	Other	and Leases	(in thousands)	Past Due	Due	Accruing ⁽²⁾	Due	⁽²⁾	and Leases
Commercial																
real estate																
Non-owner occupied																
term, net																
Non-owner occupied																
term, net																
Non-owner occupied																
term, net																
Owner																
occupied																
term, net																
Multifamily,																
net																
Construction																
& development,																
net																
Residential																
development,																
net																
Commercial																
Term, net																
Term, net																
Term, net																
Lines of credit																
& other, net																
Leases &																
equipment																
finance, net																
Residential																
Mortgage, net ⁽¹⁾																
Mortgage, net ⁽¹⁾																
Mortgage, net ⁽¹⁾																

Home equity
loans & lines,
net

Consumer &
other, net

Total, net of
deferred fees
and costs

- (1) Includes government guaranteed mortgage loans the Bank has the right but not the obligation to repurchase that are past due 90 days or more, totaling \$1.0 million at December 31, 2023.
- (2) Includes government guaranteed portion of \$12.3 million and \$19.3 million for 90 days or greater and non-accrual loans, respectively.

The following table summarizes the amortized cost of non-accrual loans for which there was no related ACL as of June 30, 2024 and December 31, 2023:

(in thousands)	June 30, 2024	December 31, 2023
Commercial real estate		
Non-owner occupied term, net	\$ 37	\$ 52
Owner occupied term, net	1,604	1,352
Commercial		
Term, net	2,574	3,497
Total non-accrual loans with no related ACL (1)	<u>\$ 4,215</u>	<u>\$ 4,901</u>

(1) Excludes non-accrual collateral-dependent loans and leases that have been written down to net realizable value without an associated ACL.

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Collateral-Dependent Loans and Leases

Loans and leases are classified as collateral-dependent when it is probable that the Bank will be unable to collect the scheduled payments of principal and interest when due, and repayment is expected to be provided substantially through the operation or sale of the collateral. There have been no significant changes in the level of collateralization from the prior periods. The following table summarizes the amortized cost basis of the collateral-dependent loans and leases by the type of collateral securing the assets as of **June 30, 2024** **September 30, 2024**:

(in thousands)	(in thousands)	Residential Real Estate	Commercial Real Estate	General Business Assets	Other	Total	(in thousands)	Residential Real Estate	Commercial Real Estate	General Business Assets	Other	Total
Commercial real estate												
Non-owner occupied term, net												
Non-owner occupied term, net												
Non-owner occupied term, net												
Owner occupied term, net												
Commercial												
Commercial												
Commercial												
Term, net												
Term, net												
Term, net												
Line of credit & other, net												
Leases & equipment finance, net												
Residential												
Mortgage, net												
Mortgage, net												
Mortgage, net												
Home equity loans & lines, net												

Total, net of deferred fees and costs

Total, net of deferred fees and costs

Total, net of deferred fees and costs

Loan and Lease Modifications Made to Borrowers Experiencing Financial Difficulty

Occasionally, the Company offers modifications of loans or leases to borrowers experiencing financial difficulty by providing term extensions, interest rate reductions, principal or interest forgiveness, an other-than-insignificant payment delay, or any combination of these modifications. Typically, one type of concession, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as principal forgiveness, may be granted. For the loans included in the "combination" columns below, multiple types of modifications have been made on the same loan within the current reporting period. The combination is at least two of the following: term extension, principal forgiveness, an other-than-insignificant payment delay, or an interest rate reduction. The ACL on modified loans or leases is measured using the same credit loss estimation methods used to determine the ACL for all other loans and leases held for investment. These methods incorporate the post-modification loan or lease terms, as well as defaults and charge-offs associated with historical modified loans and leases.

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The following tables present the amortized cost basis of loans and leases that were both experiencing financial difficulty and modified during the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023, by class and type of modification. The percentage of the amortized cost basis of loans and leases that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below.

Three Months Ended June 30, 2024										
Three Months Ended June 30, 2024										
Three Months Ended June 30, 2024										
Three Months Ended September 30, 2024										
Three Months Ended September 30, 2024										
Three Months Ended September 30, 2024										
(in thousands)	(in thousands)	Interest Rate Reduction		Term Extension		Other - Than- Insignificant Payment Delay	Total	% of total class of financing receivable	(in thousands)	Term Extension
Commercial real estate										
Owner occupied term, net										
Owner occupied term, net										
Owner occupied term, net		\$ 4,041		\$ —		\$ —	\$ 4,041	0.08 %		
Construction & development, net										
Commercial										
Construction & development, net										
Construction & development, net		\$ 1,985		\$ —	\$ 1,985			0.10 %		
Commercial										
Commercial										
Commercial										
Term, net										
Term, net										

Commercial
real estate

Non-owner occupied
term, net

Non-owner occupied
term, net

Non-owner occupied
term, net

Owner occupied term, net	Owner occupied term, net
--------------------------	--------------------------

Construction & development, net

Construction & development, net

Construction & development, net												
	—	1,985		—	1,985		0.10	%				
Commercial												
Commercial												
Commercial												
Term, net												
Term, net												
Term, net												
	1,237	5,944	5,944	1,988		1,988	9,169	9,169		0.16		0.16 %
Lines of credit & other, net	—	10,913	10,913	319		319	11,232	11,232		0.44		0.44 %
Leases & equipment finance, net	—	1,457	1,457	—		—	1,457	1,457		0.09		0.09 %
Residential												
Mortgage, net												
Mortgage, net												
Mortgage, net												
	—	2,456	2,456	14,355		14,355	16,811	16,811		0.28		0.28 %
Total loans and leases experiencing financial difficulty												
Total modified loans and leases experiencing financial difficulty												
Total loans and leases experiencing financial difficulty												
Total modified loans and leases experiencing financial difficulty												
Total loans and leases experiencing financial difficulty												
	\$ 5,278	\$ 20,770		\$ 34,769		\$ 60,817				0.16	%	
Total modified loans and leases experiencing financial difficulty												
	\$ 5,216	\$ 26,909		\$ 34,890		\$ 67,015				0.18	%	

(in thousands)	Three Months Ended June 30, 2023						
			Combination - Term				
	Interest Rate Reduction	Term Extension	Other -Than- Insignificant Payment Delay	Extension and Other-than- Insignificant Payment Delay	Total	% of total class of financing receivable	
Commercial real estate							
Owner occupied term, net	\$ 976	\$ —	\$ —	\$ —	\$ 976	0.02 %	
Commercial							
Term, net	377	—	—	—	377	0.01 %	
Lines of credit & other, net	—	1,850	—	—	1,850	0.08 %	
Leases & equipment finance, net	—	194	—	—	194	0.01 %	
Residential							
Mortgage, net	—	454	13,348	1,261	15,063	0.24 %	
Total loans and leases experiencing financial difficulty	\$ 1,353	\$ 2,498	\$ 13,348	\$ 1,261	\$ 18,460	0.05 %	

		Three Months Ended September 30, 2023				
		Combination - Term				
		Other -Than- Insignificant	Extension and Other-than- Insignificant Payment	% of total class of		
(in thousands)	Term Extension	Payment Delay	Delay	Total	financing receivable	
Commercial						
Lines of credit & other, net	\$ 2,649	\$ —	\$ —	\$ 2,649	0.11 %	
Leases & equipment finance, net	974	—	—	974	0.06 %	
Residential						
Mortgage, net	—	13,228	2,823	16,051	0.26 %	
Total modified loans and leases experiencing financial difficulty	\$ 3,623	\$ 13,228	\$ 2,823	\$ 19,674	0.05 %	

(in thousands)	Nine Months Ended September 30, 2023						
			Combination - Term				
	Interest Rate Reduction	Term Extension	Other -Than- Insignificant Payment Delay	Extension and Other-than- Insignificant Payment Delay	Total	% of total class of financing receivable	
Commercial real estate							
Owner occupied term, net	\$ 666	\$ —	\$ —	\$ —	\$ 666	0.01 %	
Commercial							
Term, net	377	483	—	—	860	0.02 %	
Lines of credit & other, net	—	4,333	—	—	4,333	0.18 %	
Leases & equipment finance, net	—	1,515	—	—	1,515	0.09 %	
Residential							
Mortgage, net	—	451	35,031	5,703	41,185	0.67 %	
Total modified loans and leases experiencing financial difficulty	\$ 1,043	\$ 6,782	\$ 35,031	\$ 5,703	\$ 48,559	0.13 %	

[Table](#) [The following table presents the financial effect of Contents](#) loan modifications made to borrowers experiencing financial difficulty during the three and nine months ended September 30, 2024 and 2023:

Six Months Ended June 30, 2023									
(in thousands)	Interest Rate Reduction	Term Extension	Other -Than- Insignificant Payment Delay	Combination - Interest Rate Reduction and Term Extension	Combination - Term Extension and Other-than- Insignificant Payment Delay	Total	% of total class of financing receivable		
Commercial real estate									
Owner occupied term, net	\$ 976	\$ —	\$ —	\$ —	\$ —	\$ 976			0.02 %
Commercial									
Term, net	377	—	—	—	—	377			0.01 %
Lines of credit & other, net	—	2,945	—	—	—	2,945			0.13 %
Leases & equipment finance, net	—	603	—	—	—	603			0.03 %
Residential									
Mortgage, net	—	454	22,017	—	2,934	25,405			0.40 %
Home equity loans & lines, net	—	—	—	244	—	244			0.01 %
Total loans and leases experiencing financial difficulty	\$ 1,353	\$ 4,002	\$ 22,017	\$ 244	\$ 2,934	\$ 30,550			0.08 %

		Three Months Ended		June 30, 2024	September 30, 2024
				Financial Effect	Other-Than-
				Significant Payment Delay	
		Loan Type	Term Extension		
		Weighted-Average Term			
(dollars in thousands)		Extension	Deferral Amount		
Commercial real estate					
Owner occupied term,	Construction & development,	net	7 months		—
Commercial					
Term, net			1.8 years	\$	299
			7 months to the life of the loans. Deferred \$77,000 of principal and interest payments.		
Lines of 6 credit & other, net					—
Leases & equipment finance, net			12 months		—
Residential					
Mortgage, net			7.3 years	\$	99

Nine Months Ended September 30, 2024			
	Interest Rate Modification		Other-Than-Insignificant
	Term Extension		Payment Delay
		Weighted-Average Interest Rate	Weighted-Average Term
		Reduction	Extension
(dollars in thousands)			Deferral Amount
Commercial real estate			
Non-owner occupied term, net		—	\$ 3,969
Owner occupied term, net		3.79 %	\$ 51
Construction & development, net		—	7 months —
Commercial			
Term, net		5.00 %	11 months \$ 376
Lines of credit & other, net		—	8 months \$ 111
Leases & equipment finance, net		—	11 months —
Residential			
Mortgage, net		—	7.5 years \$ 1,057

		Three Months Ended September 30, 2023	
		Term Extension	Other-Than-Insignificant Payment Delay
		Weighted-Average Term	
Dollars in thousands		Extension	Deferral Amount
Commercial			
		3 months to the life of the loans. Deferred \$48,000 of principal and interest payments.	
Lines of credit & other, net			—
		9 months to the life of the loans and leases.	
Leases & equipment finance, net			—
Residential			
			Weighted average term extension of 4.7 years to the life of the loans. Deferred \$531,000 of principal and interest payments.
Mortgage, net		13 years	\$ 1,179

Six Months Ended June 30, 2024					September 30, 2023	
dollars in thousands	Loan Type	Interest Rate	Financial Effect	Term	Other-Than-Insignificant	
	Modification		Extension		Payment Delay	
	Weighted-Average Interest Rate Reduction		Weighted-Average Term Extension		Deferral Amount	
Commercial real estate						
		Reduced weighted average interest rate by 3.79%. Deferred \$51,000 of principal and interest payments.	4.00 %		—	—
Owner occupied term, net						
Commercial						
		Reduced weighted average interest rate by 5.00%. Weighted average term extension of 64.15 %		7 months to the life of the loans. Deferred \$77,000 of principal and interest payments.		—
Term, net						
				8 months to the life of the loans. Deferred \$48,000 of principal and interest payments.		—
Lines of credit & other, net		Weighted average term extension of 7—				—
		Weighted average term extension of 10—		9 months to the life of the loans and leases.		—
Leases & equipment finance, net						
Residential						
			Weighted average term extension of 8.3	12.7 years to the life of the loans. Deferred \$1.0 million of principal and interest payments.	\$	3,015
Mortgage, net						

Three Months Ended June 30, 2023	
Loan Type	Financial Effect
Commercial real estate	
Owner occupied term, net	Reduced weighted average interest rate by 2.41%.
Commercial	
Term, net	Reduced weighted average interest rate by 4.50%.
Lines of credit & other, net	Weighted average term extension of 6 months to the life of the loans.
Leases & equipment finance, net	Weighted average term extension of 10 months to the life of the loans.
Residential	
Mortgage, net	Weighted average term extension of 6.4 years to the life of the loans. Deferred \$916,000 of principal and interest payments. Combined modifications had a financial effect of weighted average term extension of 13.9 years to the life of the loans, and deferred \$37,000 of principal and interest payments.

Six Months Ended June 30, 2023	
Loan Type	Financial Effect
Commercial real estate	
Owner occupied term, net	Reduced weighted average interest rate by 2.41%.
Commercial	
Term, net	Reduced weighted average interest rate by 4.50%.
Lines of credit & other, net	Weighted average term extension of 8 months to the life of the loans.
Leases & equipment finance, net	Weighted average term extension of 9 months to the life of the loans.
Residential	
Mortgage, net	Weighted average term extension of 6.4 years to the life of the loans. Deferred \$1.2 million of principal and interest payments. Combined modifications had a financial effect of weighted average term extension of 13.4 years to the life of the loans, and deferred \$156,000 of principal payment and interest payments.
Home equity loans & lines, net	Weighted average term extension of 6.9 years to the life of the loan and decreased the weighted average interest rate by 3.44%.

The Company closely monitors the performance of loans and leases that are modified for borrowers experiencing financial difficulty to understand the effectiveness of its modification efforts. Loans and leases are considered to be in payment default at 90 or more days past due. The following tables present the amortized cost basis of modified loans as of **June 30, 2024** **September 30, 2024** that, within twelve months of the modification date, experienced a subsequent default during the periods presented:

		Three Months Ended June 30, 2024								
		Three Months Ended June 30, 2024								
		Three Months Ended June 30, 2024								
		Three Months Ended September 30, 2024								
		Three Months Ended September 30, 2024								
		Three Months Ended September 30, 2024								
(in thousands)	(in thousands)	Interest rate reduction	Term Extension	Other than insignificant payment delay	Total	(in thousands)	Term Extension	Other-Than-Insignificant Payment Delay	Combination - Interest Rate Reduction and Term Extension	Total
Commercial real estate										
Owner occupied term, net										
Owner occupied term, net										
Owner occupied term, net										
Commercial										
Commercial										
Commercial										
Lines of credit & other, net										
Lines of credit & other, net										
Lines of credit & other, net										

Residential												
Residential												
Leases & equipment finance, net												
Residential												
Mortgage, net												
Mortgage, net												
Mortgage, net												
Total loans and leases experiencing financial difficulty with a subsequent default												
Total loans and leases experiencing financial difficulty with a subsequent default												
Total loans and leases experiencing financial difficulty with a subsequent default												
Six Months Ended June 30, 2024												
Six Months Ended June 30, 2024												
Six Months Ended June 30, 2024												
Nine Months Ended September 30, 2024												
Nine Months Ended September 30, 2024												
Nine Months Ended September 30, 2024												
(in thousands)		(in thousands)	Interest rate reduction	Term Extension	Other than insignificant payment delay	Total	(in thousands)	Interest Rate Reduction	Term Extension	Other-Than-Insignificant Payment Delay	Combination - Interest Rate Reduction and Term Extension	Total
Commercial real estate												
Owner occupied term, net												
Owner occupied term, net												
Owner occupied term, net												
Commercial												
Commercial												
Commercial												
Lines of credit & other, net												
Lines of credit & other, net												
Lines of credit & other, net												
Residential												
Residential												
Leases & equipment finance, net												
Residential												
Mortgage, net												
Mortgage, net												
Mortgage, net												
Total loans and leases experiencing financial difficulty with a subsequent default												
Total loans and leases experiencing financial difficulty with a subsequent default												
Total loans and leases experiencing financial difficulty with a subsequent default												

For the three and six nine months ended June 30, 2023 September 30, 2023, all modified loans and leases were current and there were no loan or lease modifications made to borrowers experiencing financial difficulty that subsequently defaulted.

The following tables present an age analysis of loans and leases as of June 30, 2024 September 30, 2024 that have been modified within the prior twelve months and as of June 30, 2023 September 30, 2023 that have been modified since January 1, 2023, the date of the adoption of ASU 2022-02:

June 30, 2024							September 30, 2024							
Loan Type	Loan Type	Current	Greater than 30 to 59 Days Past Due	60 to 89 Days Past Due	90 Days or Greater Past Due	Nonaccrual	Total	Loan Type	Current	Greater than 30 to 59 Days Past Due	60 to 89 Days Past Due	90 Days or Greater Past Due	Nonaccrual	Total
(in thousands)														
Commercial real estate														
Commercial real estate														
Commercial real estate														
Non-owner occupied term, net														
Non-owner occupied term, net														
Non-owner occupied term, net														
Owner occupied term, net														
Construction & development, net														
Construction & development, net														
Construction & development, net														
Commercial														
Commercial														
Commercial														
Term, net														
Term, net														
Term, net														
Lines of credit & other, net														
Leases & equipment finance, net														
Residential														
Mortgage, net														
Mortgage, net														
Mortgage, net														
Total loans and leases, net of deferred fees and costs														
Total loans and leases, net of deferred fees and costs														
Total loans and leases, net of deferred fees and costs														

September 30, 2023						
Loan Type	Current	Greater than 30 to 59 Days Past Due	60 to 89 Days Past Due	90 Days or Greater Past Due	Nonaccrual	Total
(in thousands)						
Commercial real estate						
Owner occupied term, net	\$ —	\$ —	\$ —	\$ —	666	\$ 666
Commercial						
Term, net	94	—	389	—	377	860
Lines of credit & other, net	3,426	—	—	288	619	4,333

Leases & equipment finance, net	1,153	117	72	53	120	1,515
Residential						
Mortgage, net	39,102	—	285	1,798	—	41,185
Total loans and leases, net of deferred fees and costs	<u>\$ 43,775</u>	<u>\$ 117</u>	<u>\$ 746</u>	<u>\$ 2,139</u>	<u>\$ 1,782</u>	<u>\$ 48,559</u>

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Loan Type (in thousands)	June 30, 2023					
	Current	Greater than 30 to 59 Days Past Due	60 to 89 Days Past Due	90 Days or Greater Past Due	Nonaccrual	Total
Commercial real estate						
Owner occupied term, net	\$ —	\$ —	\$ —	\$ —	\$ 976	\$ 976
Commercial						
Term, net	—	—	—	—	377	377
Lines of credit & other, net	2,945	—	—	—	—	2,945
Leases & equipment finance, net	492	111	—	—	—	603
Residential						
Mortgage, net	25,405	—	—	—	—	25,405
Home equity loans & lines, net	244	—	—	—	—	244
Total loans and leases, net of deferred fees and costs	<u>\$ 29,086</u>	<u>\$ 111</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,353</u>	<u>\$ 30,550</u>

Credit Quality Indicators

Management regularly reviews loans and leases in the portfolio to assess credit quality indicators and to determine appropriate loan classification and grading. The Bank differentiates its lending portfolios into homogeneous and non-homogeneous loans and leases. Homogeneous loans and leases are initially risk rated on a single risk rating scale based on the past due status of the loan or lease. Homogeneous loans and leases that have risk-based modifications or forbearances enter into an alternative elevated risk rating scale that freezes the elevated risk rating and requires six consecutive months of scheduled payments without delinquency before the loan or lease can return to the delinquency-based risk rating scale.

The Bank's risk rating methodology for its non-homogeneous loans and leases uses a dual risk rating approach to assess the credit risk. This approach uses two scales to provide a comprehensive assessment of credit default risk and recovery risk. The probability of default scale measures a borrower's credit default risk using risk ratings ranging from 1 to 16, where a higher rating represents higher risk. For non-homogeneous loans and leases, PD ratings of 1 through 9 are "pass" grades, while PD ratings of 10 and 11 are "watch" grades. PD ratings of 12-16 correspond to the regulatory-defined categories of special mention (12), substandard (13-14), doubtful (15), and loss (16). The loss given default scale measures the amount of loss that may not be recovered in the event of a default, using six alphabetic ratings from A-F, where a higher rating represents higher risk. The LGD scale quantifies recovery risk associated with an event of default and predicts the amount of loss that would be incurred on a loan or lease if a borrower were to experience a major default and includes variables that may be external to the borrower, such as industry, geographic location, and credit cycle stage. It could also include variables specific to the loan or lease, including collateral valuation, covenant structure and debt type. The product of the borrower's PD and a loan or lease LGD is the loan or lease expected loss, expressed as a percentage. This provides a common language of credit risk across different loans.

The PD scale estimates the likelihood that a borrower will experience a major default on any of its debt obligations within a specified time period. Examples of major defaults include payments 90 days or more past due, non-accrual classification, bankruptcy filing, or a full or partial charge-off of a loan or lease. As such, the PD scale represents the credit quality indicator for non-homogeneous loans and leases.

The credit quality indicator rating categories follow regulatory classification and can be generally described by the following groupings for loans and leases:

Pass/Watch—A pass loan or lease is a loan or lease with a credit risk level acceptable to the Bank for extending credit and maintaining normal credit monitoring. A watch loan or lease is considered pass rated but has a heightened level of unacceptable default risk due to an emerging risk element or declining performance trend. Watch ratings are expected to be temporary, with issues resolved or manifested to the extent that a higher or lower risk rating would be appropriate within a short period of time.

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Special Mention—A special mention loan or lease has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. These borrowers have an elevated probability of default but not to the point of a substandard classification.

Substandard—A substandard loan or lease is inadequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged, if any. Loans and leases classified as substandard have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Doubtful—Loans or leases classified as doubtful have all the weaknesses inherent in those classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, based on currently existing facts, conditions, and values, highly questionable and improbable.

Loss—Loans or leases classified as loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted.

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The following tables represent the amortized costs basis of the loans and leases by credit classification and vintage year by loan and lease class of financing receivable as of the dates presented:

(in thousands)
(in thousands)
(in thousands)
June 30, 2024
June 30, 2024
June 30, 2024
September 30, 2024
September 30, 2024
September 30, 2024
Commercial real estate:
Commercial real estate:
Commercial real estate:
Non-owner occupied term, net
Non-owner occupied term, net
Non-owner occupied term, net
Credit quality indicator:
Credit quality indicator:
Credit quality indicator:
Pass/Watch
Pass/Watch
Pass/Watch
Special mention
Special mention
Special mention
Substandard
Substandard
Substandard
Doubtful
Doubtful
Doubtful
Total non-owner occupied term, net
Total non-owner occupied term, net
Total non-owner occupied term, net
Current YTD period:
Current YTD period:
Current YTD period:
Gross charge-offs
Gross charge-offs
Gross charge-offs

Owner occupied term, net
Owner occupied term, net
Owner occupied term, net
Credit quality indicator:
Credit quality indicator:
Credit quality indicator:
Pass/Watch
Pass/Watch
Pass/Watch
Special mention
Special mention
Special mention
Substandard
Substandard
Substandard
Doubtful
Doubtful
Doubtful
Loss
Loss
Loss
Total owner occupied term, net
Total owner occupied term, net
Total owner occupied term, net
Current YTD period:
Current YTD period:
Current YTD period:
Gross charge-offs
Gross charge-offs
Gross charge-offs
Multifamily, net
Multifamily, net
Multifamily, net
Credit quality indicator:
Credit quality indicator:
Credit quality indicator:
Pass/Watch
Pass/Watch
Pass/Watch
Special mention
Special mention
Special mention
Substandard
Substandard
Substandard
Total multifamily, net
Total multifamily, net
Total multifamily, net
Current YTD period:
Current YTD period:
Current YTD period:



Gross charge-offs
Gross charge-offs
Gross charge-offs
Construction & development, net
Construction & development, net
Construction & development, net
Credit quality indicator:
Credit quality indicator:
Credit quality indicator:
Pass/Watch
Pass/Watch
Pass/Watch
Special mention
Special mention
Special mention
Total construction & development, net
Total construction & development, net
Total construction & development, net
Current YTD period:
Current YTD period:
Current YTD period:
Gross charge-offs
Gross charge-offs
Gross charge-offs
Residential development, net
Residential development, net
Residential development, net
Credit quality indicator:
Credit quality indicator:
Credit quality indicator:
Pass/Watch
Pass/Watch
Pass/Watch
Total residential development, net
Total residential development, net
Total residential development, net
Current YTD period:
Current YTD period:
Current YTD period:
Gross charge-offs
Gross charge-offs
Gross charge-offs
Total commercial real estate
Total commercial real estate
Total commercial real estate

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(in thousands)
(in thousands)
(in thousands)

June 30, 2024
June 30, 2024
June 30, 2024
September 30, 2024
September 30, 2024
September 30, 2024
Residential development, net
Residential development, net
Residential development, net
Credit quality indicator:
Credit quality indicator:
Credit quality indicator:
Pass/Watch
Pass/Watch
Pass/Watch
Total residential development, net
Total residential development, net
Total residential development, net
Current YTD period:
Current YTD period:
Current YTD period:
Gross charge-offs
Gross charge-offs
Gross charge-offs
Total commercial real estate
Total commercial real estate
Total commercial real estate
Commercial:
Commercial:
Commercial:
Term, net
Term, net
Term, net
Credit quality indicator:
Credit quality indicator:
Credit quality indicator:
Pass/Watch
Pass/Watch
Pass/Watch
Special mention
Special mention
Special mention
Substandard
Substandard
Substandard
Doubtful
Doubtful
Doubtful
Loss
Loss
Loss

Total term, net
Total term, net
Total term, net
Current YTD period:
Current YTD period:
Current YTD period:
Gross charge-offs
Gross charge-offs
Gross charge-offs
Lines of credit & other, net
Lines of credit & other, net
Lines of credit & other, net
Credit quality indicator:
Credit quality indicator:
Credit quality indicator:
Pass/Watch
Pass/Watch
Pass/Watch
Special mention
Special mention
Special mention
Substandard
Substandard
Substandard
Doubtful
Doubtful
Doubtful
Loss
Loss
Loss
Total lines of credit & other, net
Total lines of credit & other, net
Total lines of credit & other, net
Current YTD period:
Current YTD period:
Current YTD period:
Gross charge-offs
Gross charge-offs
Gross charge-offs
Leases & equipment finance, net
Leases & equipment finance, net
Leases & equipment finance, net
Credit quality indicator:
Credit quality indicator:
Credit quality indicator:
Pass/Watch
Pass/Watch
Pass/Watch
Special mention
Special mention
Special mention

Substandard
Substandard
Substandard
Doubtful
Doubtful
Doubtful
Loss
Loss
Loss
Total leases & equipment finance, net
Total leases & equipment finance, net
Total leases & equipment finance, net
Current YTD period:
Current YTD period:
Current YTD period:
Gross charge-offs
Gross charge-offs
Gross charge-offs
Total commercial
Total commercial
Total commercial
Residential:
Residential:
Residential:
Mortgage, net
Mortgage, net
Mortgage, net
Credit quality indicator:
Credit quality indicator:
Credit quality indicator:
Pass/Watch
Pass/Watch
Pass/Watch
Special mention
Special mention
Special mention
Substandard
Substandard
Substandard
Loss
Loss
Loss
Total mortgage, net
Total mortgage, net
Total mortgage, net
Current YTD period:
Current YTD period:
Current YTD period:
Gross charge-offs
Gross charge-offs
Gross charge-offs

(in thousands)
(in thousands)
(in thousands)
June 30, 2024
June 30, 2024
June 30, 2024
September 30, 2024
September 30, 2024
September 30, 2024
Residential:
Residential:
Residential:
Mortgage, net
Mortgage, net
Mortgage, net
Credit quality indicator:
Credit quality indicator:
Credit quality indicator:
Pass/Watch
Pass/Watch
Pass/Watch
Special mention
Special mention
Special mention
Substandard
Substandard
Substandard
Loss
Loss
Loss
Total mortgage, net
Total mortgage, net
Total mortgage, net
Current YTD period:
Current YTD period:
Current YTD period:
Gross charge-offs
Gross charge-offs
Gross charge-offs
Home equity loans & lines, net
Home equity loans & lines, net
Home equity loans & lines, net
Credit quality indicator:
Credit quality indicator:
Credit quality indicator:
Pass/Watch
Pass/Watch
Pass/Watch
Special mention

Special mention
Special mention
Substandard
Substandard
Substandard
Loss
Loss
Loss
Total home equity loans & lines, net
Total home equity loans & lines, net
Total home equity loans & lines, net
Current YTD period:
Current YTD period:
Current YTD period:
Gross charge-offs
Gross charge-offs
Gross charge-offs
Total residential
Total residential
Total residential
Consumer & other, net:
Consumer & other, net:
Consumer & other, net:
Credit quality indicator:
Credit quality indicator:
Credit quality indicator:
Pass/Watch
Pass/Watch
Pass/Watch
Special mention
Special mention
Special mention
Substandard
Substandard
Substandard
Loss
Loss
Loss
Total consumer & other, net
Total consumer & other, net
Total consumer & other, net
Current YTD period:
Current YTD period:
Current YTD period:
Gross charge-offs
Gross charge-offs
Gross charge-offs
Grand total
Grand total
Grand total

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(in thousands)	Term Loans Amortized Cost Basis by Origination Year							Revolving Loans	Revolving to Non-Revolving									
	December 31, 2023	2023	2022	2021	2020	2019	Prior	Amortized Cost Basis	Loans Amortized Cost	Total								
Commercial real estate:																		
Non-owner occupied term, net																		
Credit quality indicator:																		
Pass/Watch	\$	582,178	\$	1,307,143	\$	1,182,485	\$	615,021	\$	764,821	\$	1,832,231	\$	41,194	\$	—	\$	6,325,073
Special mention		—		317		3,478		1,337		2,480		16,352		—		—		23,964
Substandard		32,461		749		—		1,090		35,214		64,304		—		—		133,818
Loss		—		—		—		—		85		—		—		—		85
Total non-owner occupied term, net	\$	614,639	\$	1,308,209	\$	1,185,963	\$	617,448	\$	802,515	\$	1,912,972	\$	41,194	\$	—	\$	6,482,940
Prior Year End period:																		
Gross charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Owner occupied term, net																		
Credit quality indicator:																		
Pass/Watch	\$	532,482	\$	1,067,388	\$	972,130	\$	448,569	\$	581,616	\$	1,351,172	\$	67,063	\$	—	\$	5,020,420
Special mention		1,575		5,950		6,175		4,945		14,610		15,513		1,932		—		50,700
Substandard		4,034		7,707		48,281		17,275		10,513		35,216		—		—		123,026
Doubtful		—		—		—		—		90		—		—		—		90
Loss		—		963		—		404		—		2		—		—		1,369
Total owner occupied term, net	\$	538,091	\$	1,082,008	\$	1,026,586	\$	471,193	\$	606,739	\$	1,401,993	\$	68,995	\$	—	\$	5,195,605
Prior Year End period:																		
Gross charge-offs	\$	—	\$	16	\$	—	\$	—	\$	—	\$	787	\$	—	\$	—	\$	803
Multifamily, net																		
Credit quality indicator:																		
Pass/Watch	\$	272,084	\$	1,982,075	\$	1,660,492	\$	400,280	\$	590,379	\$	745,705	\$	51,480	\$	—	\$	5,702,495
Special mention		—		—		1,278		—		961		—		—		—		2,239
Total multifamily, net	\$	272,084	\$	1,982,075	\$	1,661,770	\$	400,280	\$	591,340	\$	745,705	\$	51,480	\$	—	\$	5,704,734
Prior Year End period:																		
Gross charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Construction & development, net																		
Credit quality indicator:																		
Pass/Watch	\$	248,623	\$	716,207	\$	530,305	\$	186,680	\$	21,990	\$	10,738	\$	31,289	\$	—	\$	1,745,832
Special mention		—		1,470		—		—		—		—		—		—		1,470
Total construction & development, net	\$	248,623	\$	717,677	\$	530,305	\$	186,680	\$	21,990	\$	10,738	\$	31,289	\$	—	\$	1,747,302
Prior Year End period:																		
Gross charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Residential development, net																		
Credit quality indicator:																		
Pass/Watch	\$	90,241	\$	86,078	\$	22,271	\$	—	\$	—	\$	1,329	\$	116,490	\$	6,149	\$	322,558
Special mention		—		—		—		—		—		—		1,341		—		1,341
Total residential development, net	\$	90,241	\$	86,078	\$	22,271	\$	—	\$	—	\$	1,329	\$	117,831	\$	6,149	\$	323,899
Prior Year End period:																		
Gross charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
Total commercial real estate	\$	1,763,678	\$	5,176,047	\$	4,426,895	\$	1,675,601	\$	2,022,584	\$	4,072,737	\$	310,789	\$	6,149	\$	19,454,480

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(in thousands)	Term Loans Amortized Cost Basis by Origination Year							Revolving Loans	Revolving to Non-Revolving	Total								
	December 31, 2023	2023	2022	2021	2020	2019	Prior	Amortized Cost Basis	Loans Amortized Cost									
Commercial:																		
Term, net																		
Credit quality indicator:																		
Pass/Watch	\$	835,662	\$	1,215,539	\$	933,970	\$	391,735	\$	271,974	\$	560,595	\$	1,097,630	\$	50,874	\$	5,357,979
Special mention		23,250		14,875		29,128		109		3,340		16,476		—		—		87,178
Substandard		2,911		13,862		13,981		3,068		7,385		7,859		31,399		4,139		84,604
Doubtful		—		1,329		335		796		197		699		—		—		3,356
Loss		—		415		—		648		51		2,534		—		—		3,648
Total term, net	\$	861,823	\$	1,246,020	\$	977,414	\$	396,356	\$	282,947	\$	588,163	\$	1,129,029	\$	55,013	\$	5,536,765
Prior Year End period:																		
Gross charge-offs	\$	3,000	\$	1,418	\$	—	\$	415	\$	389	\$	886	\$	44	\$	808	\$	6,960
Lines of credit & other, net																		
Credit quality indicator:																		
Pass/Watch	\$	105,360	\$	105,791	\$	58,441	\$	12,266	\$	10,927	\$	16,108	\$	1,922,115	\$	5,676	\$	2,236,684
Special mention		476		635		394		—		—		80		61,927		403		63,915
Substandard		7,807		4,161		—		—		—		593		83,304		32,509		128,374
Doubtful		—		—		—		—		—		—		48		211		259
Loss		—		693		200		—		1		1		—		—		895
Total lines of credit & other, net	\$	113,643	\$	111,280	\$	59,035	\$	12,266	\$	10,928	\$	16,782	\$	2,067,394	\$	38,799	\$	2,430,127
Prior Year End period:																		
Gross charge-offs	\$	30	\$	168	\$	—	\$	47	\$	144	\$	45	\$	1,058	\$	1,809	\$	3,301
Leases & equipment finance, net																		
Credit quality indicator:																		
Pass/Watch	\$	682,866	\$	501,867	\$	200,499	\$	92,402	\$	61,065	\$	33,908	\$	—	\$	—	\$	1,572,607
Special mention		46,806		15,962		6,182		1,688		7,224		77		—		—		77,939
Substandard		7,094		15,274		6,704		2,163		1,246		1,161		—		—		33,642
Doubtful		5,833		22,566		9,036		3,161		1,700		208		—		—		42,504
Loss		395		1,485		581		292		58		9		—		—		2,820
Total leases & equipment finance, net	\$	742,994	\$	557,154	\$	223,002	\$	99,706	\$	71,293	\$	35,363	\$	—	\$	—	\$	1,729,512
Prior Year End period:																		
Gross charge-offs	\$	2,324	\$	47,116	\$	31,569	\$	9,111	\$	6,394	\$	3,087	\$	—	\$	—	\$	99,601
Total commercial	\$	1,718,460	\$	1,914,454	\$	1,259,451	\$	508,328	\$	365,168	\$	640,308	\$	3,196,423	\$	93,812	\$	9,696,404
Residential:																		
Mortgage, net																		
Credit quality indicator:																		
Pass/Watch	\$	221,207	\$	1,845,395	\$	2,355,420	\$	521,177	\$	443,152	\$	735,801	\$	—	\$	—	\$	6,122,152
Special mention		1,125		916		1,737		651		1,156		4,109		—		—		9,694
Substandard		1,851		2,617		2,826		787		1,759		8,746		—		—		18,586
Loss		159		2,724		970		851		220		1,810		—		—		6,734
Total mortgage, net	\$	224,342	\$	1,851,652	\$	2,360,953	\$	523,466	\$	446,287	\$	750,466	\$	—	\$	—	\$	6,157,166
Prior Year End period:																		
Gross charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	6	\$	—	\$	—	\$	6

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(in thousands)	Term Loans Amortized Cost Basis by Origination Year							Revolving Loans	Revolving to Non-Revolving	Total								
	December 31, 2023	2023	2022	2021	2020	2019	Prior	Amortized Cost Basis	Loans Amortized Cost									
Home equity loans & lines, net																		
Credit quality indicator:																		
Pass/Watch	\$	562	\$	1,242	\$	1,056	\$	100	\$	896	\$	35,677	\$	1,870,270	\$	17,807	\$	1,927,610
Special mention		—		—		—		—		114		378		5,052		1,230		6,774
Substandard		—		—		—		—		137		190		1,278		174		1,779
Loss		14		—		—		—		—		85		1,286		618		2,003
Total home equity loans & lines, net	\$	576	\$	1,242	\$	1,056	\$	100	\$	1,147	\$	36,330	\$	1,877,886	\$	19,829	\$	1,938,166
Prior Year End period:																		
Gross charge-offs	\$	—	\$	—	\$	12	\$	29	\$	—	\$	52	\$	448	\$	—	\$	541
Total residential	\$	224,918	\$	1,852,894	\$	2,362,009	\$	523,566	\$	447,434	\$	786,796	\$	1,877,886	\$	19,829	\$	8,095,332
Consumer & other, net:																		
Credit quality indicator:																		
Pass/Watch	\$	39,977	\$	14,919	\$	7,132	\$	4,953	\$	3,441	\$	5,022	\$	118,125	\$	543	\$	194,112
Special mention		138		52		5		13		52		122		779		135		1,296
Substandard		—		—		—		—		3		1		251		63		318
Loss		—		—		—		—		—		7		2		—		9
Total consumer & other, net	\$	40,115	\$	14,971	\$	7,137	\$	4,966	\$	3,496	\$	5,152	\$	119,157	\$	741	\$	195,735
Prior Year End period:																		
Gross charge-offs	\$	3,313	\$	132	\$	23	\$	20	\$	29	\$	288	\$	1,485	\$	472	\$	5,762
Grand total	\$	3,747,171	\$	8,958,366	\$	8,055,492	\$	2,712,461	\$	2,838,682	\$	5,504,993	\$	5,504,255	\$	120,531	\$	37,441,951

Note 6 – Goodwill and Other Intangible Assets

The Company had \$1.0 billion in goodwill as of **June 30, 2024** **September 30, 2024** and December 31, 2023, which represents the excess of the total acquisition price paid over the fair value of the assets acquired, net of fair value of liabilities assumed in connection with the Merger. Goodwill is not amortized but is evaluated for potential impairment on an annual basis or whenever events or changes in circumstances indicate the carrying value may not be recoverable. The Company performed its annual impairment assessment as of October 31, 2023. No events or circumstances since the annual impairment test were noted that would indicate it was more likely than not that a goodwill impairment exists.

Core deposit intangible assets values were determined based on the present value of the expected cost savings attributable to the core deposit funding relative to an alternative source of funding. The intangible assets are being amortized on an accelerated basis over a period of 10 years. No impairment losses have been recognized in the periods presented.

The following table summarizes other intangible assets as of the dates presented:

(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
As of June 30, 2024	\$ 764,791	\$ (222,433)	\$ 542,358
As of December 31, 2023	\$ 764,791	\$ (161,112)	\$ 603,679

(in thousands)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
September 30, 2024 ⁽¹⁾	\$ 710,230	\$ (196,927)	\$ 513,303
December 31, 2023	\$ 764,791	\$ (161,112)	\$ 603,679

⁽¹⁾ The current year period was adjusted to remove fully amortized amounts.

Amortization expense recognized on intangible assets was **\$29.2 million** **\$29.1 million** and **\$61.3 million** **\$90.4 million** for the three and **six** nine months ended **June 30, 2024** **September 30, 2024**, respectively, and **\$35.6 million** **\$29.9 million** and **\$48.2 million** **\$78.1 million** for the three and **six** nine months ended **June 30, 2023** **September 30, 2023**, respectively.

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The table below presents the forecasted amortization expense for intangible assets as of June 30, 2024 September 30, 2024:

(in thousands)		
Year		
Year		
Year	Expected Amortization	Expected Amortization
Remainder of 2024		
2025		
2026		
2027		
2028		
Thereafter		
Total intangible assets		

Note 7 – Residential Mortgage Servicing Rights

The Company measures its MSR asset at fair value with changes in fair value reported in residential mortgage banking revenue, net. The following table presents the changes in the Company's residential MSR for the periods indicated:

	Three Months Ended
	Three Months Ended
	Three Months Ended
(in thousands)	
(in thousands)	
(in thousands)	
Balance, beginning of period	
Balance, beginning of period	
Balance, beginning of period	
Additions for new MSR capitalized	
Additions for new MSR capitalized	
Additions for new MSR capitalized	
Sale of MSR assets	
Sale of MSR assets	
Sale of MSR assets	
Changes in fair value:	
Changes in fair value:	
Changes in fair value:	
Changes due to collection/realization of expected cash flows over time	
Changes due to collection/realization of expected cash flows over time	
Changes due to collection/realization of expected cash flows over time	
Changes due to valuation inputs or assumptions ⁽¹⁾	
Changes due to valuation inputs or assumptions ⁽¹⁾	
Changes due to valuation inputs or assumptions ⁽¹⁾	
Balance, end of period	
Balance, end of period	
Balance, end of period	

⁽¹⁾ The change in valuation inputs and assumptions principally reflect changes in discount rates and prepayment speeds, which are primarily affected by changes in interest rates.

Information related to the serviced loan portfolio as of the dates presented is as follows:

(dollars in thousands)
(dollars in thousands)
(dollars in thousands)
Balance of loans serviced for others
Balance of loans serviced for others
Balance of loans serviced for others

MSR as a percentage of serviced loans
MSR as a percentage of serviced loans
MSR as a percentage of serviced loans

The amount of contractually specified servicing fees, late fees, and ancillary fees earned, which is recorded in residential mortgage banking revenue, was \$6.0 million and **\$12.0 million** **\$18.0 million** for the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024**, respectively, as compared to **\$9.2 million** **\$8.9 million** and **\$18.6 million** **\$27.5 million** for the three and **six** **nine** months ended **June 30, 2023** **September 30, 2023**, respectively.

In September 2023, the Company closed the sale of \$57.5 million in residential mortgage servicing rights, which related to the non-relationship component of the serviced loan portfolio.

Note 8 – Borrowings

The Company had FHLB advances and FRB borrowings outstanding as of **June 30, 2024** **September 30, 2024** with carrying values of **\$3.9** **\$3.7** billion, compared to \$4.0 billion at December 31, 2023.

The Bank’s FHLB advances were \$2.4 billion as of **June 30, 2024** **September 30, 2024**, as compared to \$3.8 billion at December 31, 2023. The FHLB advances have fixed interest rates ranging from 5.10% to 5.25% and mature in 2024 through 2025. The FHLB requires the Bank to maintain a required level of investment in FHLB and sufficient collateral to qualify for secured advances. The Bank has pledged as collateral for these secured advances all FHLB stock, all funds on deposit with the FHLB, investment and commercial real estate portfolios, accounts, general intangibles, equipment, and other property in which a security interest can be granted by the Bank to the FHLB.

As of **June 30, 2024** **September 30, 2024**, the Bank had FRB BTFP borrowings of **\$1.6** **\$1.3** billion, as compared to \$200.0 million at December 31, 2023. The Bank’s FRB BTFP borrowings have interest rates ranging from 4.76% to 4.93% and mature in January 2025. The Bank has pledged investment securities as collateral for these borrowings. The ability to take new advances under this program ended in March 2024.

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Note 9 – Commitments and Contingencies

Financial Instruments with Off-Balance-Sheet Risk — The Company’s financial statements do not reflect various commitments and contingent liabilities that arise in the normal course of the Bank’s business and involve elements of credit, liquidity, and interest rate risk.

The following table presents a summary of the Bank’s commitments and contingent liabilities:

(in thousands)	June	September 30, 2024
Commitments to extend credit	\$ 10,763,609	10,221,247
Forward sales commitments	\$ 82,618	90,597
Commitments to originate residential mortgage loans held for sale	\$ 54,322	60,395
Standby letters of credit	\$ 217,245	238,747

The Bank is a party to financial instruments with off-balance sheet credit risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit and financial guarantees. These instruments involve elements of credit and interest-rate risk similar to the risk involved in on-balance sheet items. The contract or notional amounts of these instruments reflect the extent of the Bank’s involvement in particular classes of financial instruments.

The Bank’s exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and standby letters of credit, and financial guarantees written, is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

There were no financial guarantees in connection with standby letters of credit that the Bank was required to perform on during the three and **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023. As of **June 30, 2024** **September 30, 2024**, approximately **\$202.1 million** **\$203.3 million** of standby letters of credit expire within one year, and **\$15.1 million** **\$35.4 million** expire thereafter.

Residential mortgage loans sold into the secondary market are sold with limited recourse against the Company, meaning that the Company may be obligated to repurchase or otherwise reimburse the investor for incurred losses on any loans that suffer an early payment default, are not underwritten in accordance with investor guidelines or are determined to have pre-closing borrower misrepresentations.

Legal Proceedings and Regulatory Matters—The Company is subject to litigation in court and arbitral proceedings, as well as proceedings, investigations, examinations, and other actions brought or considered by governmental and self-regulatory agencies. The Company is party to various pending and threatened claims and legal proceedings arising in the

normal course of business activities, some of which involve claims for substantial or uncertain amounts.

In September 2023, 34 related entities (the "iCap Entities") that maintained their primary deposit accounts with the Bank filed jointly-administered Chapter 11 bankruptcies in the United States Bankruptcy Court for the Eastern District of Washington. The Bank was served with a request for production of account records and produced such records through counsel. Concurrently, in pleadings filed in the Bankruptcy Court for the Eastern District of Washington on behalf of investors who claimed losses of approximately \$250.0 \$290.0 million, the Bank was identified as a party against which claims may be brought in connection with the iCap Entities' alleged operation of Ponzi schemes prior to the bankruptcy proceedings described above. The potential claims against the Bank and the amount of any alleged damages have not been identified. To the extent suits or actions are commenced, the Bank intends to vigorously defend any and all claims.

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In August 2020, a class action complaint was filed in the United States District Court (ND Cal) alleging aiding and abetting claims against the Bank associated with the failure of two commercial real estate investment companies, Professional Financial Investors, Inc. and Professional Investors Security Fund, Inc., allegedly effected through a Ponzi scheme. Both companies maintained their primary deposit account relationship with the Bank's Novato, Marin County, California branch office, acquired by the Bank from Circle Bank. The Bank's motion to dismiss was denied in January 2021, and its motion for summary judgment was denied in December 2022, and at the same time the District Court certified the plaintiffs' proposed class. Two other related cases were filed in 2023: one case alleges similar claims by two investors and was filed in May 2023 in Marin County Superior Court; and another case was filed in June 2023 in the United States District Court (ND Cal) alleging claims by ten investors with different investments than the class members. The case filed in June 2023 was dismissed in July 2024 due to the plaintiffs' lack of standing. Plaintiffs in the two District Court cases class action case allege damages resulting from the scheme of between \$386.2 million and \$429.8 million, which includes prejudgment interest and does not account for prior bankruptcy recoveries of approximately \$110.0 million to date. The Superior Court case does not yet have a clear estimate of damages. Trial in the District Court cases class action case is anticipated to be scheduled begin in February 2025. Filing of these cases follows an SEC non-public investigation of Professional Financial Investors, Inc. and Professional Investors Security Fund, Inc. that commenced on May 28, 2020. The Bank intends to defend these matters vigorously and believes that it has meritorious defenses.

As previously disclosed, in 2023, the Bank was informed by one of its technology service providers (the "Vendor") that a widely reported security incident involving MOVEit, a filesharing software used globally by government agencies, enterprise corporations, and financial institutions, resulted in the unauthorized acquisition by a third party of the names and social security numbers or tax identification numbers of certain of the Bank's consumer and small business customers (the "Vendor Incident").

Other than the information described above, no account information for accounts at the Bank was compromised as a result of the Vendor Incident, and no information from the Bank's commercial customers was involved in the Vendor Incident. On June 22, 2023, the Bank sent an email to potentially affected consumer and small business customers informing them of the Vendor Incident. Between August 11, 2023, and August 15, 2023, the Vendor, on behalf of the Bank, initiated formal notice via U.S. Mail to the 429,252 Bank customers whose information was involved in the Vendor Incident. The Bank and the Vendor also notified applicable federal and state regulators regarding the Vendor Incident.

Beginning on August 18, 2023, some of the individuals who were notified of the Vendor Incident filed lawsuits against the Bank seeking monetary recovery and other relief on behalf of themselves and one or more putative classes of other individuals similarly situated. Two such cases were filed in federal court (the United States District Court for the Western District of Washington), one of which was later voluntarily dismissed without prejudice. Five such cases were filed in state court in Washington (the Washington Superior Court for Pierce County) and one case in state court in California (the California Superior Court for Contra Costa County). The state court cases were subsequently removed to federal court by the Bank. On October 4, 2023, the United States Judicial Panel on Multidistrict Litigation, in view of the large number of lawsuits arising out of the MOVEit data incident in federal courts across the United States, initiated a multidistrict litigation ("MDL") for these cases to allow such cases to be transferred to one court for pre-trial proceedings. The MDL is titled *In Re: MOVEit Customer Data Security Breach Litigation*, MDL No. 3083 and is pending in the United States District Court for the District of Massachusetts as MDL No. 1:23-md-03083-ADB-PGL. All seven cases against the Bank have been transferred to the MDL as of January 29, 2024. The cases collectively allege claims for negligence, negligence per se, breach of contract, breach of implied contract, breach of third-party beneficiary contract, breach of fiduciary duty, invasion of privacy, breach of the covenant of good faith and fair dealing, unjust enrichment and violation of certain statutes, namely the Washington Consumer Protection Act, the California Consumer Legal Remedies Act, the California Consumer Privacy Act, and the California Unfair Competition Law. The Bank has also received claims by or on behalf of individuals in connection with the Vendor Incident. Such claims have the potential to give rise to additional litigation. The Bank has engaged defense counsel and intends to vigorously defend against these suits and any similar or related suits or claims. The Bank has notified relevant insurance carriers and business counterparties and continues to reserve all of its relevant rights to indemnity, defense, contribution, and other relief in connection with these matters.

At least quarterly, liabilities and contingencies are assessed in connection with all outstanding or new legal matters, utilizing the most recent information available. If it is determined that a loss from a matter is probable and that the amount of the loss can be reasonably estimated, an accrual for the loss is established. Once established, each accrual is adjusted as appropriate to reflect any subsequent developments in the specific legal matter. It is inherently difficult to determine whether any loss is probable or even possible. It is also inherently difficult to estimate the amount of any loss and there may be matters for which a loss is probable or reasonably possible but not currently estimable. Actual losses may be in excess of any established accrual or the range of reasonably possible loss. Management's estimate will change from time to time. For matters where a loss is not probable, or the amount of the loss cannot be estimated, no accrual is established. The Company has \$6.3 \$2.4 million accrued related to legal matters as of June 30, 2024 September 30, 2024.

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The resolution and the outcome of legal claims are unpredictable, exacerbated by factors including the following: damages sought are unsubstantiated or indeterminate; it is unclear whether a case brought as a class action will be allowed to proceed on that basis; discovery or motion practice is not complete; the proceeding is not yet in its final stages; the matters present legal uncertainties; there are significant facts in dispute; there are a large number of parties, including multiple defendants; or there is a wide range of potential results. Any estimate or determination relating to the future resolution of legal and regulatory matters is uncertain and involves significant judgment. The Company is usually unable to determine whether a favorable or unfavorable outcome is remote, reasonably likely or probable, or to estimate the amount or range of a probable or reasonably likely loss until relatively late in the process.

Although there can be no assurance as to the ultimate outcome of a specific legal matter, the Company believes it has meritorious defenses to the claims asserted against us in our currently outstanding legal matters, and the Company intends to continue to vigorously defend ourselves. The Company will consider settlement of legal matters when, in management's judgment, it is in the best interests of the Company and its shareholders.

Based on information currently available, advice of counsel, available insurance coverage, and established reserves, the Company believes that the eventual outcome of the actions against us will not have a material adverse effect on the Company's consolidated financial statements. However, it is possible that the ultimate resolution of a matter, if unfavorable, may be material to the Company's results of operations for any particular reporting period.

Concentrations of Credit Risk— The Bank grants real estate mortgage, real estate construction, commercial, agricultural and installment loans and leases to customers in Oregon, Washington, California, Idaho, Nevada, Arizona, Colorado, and Utah. In management's judgment, a concentration exists in real estate-related loans, which represented approximately 75% of the Bank's loan and lease portfolio for **June 30, 2024 both September 30, 2024** and December 31, 2023. Commercial real estate concentrations are managed to ensure geographic and business diversity, primarily in our footprint. As of **June 30, 2024 both September 30, 2024** and December 31, 2023, the multifamily portfolio, including construction, represented approximately **20% and 19%** of the total loan **portfolio, respectively, portfolio**. The office portfolio represented approximately 8% of the total loan portfolio as of both **June 30, 2024 September 30, 2024** and December 31, 2023. Although management believes such concentrations have no more than the normal risk of collectability, a substantial decline in the economy in general, material increases in interest rates, changes in tax policies, tightening credit or refinancing markets, or a decline in real estate values in the Bank's primary market areas in particular, could have an adverse impact on the repayment of these loans. Personal and business incomes, proceeds from the sale of real property, or proceeds from refinancing represent the primary sources of repayment for a majority of these loans.

The Bank recognizes the credit risks inherent in dealing with other depository institutions. Accordingly, to prevent excessive exposure to any single correspondent, the Bank has established general standards for selecting correspondent banks as well as internal limits for allowable exposure to any single correspondent. In addition, the Bank has an investment policy that sets forth limitations that apply to all investments with respect to credit rating and concentrations with an issuer.

Note 10 – Derivatives

The Bank may use derivatives to hedge the risk of changes in the fair values of interest rate lock commitments, residential mortgage loans held for sale, and MSR. None of the Company's derivatives are designated as hedging instruments. Rather, they are accounted for as free-standing derivatives, or economic hedges, with changes in the fair value of the derivatives reported in income. The Company utilizes forward interest rate contracts in its derivative risk management strategy.

The Bank enters into forward delivery contracts to sell residential mortgage loans or mortgage-backed securities to broker-dealers at specific prices and dates in order to hedge the interest rate risk in its portfolio of mortgage loans held for sale and its residential mortgage interest rate lock commitments. Credit risk associated with forward contracts is limited to the replacement cost of those forward contracts in a gain position. There were no counterparty default losses on forward contracts in the three and **six nine** months ended **June 30, 2024 September 30, 2024** and 2023. Market risk with respect to forward contracts arises principally from changes in the value of contractual positions due to changes in interest rates. The Bank limits its exposure to market risk by monitoring differences between commitments to customers and forward contracts with broker-dealers. In the event the Company has forward delivery contract commitments in excess of available mortgage loans, the Company completes the transaction by either paying or receiving a fee to or from the broker-dealer equal to the increase or decrease in the market value of the forward contract. As of **June 30, 2024 September 30, 2024** and December 31, 2023, the Bank had commitments to originate mortgage loans held for sale totaling **\$54.3 million \$60.4 million** and \$20.6 million, respectively, and forward sales commitments of **\$82.6 million \$90.6 million** and \$39.5 million, respectively, which are used to hedge both on-balance sheet and off-balance sheet exposures.

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The Bank purchases interest rate futures and forward settling mortgage-backed securities to hedge the interest rate risk of MSR. As of **June 30, 2024 September 30, 2024**, the Bank had **\$159.0 million \$166.0 million** notional of interest rate futures contracts and **\$23.0 million \$28.0 million** of mortgage-backed securities related to this program. As of December 31, 2023, the Bank had \$150.0 million notional of interest rate futures contracts and \$36.0 million of mortgage-backed securities related to this program.

The Bank executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting the interest rate swaps that the Bank executes with a third party, such that the Bank minimizes its net risk exposure. As of **June 30, 2024 September 30, 2024**, the Bank had interest rate swap assets **with a notional amount of \$4.4 billion** and interest rate swap liabilities **both** with a notional amount of \$4.5 billion related to this program. As of December 31, 2023, the Bank had interest rate swap assets and interest rate swap liabilities, both with a notional amount of \$4.7 billion related to this program.

The Bank has collateral posting requirements for initial margins with its clearing members and clearing houses and **has been is** required to post collateral against its obligations under these agreements of **\$89.1 million \$95.4 million** and \$88.3 million as of **June 30, 2024 September 30, 2024** and December 31, 2023, respectively.

The Bank's clearable interest rate swap derivatives are cleared through the Chicago Mercantile Exchange and London Clearing House. These clearing houses characterize the variation margin payments, for certain derivative contracts that are referred to as settled-to-market, as settlements of the derivative's mark-to-market exposure and not collateral. The Company accounts for the variation margin as an adjustment to cash collateral, as well as a corresponding adjustment to the derivative asset and liability. As of **June 30,**

2024 September 30, 2024 and December 31, 2023, the variation margin netting adjustments for centrally cleared interest rate swaps consisted of derivative asset adjustments of \$197.4 million \$120.6 million and \$166.3 million, respectively.

The Bank also has solely executed swaps indexed to Term SOFR, which are not clearable. These swaps are executed on a bilateral basis with a counterparty bank. There is no initial margin posted for bilateral swaps, but cash collateral equivalent to variation margin is exchanged to cover the mark-to-market exposure on a daily basis.

The Bank also executes foreign currency hedges as a service for customers. These foreign currency hedges are then offset with hedges with other third-party banks to limit the Bank's risk exposure.

The Bank's derivative assets are included in other assets on the Condensed Consolidated Balance Sheets, while the derivative liabilities are included in other liabilities on the Condensed Consolidated Balance Sheets. The following table summarizes the types of derivatives, separately by assets and liabilities, and the fair values of such derivatives as of the dates presented:

(in thousands)	(in thousands)	Asset Derivatives		Liability Derivatives	(in thousands)		Asset Derivatives	Liability Derivatives			
Derivatives not designated as hedging instrument	Derivatives not designated as hedging instrument	June 30, 2024	December 31, 2023	June 30, 2024		December 31, 2023	Derivatives not designated as hedging instrument	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Interest rate lock commitments											
Interest rate futures											
Interest rate forward sales commitments											
Interest rate swaps											
Foreign currency derivatives											
Total derivative assets and liabilities											

The gains and losses on the Company's mortgage banking derivatives are included in mortgage banking revenue. The gains and losses on the Company's interest rate swaps and foreign currency derivatives are included in other income. The following table summarizes the types of derivatives, and the gains (losses) recorded during the periods indicated:

(in thousands)	Three Months Ended		Six Months Ended	
Derivatives not designated as hedging instrument	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Interest rate lock commitments	\$ (467)	\$ (188)	\$ (314)	\$ (83)
Interest rate futures	(1,611)	(7,636)	(5,882)	(4,986)
Interest rate forward sales commitments	467	785	513	(218)
Interest rate swaps	424	1,288	1,621	(2,255)
Foreign currency derivatives	196	(109)	238	(79)
Total derivative losses	\$ (991)	\$ (5,860)	\$ (3,824)	\$ (7,621)

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(in thousands)	Three Months Ended		Nine Months Ended	
Derivatives not designated as hedging instrument	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Interest rate lock commitments	\$ 534	\$ (376)	\$ 220	\$ (459)
Interest rate futures	5,098	(4,733)	(784)	(9,719)
Interest rate forward sales commitments	(1,699)	1,008	(1,186)	790
Interest rate swaps	(3,596)	5,700	(1,975)	3,445
Foreign currency derivatives	123	43	361	(36)
Total derivative gains (losses)	\$ 460	\$ 1,642	\$ (3,364)	\$ (5,979)

The Company is party to interest rate swap contracts that are subject to enforceable master netting arrangements or similar agreements. Under these agreements, the Company may have the right to net settle multiple contracts with the same counterparty.

The following table shows the gross interest rate swaps in the Condensed Consolidated Balance Sheets and the respective collateral received or pledged in the form of cash or other financial instruments. The collateral amounts are limited to the outstanding balances of the related asset or liability. Therefore, instances of over collateralization are not shown.

Gross Amounts Not Offset in the Statement of Financial Position										
Gross Amounts of Recognized Assets/Liabilities	Gross Amounts of Recognized Assets/Liabilities	Gross Amounts Offset in the Condensed Consolidated Balance Sheets	Net Amounts of Assets/Liabilities presented in the Condensed Consolidated Balance Sheets	Financial Instruments	Collateral Received/Posted	Net Amount	Gross Amounts of Recognized Assets/Liabilities	Gross Amounts Offset in the Condensed Consolidated Balance Sheets	Net Amounts of Assets/Liabilities presented in the Condensed Consolidated Balance Sheets	Financial Instruments
June 30, 2024										
September 30, 2024										
Derivative Assets										
Derivative Assets										
Derivative Assets										
Interest rate swaps										
Interest rate swaps										
Interest rate swaps										
Derivative Liabilities										
Interest rate swaps										
Interest rate swaps										
Interest rate swaps										

Note 11 – Earnings Per Common Share

The following is a computation of basic and diluted earnings per common share for the periods indicated:

	Three Months Ended
	Three Months Ended
	Three Months Ended
(in thousands, except per share data)	
(in thousands, except per share data)	
(in thousands, except per share data)	
Net income	
Net income	
Net income	
Weighted average number of common shares outstanding - basic	
Weighted average number of common shares outstanding - basic	
Weighted average number of common shares outstanding - basic	
Effect of potentially dilutive common shares ⁽¹⁾	
Effect of potentially dilutive common shares ⁽¹⁾	
Effect of potentially dilutive common shares ⁽¹⁾	
Weighted average number of common shares outstanding - diluted	
Weighted average number of common shares outstanding - diluted	
Weighted average number of common shares outstanding - diluted	
Earnings per common share:	
Earnings per common share:	
Earnings per common share:	
Basic	
Basic	
Basic	
Diluted	
Diluted	
Diluted	

(1) Represents the effect of the assumed vesting of non-participating restricted shares based on the treasury stock method.

The following table represents the weighted average outstanding restricted shares that were not included in the computation of diluted earnings per share because their effect would be anti-dilutive for the periods indicated:

	Three Months Ended
	Three Months Ended
	Three Months Ended
(in thousands)	
(in thousands)	
(in thousands)	
Restricted stock awards and units	
Restricted stock awards and units	
Restricted stock awards and units	

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Note 12 – Fair Value Measurement

The following table presents estimated fair values of the Company's financial instruments as of the dates presented, whether or not recognized or recorded at fair value on a recurring basis in the Condensed Consolidated Balance Sheets:

						December 31,					
						2023					
(in thousands)	(in thousands)	Level	Carrying Value	Fair Value	Carrying Value	Fair Value	(in thousands)	Level	Carrying Value	Fair Value	Carrying Value
Financial assets:	Financial assets:					Financial assets:					
Cash and cash equivalents											
Equity and other investment securities											
Investment securities available for sale											
Investment securities held to maturity											
Loans held for sale											
Loans and leases, net											
Restricted equity securities											
Residential mortgage servicing rights											
Bank-owned life insurance											
Derivatives											
Financial liabilities:	Financial liabilities:					Financial liabilities:					
Demand, money market, and savings deposits											
Time deposits											
Securities sold under agreements to repurchase											
Borrowings											
Junior subordinated debentures, at fair value											
Junior and other subordinated debentures, at amortized cost											
Derivatives											

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Fair Value of Assets and Liabilities Measured on a Recurring Basis

	(in thousands)	June 30, 2024			(in thousands) September 30, 2024					
Description	Description	Total	Level 1	Level 2	Level 3	Description Total	Level 1	Level 2	Level 3	
Financial assets:										
Equity and other investment securities										
Equity and other investment securities										
Equity and other investment securities										
Investments in mutual funds and other securities										
Equity securities held in rabbi trusts										
Investment securities available for sale	Investment securities available for sale					Investment securities available for sale				
U.S. Treasury and agencies										
Obligations of states and political subdivisions										
Mortgage-backed securities and collateralized mortgage obligations										
Loans held for sale, at fair value										
Loans and leases, at fair value										
Residential mortgage servicing rights, at fair value										
Derivatives	Derivatives					Derivatives				
Interest rate lock commitments										
Interest rate forward sales commitments										
Interest rate forward sales commitments										
Interest rate forward sales commitments										
Interest rate swaps										
Foreign currency derivatives										
Total assets measured at fair value										
Financial liabilities:										
Junior subordinated debentures, at fair value										
Junior subordinated debentures, at fair value										
Junior subordinated debentures, at fair value										
Derivatives	Derivatives					Derivatives				
Interest rate lock commitments										
Interest rate futures										
Interest rate forward sales commitments										
Interest rate swaps										
Foreign currency derivatives										
Total liabilities measured at fair value										

(in thousands)	December 31, 2023			
Description	Total	Level 1	Level 2	Level 3
Financial assets:				
Equity and other investment securities				
Investments in mutual funds and other securities	\$ 63,298	\$ 44,839	\$ 18,459	\$ —
Equity securities held in rabbi trusts	13,697	13,697	—	—
Investment securities available for sale				
U.S. Treasury and agencies	1,478,392	373,664	1,104,728	—
Obligations of states and political subdivisions	1,072,105	—	1,072,105	—
Mortgage-backed securities and collateralized mortgage obligations	6,279,373	—	6,279,373	—

Loans held for sale, at fair value	30,715	—	30,715	—
Loans and leases, at fair value	275,140	—	275,140	—
Residential mortgage servicing rights, at fair value	109,243	—	—	109,243
Derivatives				
Interest rate futures	3,745	—	3,745	—
Interest rate forward sales commitments	9	—	9	—
Interest rate swaps	33,874	—	33,874	—
Foreign currency derivatives	457	—	457	—
Total assets measured at fair value	\$ 9,360,048	\$ 432,200	\$ 8,818,605	\$ 109,243
Financial liabilities:				
Junior subordinated debentures, at fair value	\$ 316,440	\$ —	\$ —	\$ 316,440
Derivatives				
Interest rate lock commitments	137	—	—	137
Interest rate forward sales commitments	535	—	535	—
Interest rate swaps	260,064	—	260,064	—
Foreign currency derivatives	355	—	355	—
Total liabilities measured at fair value	\$ 577,531	\$ —	\$ 260,954	\$ 316,577

The following methods were used to estimate the fair value of each class of financial instrument that is carried at fair value in the tables above:

Securities— Fair values for investment securities are based on quoted market prices when available or through the use of alternative approaches, such as matrix or model pricing, or broker indicative bids, when market quotes are not readily accessible or available. Management periodically reviews the pricing information received from the third-party pricing service and compares it to a secondary pricing service, evaluating significant price variances between services to determine an appropriate estimate of fair value to report.

Loans Held for Sale— Fair value for residential mortgage loans originated as held for sale is determined based on quoted secondary market prices for similar loans, including the implicit fair value of embedded servicing rights. For loans not originated as held for sale, these loans are accounted for at lower of cost or market, with the fair value estimated based on the expected sales price.

Loans and leases— Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type, including commercial, real estate and consumer loans. Each loan category is further segregated by fixed and adjustable-rate loans. The fair value of loans is calculated by discounting expected cash flows at rates at which similar loans are currently being made. **This model is periodically validated by an independent model validation group.** These amounts are discounted further by embedded probable losses expected to be realized in the portfolio. For loans originated as held for sale and transferred into loans held for investment, the fair value is determined based on quoted secondary market prices for similar loans.

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Residential Mortgage Servicing Rights— The fair value of MSR is estimated using a DCF model. Assumptions used include market discount rates, anticipated prepayment speeds, delinquency and foreclosure rates, and ancillary fee income net of servicing costs. This model is periodically validated by an independent model validation group. The model assumptions and the MSR fair value estimates are also compared to observable trades of similar portfolios as well as to MSR broker valuations and industry surveys, as available. Management believes the significant inputs utilized are indicative of those that would be used by market participants.

Junior Subordinated Debentures— The fair value of junior subordinated debentures is estimated using an income approach valuation technique. The significant unobservable input utilized in the estimation of fair value of these instruments is the credit risk adjusted spread. The credit risk adjusted spread represents the non-performance risk of the liability, contemplating the inherent risk of the obligation. The Company periodically utilizes a valuation firm to determine or validate the reasonableness of inputs and factors that are used to determine the fair value. The ending carrying (fair) value of the junior subordinated debentures measured at fair value represents the estimated amount that would be paid to transfer these liabilities in an orderly transaction among market participants. Due to credit concerns in the capital markets and inactivity in the trust preferred markets that have limited the observability of market spreads, the Company has classified this as a Level 3 fair value measurement.

Derivative Instruments— The fair value of the interest rate lock commitments, interest rate futures, and forward sales commitments are estimated using quoted or published market prices for similar instruments, adjusted for factors such as pull-through rate assumptions based on historical information, where appropriate. The pull-through rate assumptions are considered Level 3 valuation inputs and are significant to the interest rate lock commitment valuation; as such, the interest rate lock commitment derivatives are classified as Level 3. The fair value of the interest rate swaps is determined using a DCF technique incorporating credit valuation adjustments to reflect non-performance risk in the measurement of fair value. Although the Bank has determined that the majority of the inputs used to value its interest rate swap derivatives fall within Level 2 of the fair value hierarchy, the CVA associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of **June 30, 2024** **September 30, 2024**, the Bank has assessed the significance of the impact of the CVA on the overall valuation of its interest rate swap positions and has determined that the CVA are not significant to the overall valuation of its interest rate swap derivatives. As a result, the Bank has classified its interest rate swap and futures derivative valuations in Level 2 of the fair value hierarchy.

Assets and Liabilities Measured at Fair Value Using Significant Unobservable Inputs (Level 3)

The following table provides a description of the valuation technique, significant unobservable inputs, and qualitative information about the unobservable inputs for the Company's assets and liabilities classified as Level 3 and measured at fair value on a recurring basis as of June 30, 2024; the dates presented:

Financial Instrument	Financial Instrument	Fair Value (in thousands)	Valuation Technique	Unobservable Input	Range of Inputs	Weighted Average	Financial Instrument
September 30, 2024							
Assets:							
Assets:							
Assets:							
Residential mortgage servicing rights							
Residential mortgage servicing rights							
Residential mortgage servicing rights							
Residential mortgage servicing rights		\$110,039	Discounted cash flow	Discounted cash flow	Constant prepayment rate	6.03% - 27.36%	6.76%
					Discount rate	9.50% - 16.10%	10.2%
Interest rate lock commitments, net		\$ 82	Internal pricing model	Pull-through rate	66.28% - 100.00%	85.73%	
Liabilities:							
Liabilities:							
Liabilities:							
Junior subordinated debentures							
Junior subordinated debentures							
Junior subordinated debentures		\$311,896	Discounted cash flow	Credit spread	2.35% - 4.84%	3.67%	
Financial Instrument							
Financial Instrument							
		Fair Value (in thousands)	Valuation Technique	Unobservable Input	Range of Inputs	Weighted Average	
December 31, 2023							
Assets:							
Assets:							
Assets:							
Residential mortgage servicing rights							
Residential mortgage servicing rights							
Residential mortgage servicing rights		\$109,243	Discounted cash flow	Constant Prepayment Rate	6.07% - 28.17%	6.78%	
					Discount Rate	9.50% - 16.05%	

Liabilities:

Interest rate lock commitments, net
Interest rate lock commitments, net

Interest rate lock commitments, net			Internal pricing model		Internal pricing model		Pull-through rate		69.73% - 100.00%		88.18%
Junior subordinated debentures	Junior subordinated debentures	\$316,440	Discounted cash flow		Discounted cash flow		Credit Spread		2.25% - 4.66%		
Junior subordinated debentures											
Junior subordinated debentures		\$310,187		Discounted cash flow		Credit spread		2.05% - 6.20%		3.83%	

Generally, increases in the constant prepayment rate or the discount rate utilized in the fair value measurement of the residential mortgage servicing rights will result in a decrease in fair value. Conversely, decreases in the constant prepayment rate or the discount rate will result in an increase in fair value.

An increase in the pull-through rate utilized in the fair value measurement of the interest rate lock commitment derivative will result in an increase in the fair value measurement. Conversely, a decrease in the pull-through rate will result in a decrease in the fair value measurement.

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Management believes that the credit risk adjusted spread utilized in the fair value measurement of the junior subordinated debentures carried at fair value is indicative of the non-performance risk premium a willing market participant would require under current market conditions, which is an inactive market. Generally, an increase in the credit spread will result in a decrease in the estimated fair value. Conversely, a decrease in the credit spread will result in an increase in the estimated fair value.

The following table provides a reconciliation of assets and liabilities measured at fair value using significant unobservable inputs (Level 3) on a recurring basis during the periods indicated:

Three Months Ended											
June 30, 2024						June 30, 2023					
September 30, 2024						September 30, 2023					
(in thousands)	Residential mortgage servicing rights	Interest rate lock commitments, net	Junior subordinated debentures, at fair value	Residential mortgage servicing rights	Interest rate lock commitments, net	Junior subordinated debentures, at fair value	Residential mortgage servicing rights	Interest rate lock commitments, net	Junior subordinated debentures, at fair value	Residential mortgage servicing rights	Interest rate lock commitments, net
Beginning balance											
Change included in earnings											
Change included in earnings											
Change included in earnings											
Change in fair values included in comprehensive income/loss											
Purchases and issuances											

Sales and settlements

Ending balance

Change in unrealized gains or losses for the period included in earnings for assets and liabilities held at end of period

Change in unrealized gains or losses for the period included in other comprehensive income for assets and liabilities held at end of period

Six Months Ended	
Six Months Ended	
Six Months Ended	
June 30, 2024	June 30, 2023
Nine Months Ended	
Nine Months Ended	
Nine Months Ended	
September 30, 2024	September 30, 2023

(in thousands)

(in thousands)

(in thousands)

Residential mortgage servicing rights	Interest rate lock commitments, net	Junior subordinated debentures, at fair value	Residential mortgage servicing rights	Interest rate lock commitments, net	Junior subordinated debentures, at fair value	Residential mortgage servicing rights	Interest rate lock commitments, net	Junior subordinated debentures, at fair value	Residential mortgage servicing rights
---------------------------------------	-------------------------------------	---	---------------------------------------	-------------------------------------	---	---------------------------------------	-------------------------------------	---	---------------------------------------

Beginning balance

Change included in earnings

Change included in earnings

Change included in earnings

Change in fair values included in comprehensive income/loss

Purchases and issuances

Sales and settlements
Ending balance
Change in unrealized gains or losses for the period included in earnings for assets held at end of period
Change in unrealized gains or losses for the period included in other comprehensive income for assets held at end of period

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Changes in residential mortgage servicing rights carried at fair value are recorded in residential mortgage banking revenue within non-interest income. Gains (losses) on interest rate lock commitments carried at fair value are recorded in residential mortgage banking revenue within non-interest income.

The contractual interest expense on the junior subordinated debentures is recorded on an accrual basis as interest on junior subordinated debentures within interest expense. Settlements related to the junior subordinated debentures represent the payment of accrued interest that is embedded in the fair value of these liabilities. The change in fair value of junior subordinated debentures is attributable to the change in the instrument specific credit risk; accordingly, unrealized losses on fair value of junior subordinated debentures of \$384,000 \$2.1 million for the three months ended June 30, 2024 September 30, 2024 and unrealized gains of \$6.1 million \$4.0 million for the six nine months ended June 30, 2024 September 30, 2024, were recorded net of tax as other comprehensive losses of \$284,000 \$1.5 million and other comprehensive gains of \$4.5 million \$3.0 million, respectively. Comparatively, unrealized losses of \$14.6 million \$19.7 million and unrealized gains of \$11.2 million \$8.5 million were recorded net of tax as other comprehensive losses of \$10.8 million \$14.6 million and comprehensive gains of \$8.3 million \$6.3 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively. The change recorded for the three months ended June 30, 2024 September 30, 2024 was due to an increase in the implied forward curve, partially offset driven by a higher shift movements in the spot curve and an increase in the credit spread, forward rates. The change recorded for the six nine months ended June 30, 2024 September 30, 2024 was mainly due to an increase increases in the spot curve and credit spread, spreads, partially offset by an increase modest changes in the implied forward curve. swap rates.

Fair Value of Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

From time to time, certain assets are measured at fair value on a nonrecurring basis. These adjustments to fair value generally result from the application of lower-of-cost-or-market accounting or write-downs of individual assets due to impairment, typically on collateral-dependent loans. The following tables present information about the Company's assets and liabilities measured at fair value on a nonrecurring basis for which a nonrecurring change in fair value has been was recorded during the reporting period. The amounts disclosed below represent the fair values at the time the nonrecurring fair value measurements were made, and not necessarily the fair value as of the dates reported upon.

					June 30, 2024				September 30, 2024			
(in thousands)												
(in thousands)												
(in thousands)					Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Loans and leases												
Total assets measured at fair value on a nonrecurring basis												

	December 31, 2023			
(in thousands)	Total	Level 1	Level 2	Level 3
Loans and leases	\$ 5,036	\$ —	\$ —	\$ 5,036
Total assets measured at fair value on a nonrecurring basis	\$ 5,036	\$ —	\$ —	\$ 5,036

The following table presents the losses resulting from nonrecurring fair value adjustments for the periods indicated:

--

(in thousands)
(in thousands)
(in thousands)

Loans and leases
Loans and leases
Loans and leases
Total losses from nonrecurring measurements
Total losses from nonrecurring measurements
Total losses from nonrecurring measurements

The following provides a description of the valuation technique and inputs for the Company's assets and liabilities classified as Level 3 and measured at fair value on a nonrecurring basis. Unobservable inputs and qualitative information about the unobservable inputs are not presented as the fair value is determined by third-party information for loans and leases.

The loans and leases amounts above represent collateral-dependent loans and leases that have been adjusted to fair value. When a loan or non-homogeneous lease is identified as collateral-dependent, the Bank measures the impairment using the current fair value of the collateral, less estimated selling costs. Depending on the characteristics of a loan or lease, the fair value of collateral is generally estimated by obtaining external appraisals, but in some cases the value of the collateral may be estimated as having little to no value. When a homogeneous lease or equipment finance agreement becomes 181 days past due, it is determined that the collateral has little to no value. If it is determined that the value of the collateral-dependent loan or lease is less than its recorded investment, the Bank recognizes this impairment and adjusts the carrying value of the loan or lease to fair value, less costs to sell, through the ACL. The loss represents charge-offs on collateral-dependent loans and leases for fair value adjustments based on the fair value of collateral.

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Fair Value Option

The following table presents the difference between the aggregate fair value and the aggregate unpaid principal balance of loans held for sale and loans held for investment accounted for under the fair value option as of the dates presented:

June 30, 2024				December 31, 2023			
September 30, 2024				December 31, 2023			
(in thousands)	(in thousands)	Fair Value	Aggregate Unpaid Principal Balance	Fair Value Less Aggregate Unpaid Principal Balance	Fair Value	Aggregate Unpaid Principal Balance	Fair Value Less Aggregate Unpaid Principal Balance
Loans held for sale							
Loans							

The Bank elected to measure certain residential mortgage loans held for sale under the fair value option, with interest income on these loans held for sale reported in interest and fees on loans and leases on the Condensed Consolidated Statements of Income. This reduces certain timing differences and better matches changes in the value of these assets with changes in the value of derivatives used as economic hedges for these assets. Residential mortgage loans held for sale accounted for under the fair value option are measured initially at fair value with subsequent changes in fair value recognized in earnings. Gains and losses from such changes in fair value are reported as a component of residential mortgage banking revenue. For the three and six nine months ended June 30, 2024 September 30, 2024, the Company recorded net increases in fair value of \$127,000 \$690,000 and \$316,000, \$1.0 million, respectively. For the three and six nine months ended June 30, 2023 September 30, 2023, the Company recorded net decreases in fair value of \$602,000 \$597,000 and \$521,000, \$1.1 million, respectively.

Management's intent to sell certain residential mortgage loans classified as held for sale may change over time due to factors including changes in overall market liquidity or changes in characteristics specific to certain loans held for sale. Consequently, these loans may be reclassified as loans held for investment and maintained in the Bank's loan portfolio. In the event that loans currently classified as held for sale are reclassified as loans held for investment, the loans will continue to be measured at fair value. Gains and losses from changes in fair value for these loans are reported in earnings as a component of other income and interest income on these loans are reported in interest and fees on loans and leases on the Condensed Consolidated Statements of Income. For the three and six nine months ended June 30, 2024 September 30, 2024, the Company recorded a net decrease increase in fair value of \$10.1 million \$9.4 million and \$12.5 million, as compared to a net decrease in fair value of \$7.0 million and a \$3.1 million, respectively, as compared to net increase decreases in fair value of \$2.5 million \$19.2 million and \$16.7 million for the three and six nine months ended June 30, 2023 September 30, 2023, respectively.

The Company selected the fair value measurement option for certain junior subordinated debentures originally issued by UHC prior to the Merger (the Umpqua Statutory Trusts) and for junior subordinated debentures acquired by UHC from Sterling Financial Corporation prior to the Merger, with changes in fair value recognized as a component of other

comprehensive income. The remaining junior subordinated debentures were acquired through business combinations and were measured at fair value at the time of acquisition and subsequently measured at amortized cost.

Note 13 – Income Taxes

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, as well as in the majority of states. The Company believes it is more likely than not that it will be able to fully realize the benefit of its federal and state NOL and tax carryforwards and has not provided a valuation allowance against its deferred tax assets.

As of **June 30, 2024** **September 30, 2024**, the Company had a net deferred tax asset of **\$361.8** **\$286.4** million, which includes \$1.9 million of federal and state NOL carry-forwards, expiring in tax years 2030-2032.

The Company recorded income tax expense of **\$85.9 million** **\$136.0 million** and **\$40.8 million** **\$88.9 million** for the **six** **nine** months ended **June 30, 2024** **September 30, 2024** and 2023, respectively, representing an effective tax **rates** **rate** of **26.0%** and **25.5%**, respectively. **25.8% in both periods.** The effective tax rates differed from the statutory rate principally because of state taxes, non-deductible FDIC assessments, and income on tax-exempt investment securities.

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Investment Tax Credits

The Company's tax credit investments promote qualified affordable housing projects, some of which also support the Company's regulatory compliance with the Community Reinvestment Act. The Company's investments in these entities generate a return primarily through the realization of federal income tax credits and other tax benefits, such as tax deductions from operating losses of the investments, over specified time periods. These tax credits and deductions are recognized as a reduction to income tax expense.

The Company records the investments in affordable housing partnerships of **\$210.4 million** **\$215.2 million** and \$210.9 million as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively, as a component of other assets on the Condensed Consolidated Balance Sheets and uses the proportional amortization method to account for the investments. The Company's unfunded capital commitments to these investments were **\$102.9 million** **\$94.3 million** and \$114.1 million as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively, which are recorded as a component of other liabilities on the Condensed Consolidated Balance Sheets. Amortization related to these investments is recorded as a component of the provision for income taxes on the Condensed Consolidated Statements of Income.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. These statements may include statements that expressly or implicitly predict future results, performance, or events. Statements other than statements of historical fact are forward-looking statements. You can find many of these statements by looking for words such as "anticipates," "expects," "believes," "estimates," "intends," and "forecast," and words or phrases of similar meaning.

We make forward-looking statements including, but not limited to, statements made about the combined company's prospects and results following the merger with Umpqua Holdings Corporation and the merger of Columbia State Bank into Umpqua Bank, completed in the first quarter of 2023; derivatives and hedging; the results and performance of models and economic assumptions used in our calculation of the ACL; projected sources of funds and the Company's liquidity position and deposit level and types; our securities portfolio; loan sales; adequacy of our ACL, including the reserve for unfunded commitments; provision for credit losses; non-performing loans and future losses; our commercial real estate portfolio, its collectability and subsequent charge-offs; resolution of non-accrual loans; mortgage volumes and the impact of rate changes; the economic environment; inflation and interest rates generally; litigation; dividends; junior subordinated debentures; fair values of certain assets and liabilities, including MSR values and sensitivity analyses; tax rates; deposit pricing; and the effect of accounting pronouncements and changes in accounting methodology.

Forward-looking statements involve substantial risks and uncertainties, many of which are difficult to predict and are generally beyond our control. There are many factors that could cause actual results to differ materially from those contemplated by these forward-looking statements. Risks and uncertainties include those set forth in our filings with the Securities and Exchange Commission and the following factors that, among others, could cause actual results to differ materially from the anticipated results expressed or implied by forward-looking statements:

- changes in general economic, political, or industry conditions, and in conditions impacting the banking industry specifically;
- deterioration in economic conditions that could result in increased loan and lease losses, especially those risks associated with concentrations in real estate related loans;
- uncertainty in U.S. fiscal and monetary policy, including the interest rate policies of the Federal Reserve or the effects of any declines in housing and commercial real estate prices, high or increasing unemployment rates, continued inflation, or any recession or slowdown in economic growth particularly in the western United States;
- volatility and disruptions in global capital and credit markets;
- the impact of bank failures or adverse developments at other banks on general investor sentiment regarding the stability and liquidity of banks;

- changes in interest rates that could significantly reduce net interest income and negatively affect asset yields and valuations and funding sources, including impacts on prepayment speeds;
- competitive pressures among financial institutions and nontraditional providers of financial services, including on product pricing and services;
- continued consolidation in the financial services industry resulting in the creation of larger financial institutions that have greater resources;
- our ability to successfully, including on time and on budget, implement and sustain information technology product and system enhancements and operational initiatives;
- our ability to attract new deposits and loans and leases;
- our ability to retain deposits;
- our ability to achieve the efficiencies and enhanced financial and operating performance we expect to realize from investments in personnel, acquisitions, and infrastructure;
- the possibility that our recorded goodwill could become impaired, which may have an adverse impact on our earnings and capital;
- demand for financial services in our market areas;
- stability, cost, and continued availability of borrowings and other funding sources, such as brokered and public deposits;

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- changes in legal or regulatory requirements or the results of regulatory examinations that could increase expenses or restrict growth;
- changes in the scope and cost of FDIC insurance and other coverage;
- our ability to manage climate change concerns, related regulations, and potential impacts on the creditworthiness of our customers;
- our ability to recruit and retain key management and staff;
- our ability to raise capital or incur debt on reasonable terms;
- regulatory limits on the Bank's ability to pay dividends to the Company that could impact the timing and amount of dividends to shareholders;
- financial services reform and the impact of legislation and implementing regulations on our business operations, including our compliance costs, interest expense, and revenue;
- a breach or failure of our operational or security systems, or those of our third-party vendors, including as a result of cyber-attacks;
- success, impact, and timing of our business strategies, including market acceptance of any new products or services;
- the outcome of legal proceedings;
- our ability to effectively manage credit risk, interest rate risk, market risk, operational risk, legal risk, liquidity risk and regulatory and compliance risk;
- the possibility that the anticipated benefits of the Merger are not realized when expected, **or at all**, including as a result of the impact of, or problems arising from, the integration of the two companies or as a result of the strength of the economy and competitive factors in the areas where we do business;
- potential adverse reactions or changes to business or employee relationships, including those resulting from the integration of the two companies and banks;
- the possibility that the anticipated benefits from ongoing initiatives to improve operational performance are not realized in the amounts or when expected if at all;
- economic forecast variables that are either materially worse or better than end of quarter projections and deterioration in the economy that exceeds current consensus estimates;
- the effect of geopolitical instability, including wars, conflicts, and terrorist attacks;
- natural disasters, including earthquakes, tsunamis, flooding, fires, pandemics, and other similarly unexpected events outside of our control;
- our ability to effectively manage problem credits;
- our ability to successfully negotiate with landlords or reconfigure facilities; and
- the effects of any damage to our reputation resulting from developments related to any of the items identified above.

There are many factors that could cause actual results to differ materially from those contemplated by these forward-looking statements. Forward-looking statements are made as of the date of this Quarterly Report on Form 10-Q. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required under federal securities laws. Readers should consider any forward-looking statements in light of this explanation, and we caution readers about relying on forward-looking statements.

General

Columbia Banking System, Inc. (referred to in this Quarterly Report on Form 10-Q as “we,” “our,” “the Company” and “Columbia”) is a registered financial holding company, which wholly owns the Bank. Columbia completed its previously-announced merger with Umpqua Holdings Corporation on February 28, 2023.

Through the Bank, we provide a broad range of banking, private banking, mortgage and other financial services to corporate, institutional, small business, and individual customers. FinPac, a commercial equipment leasing company, is a subsidiary of the Bank. Along with its subsidiaries, the Company is subject to the regulations of state and federal agencies and undergoes regular examinations by these regulatory agencies.

The majority of the Bank's loans and deposits are within its service areas in Oregon, Washington, California, Idaho, Nevada, Arizona, Colorado, and Utah. Umpqua Bank is an Oregon state-chartered commercial bank, the deposits of which are insured in whole or in part by the FDIC.

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Executive Overview

The following is a discussion of our results for the three and **six nine** months ended **June 30, 2024** **September 30, 2024**, as compared to the applicable prior periods.

Financial Performance

Comparison of current quarter to prior quarter

- Earnings per diluted common share was **\$0.70** for the three months ended **September 30, 2024**, as compared to **\$0.57** for the three months ended **June 30, 2024**, as compared to **\$0.59**. The increase for the three months ended **March 31, 2024**. The decrease for the three months ended **June 30, 2024** **September 30, 2024**, as compared to the prior period, was primarily driven by a **\$14.7 million** **an** increase in the provision for credit losses, as well as a decrease in non-interest income **driven by due** to quarterly fluctuations in fair value adjustments and MSR hedging activity. This unfavorable activity and a favorable change was partially offset by a decrease in non-interest expense **largely** due to a decrease the prior quarter including **\$12.0 million** in salaries and benefits as well as decreases in the majority of the non-interest expense categories as a result of ongoing strategic actions taken to reduce our non-interest expense run rate. **restructuring expenses**. Net interest income increased due to higher income earned on loans and investment securities, including accretion income, and lower borrowing costs, offset partially by increased deposit expense. **loans**.
- Net interest margin, on a tax-equivalent basis, was 3.56% for the three months ended **June 30, 2024** **September 30, 2024**, as compared to 3.52% for unchanged from the three months ended **March 31, 2024** **June 30, 2024**. The A favorable balance sheet funding mix shift into lower-cost deposits and a slight increase for the three months ended **June 30, 2024** was driven by higher in loan yields on loans and investment securities, including the benefit of accretion income, which offset a modest increase in the cost of interest-bearing deposits. **lower yield on securities**, contributing to margin stability between periods.
- Non-interest income was **\$66.2 million** for the three months ended **September 30, 2024**, as compared to **\$44.7 million** for the three months ended **June 30, 2024**, as compared to **\$50.4 million** for the three months ended **March 31, 2024**. The decline increase was driven by fluctuations in fair value adjustments and MSR hedging activity due to rate changes, which collectively resulted in a net fair value gain of **\$6.6 million** in the third quarter compared to a net fair value loss of **\$9.7 million** in the second quarter compared to a net fair value loss of **\$3.9 million** in the first quarter.
- Non-interest expense was **\$271.4 million** for the three months ended **September 30, 2024**, as compared to **\$279.2 million** for the three months ended **June 30, 2024**, as compared to **\$287.5 million** for the three months ended **March 31, 2024**. The decrease is mainly due to a decrease in restructuring expenses, partially offset by an increase in salaries and employee benefits, **largely driven** as prior quarter's expense was reduced by a **\$7.7 million** reversal of a compensation-related accrual, as well as decreases accrual. Due to staff reductions that took place in the majority second quarter, salaries and wages were down by **\$5.7 million** in the third quarter related to the enterprise-wide evaluation of our operations, which resulted in consolidated positions and simplified reporting and organizational structures, which partially offset the impact of the non-interest expense categories as a result of recent expense reduction initiatives and lower other expense items compared to expense items second quarter's accrual reversal that did not repeat in the first quarter of 2024, partially offset by restructuring expenses. **current quarter**.

Comparison of current year-to-date to prior year period

- Earnings per diluted common share was **\$1.17** **\$1.87** for the **six nine** months ended **June 30, 2024** **September 30, 2024**, as compared to **\$0.65** **\$1.33** for the **six nine** months ended **June 30, 2023** **September 30, 2023**. The increase for the **six nine** months ended **June 30, 2024** **September 30, 2024**, as compared to the prior year period, was primarily driven by a decrease in the provision for credit losses, due to the initial provision for historical Columbia non-PCD loans that was recorded in the first quarter of 2023. Non-interest expense also decreased, primarily due to lower expenses related to the Merger. **These favorable changes were partially offset by a decrease in net interest income** due to higher rates on interest-bearing liabilities, partially offset by higher average yields on interest-earning assets.
- Net interest margin, on a tax-equivalent basis, was **3.54%** **3.55%** for the **six nine** months ended **June 30, 2024** **September 30, 2024**, as compared to **3.99%** **3.96%** for the **six nine** months ended **June 30, 2023** **September 30, 2023**. The decrease for the **six nine** months ended **June 30, 2024** **September 30, 2024** compared to the prior year period was due to higher funding costs that reflect deposit repricing and a shift in product mix. Net interest income decreased to **\$850.8 million** **\$58.5 million** for the **six nine** months ended **June 30, 2024** **September 30, 2024**, compared to **\$858.7 million** for the **six nine** months ended **June 30, 2023** **September 30, 2023**, due to higher rates on interest-bearing liabilities, partially offset by higher average yields on interest-earning assets and higher average balances due to the Merger.
- Non-interest income was **\$95.1 million** **\$161.2 million** for the **six nine** months ended **June 30, 2024** **September 30, 2024**, as compared to **\$94.4 million** **\$138.4 million** for the **six nine** months ended **June 30, 2023** **September 30, 2023**. The change increase was fairly flat but included increases in most categories, largely partially due to the impact of six months as a combined company compared to only four months as a combined company for the prior year period. **These increases were partially offset by** fluctuations in fair value adjustments and MSR hedging activity, which collectively resulted in a favorable change due to a net fair value loss of **\$13.6 million** **\$7.0 million** for the **six nine** months ended **June 30, 2024** **September 30, 2024**, compared to a net fair value loss of **\$8.2 million** **\$23.2 million** for the **six nine** months ended **June 30, 2023** **September 30, 2023**. In addition, there were increases in most categories, largely due to the impact of nine months as a combined company compared to only seven months as a combined company for the prior year period, as well as increasing fee-generating product traction with our customer base.

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- Non-interest expense was **\$566.8 million** **\$838.1 million** for the **six nine** months ended **June 30, 2024** **September 30, 2024**, as compared to **\$671.4 million** **\$975.5 million** for the **six nine** months ended **June 30, 2023** **September 30, 2023**. The decrease for the **six nine** months ended **June 30, 2024** **September 30, 2024** reflects a decrease in

merger and restructuring expenses of \$126.4 million, \$143.0 million and a decrease in salaries and employee benefits, partially offset by an increase in amortization of intangible assets added in connection with the Merger. The expense Merger, largely due to the impact of the six nine months as a combined company for in the six months ended June 30, 2024, current period, compared to only four seven months as a combined company for the prior year period, was largely offset by merger-related cost savings realized throughout 2023, period.

Comparison of current period end to prior year end

- Total loans and leases were \$37.7 billion \$37.5 billion as of June 30, 2024 September 30, 2024, an increase of \$268.0 million \$61.1 million, as compared to December 31, 2023. The increase in total loans and leases was primarily in the commercial real estate and commercial loan balances, and partially offset by a decrease in residential balances. The increase was driven by commercial line utilization and construction project activity new originations, partially offset by loan payoffs. Balances were also impacted by a decline in transactional real estate loans, which trended lower as we organically remix the period, portfolio into relationship-driven commercial loans.
- Total deposits were \$41.5 billion as of June 30, 2024 September 30, 2024, a decrease of \$83.7 million \$92.3 million, as compared to December 31, 2023. The decrease was due to a reduction in brokered deposits, partially offset by customer deposit growth, largely in commercial customer balances, driven by customer deposits due in part to seasonally anticipated customer tax payments, offset by targeted deposit focused campaigns run by our branch network.
- Total consolidated assets were \$52.0 billion \$51.9 billion as of June 30, 2024 September 30, 2024, compared to \$52.2 billion as of December 31, 2023.

Credit Quality

- Non-performing assets increased to \$155.9 million \$167.6 million, or 0.30% 0.32% of total assets, as of June 30, 2024 September 30, 2024, compared to \$113.9 million, or 0.22% of total assets, as of December 31, 2023. Non-performing loans and leases were \$153.1 million \$165.2 million, or 0.41% 0.44% of total loans and leases, as of June 30, 2024 September 30, 2024, compared to \$112.9 million, or 0.30% of total loans and leases, as of December 31, 2023. The increase As of September 30, 2024, non-performing loans included \$65.8 million in non-performing assets during the quarter was driven by the expiration of certain COVID-related designations within the residential mortgage portfolio, government guarantees.
- The allowance for credit losses was \$438.6 million \$438.3 million as of June 30, 2024 September 30, 2024, a decrease of \$25.5 million \$25.8 million compared to December 31, 2023. The decrease in the allowance for credit losses was due to changes in the economic assumptions used in credit models and a recalibration in the first quarter of 2024 of our CECL calculation for non-homogeneous commercial loans and leases and residential development loans.
- The Company had a provision for credit losses of \$31.8 million \$28.8 million and \$49.0 million \$77.7 million for the three and six nine months ended June 30, 2024 September 30, 2024, respectively. This compares to a provision for credit losses of \$17.1 million \$31.8 million for the three months ended March 31, 2024, June 30, 2024 and \$121.6 million \$158.3 million for the six nine months ended June 30, 2023 September 30, 2023. The increase decrease for the three months ended June 30, 2024 September 30, 2024 compared to the prior quarter was mainly due to reserve release during credit migration trends and changes in the three economic forecasts used in credit models. The nine months ended March 31, 2024 associated with the recalibration of our CECL calculation. The six months ended June 30, 2023 September 30, 2023 included an \$88.4 million initial provision for historical Columbia non-PCD loans related to the Merger. This initial provision, as well as changes in the economic assumptions used in credit models and a recalibration of our CECL calculation in the first quarter of 2024, contributed to the change when compared to the same period in the current year.

Liquidity

- Total cash and cash equivalents were \$2.1 billion as of June 30, 2024 September 30, 2024, a decrease of \$93.7 million \$51.5 million from December 31, 2023. The Company manages its cash position as part of management's strategy to maintain a high-quality liquid asset position to support balance sheet flexibility, fund growth in lending and investment portfolios, and deleverage the balance sheet by decreasing debt and non-deposit liabilities as economic conditions permit.
- Including secured off-balance sheet lines of credit, total available liquidity was \$19.1 billion \$19.4 billion as of June 30, 2024 September 30, 2024, representing 37% of total assets, 46% 47% of total deposits, and 140% 138% of estimated uninsured deposits.

Capital and Growth Initiatives

- The Company's total risk-based capital ratio was 12.2% 12.5% and its common equity tier 1 ("CET1") capital ratio was 10.0% 10.3% as of June 30, 2024 September 30, 2024. As of December 31, 2023, the Company's total risk-based capital ratio was 11.9% and its CET1 capital ratio was 9.6%.

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- Columbia paid a quarterly cash dividend of \$0.36 per common share to shareholders on June 10, 2024 September 9, 2024.

Critical Accounting Estimates

Our critical accounting estimates are described in detail in the Critical Accounting Estimates section of our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on February 27, 2024. The condensed consolidated financial statements are prepared in conformity with GAAP and follow general practices within the financial services industry, in which the Company operates. This preparation requires management to make estimates, assumptions, and judgments that affect the amounts reported in the financial statements and accompanying notes. These estimates, assumptions, and judgments are based on information available as of the date of the financial statements; accordingly, as this information changes, actual results could differ from the estimates, assumptions, and judgments reflected in the financial statements. Certain estimates inherently have a greater reliance on the use of assumptions and judgments and, as such, have a greater possibility of producing results that could be materially different than originally reported. Management believes that the estimates for ACL, business combinations, and goodwill are important to the portrayal of the Company's financial condition and results of operations and require difficult, subjective, or complex judgments. There have been no material changes in the methodology of these estimates during the **six nine** months ended **June 30, 2024** **September 30, 2024**.

Results of Operations

Columbia's financial results for any periods ended prior to February 28, 2023, the Merger Date, reflect UHC results only on a standalone basis. Accordingly, Columbia's reported financial results for the first quarter of 2023 reflect only UHC financial results through the closing of the Merger. As a result of these two factors, Columbia's financial results for the **six nine** months ended **June 2023** **September 30, 2023** may not be directly comparable to prior or future reported periods.

Comparison of current quarter to prior quarter

The Company had net income of **\$146.2 million for the three months ended September 30, 2024, compared to net income of \$120.1 million for the three months ended June 30, 2024, compared to net income of \$124.1 million for the three months ended March 31, 2024**. The **decrease** **increase** in net income **is was** mainly attributable to **increases in non-interest income and net interest income as well as decreases in non-interest expense and provision for credit losses, partially offset by** an increase in provision for **credit losses and a decrease in non-interest income partially offset by a decrease in non-interest expense and an increase in net interest income, taxes**. The increase of **\$14.7 million in provision for credit losses reflects the recalibration of our CECL calculation that took place during the three months ended March 31, 2024, providing a benefit to the first quarter of 2024's** provision for credit losses, as well as credit migration trends and changes in the economic forecasts used in credit models. The decrease of **\$5.7 million** **\$21.5 million** in non-interest income was primarily driven by quarterly fluctuations in fair value adjustments and MSR hedging **activity, activity driven by changes in interest rates**. The increase of **\$4.1 million** **\$2.8 million** in net interest income reflects higher income earned on loans, **and investment securities, including which occurred despite a reduction in purchase accounting accretion income, and lower borrowing costs, relatively stable funding costs prior to the late-quarter decline in the federal funds rate**. The decrease of **\$8.3 million** **\$7.9 million** in non-interest expense **is was** mainly due to a decrease in **salaries and employee benefits, largely driven by a reversal of a compensation-related accrual, as well as decreases in the majority of the non-interest expense categories as a result of recent expense reduction initiatives**. This favorable change was partially offset by an increase in merger and restructuring expense **which included driven by** **\$12.0 million** in restructuring expenses during the three months ended June 30, 2024. The **Company conducted restructuring expense was due to** an enterprise-wide evaluation of our operations during the first quarter of 2024, which resulted in consolidated positions and simplified reporting and organizational structures, with changes **expected to be** carried out **through primarily** in the **third quarter second quarter**. The decrease of 2024 to achieve a core expense run rate **\$3.1 million in provision for credit losses reflects credit migration trends and changes in the fourth quarter of 2024 of \$965 million to \$985 million annualized**. As of June 30, 2024, 91% of identified cost savings have been realized. The expected core expense run rate excludes CDI amortization, merger and restructuring expense, exit and disposal costs, and the FDIC special **assessment, economic forecasts used in credit models**.

Comparison of current year-to-date to prior year period

For the **six nine** months ended **June 30, 2024** **September 30, 2024**, the Company had net income of **\$244.2 million** **\$390.4 million**, compared to net income of **\$119.3 million** **\$255.2 million** for the same period in the prior year. The increase in net income **is was** mainly attributable to decreases in non-interest expense and provision for credit losses, partially offset by a decrease in net interest income. The **\$104.6 million** **\$137.4 million** decrease in non-interest expense **is was** primarily due to a decrease in merger and restructuring expenses, as the bulk of the merger expenses associated with the Merger were recognized in 2023. The decrease of **\$72.6 million** **\$80.6 million** in provision for credit losses was impacted by the initial provision of \$88.4 million for historical Columbia non-PCD loans that was recorded in the first quarter of 2023. The decrease of **\$7.9 million** **\$58.5 million** in net interest income was due to higher rates on interest-bearing liabilities, partially offset by higher average yields on interest-earning assets and a larger average balance sheet for the **six nine** months ended **June 30, 2024** **September 30, 2024**. The Company paid off \$250.0 million in BTFP borrowings during the third quarter to continue to rebalance our funding sources in support of our liquidity management program and lower the cost of liabilities. During the first quarter of 2024, the Company conducted an enterprise-wide evaluation of our operations, which resulted in consolidated positions and simplified reporting and organizational structures. As of September 30, 2024, the Company realized \$82 million in annualized cost savings, or \$70 million net of planned reinvestment associated with recent operational initiatives, which support our expectations for an annualized Q4 2024 core expense run rate of \$965 million to \$985 million. The expected core expense run rate excludes CDI amortization, merger and restructuring expense, exit and disposal costs, and the FDIC special **assessment**.

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The following table presents the return on average assets (GAAP), average common shareholders' equity (GAAP), and average tangible common shareholders' equity (non-GAAP) for the periods indicated. For each period presented, the table includes the calculated ratios based on reported net income. To the extent return on average common shareholders' equity is used to compare our performance with other financial institutions that do not have merger and acquisition-related intangible assets, we believe it is beneficial to also consider the return on average tangible common shareholders' equity. This measure is useful for evaluating the performance of a business as it calculates the return available to common shareholders without the impact of intangible assets and their related amortization. Return on average tangible common shareholders' equity is also used as part of our incentive compensation program for our executive officers. The return on average tangible common shareholders' equity is calculated by dividing net income by average shareholders' common equity less average goodwill and other intangible assets, net (excluding MSR). The return on average tangible common shareholders' equity is considered a non-GAAP financial measure and should be viewed in conjunction with the return on average common shareholders' equity.

Return on Average Assets, Common Shareholders' Equity and Tangible Common Shareholders' Equity

	Three Months Ended				Six Months Ended				Nine Months Ended		
	June 30, 2024	March 31, 2024	June 30, 2024		June 30, 2023	September 30, 2024	June 30, 2024		September 30, 2024	September 30, 2023	September 30, 2023
(dollars in thousands)	(dollars in thousands)					(dollars in thousands)					
Return on average assets	0.93 %	0.96 %	0.94 %		0.52 %	1.12 %	0.93 %		1.00 %	0.70 %	
Return on average common shareholders' equity	9.85 %	10.01 %	9.93 %		5.80 %	11.36 %	9.85 %		10.42 %	7.77 %	
Return on average tangible common shareholders' equity	14.55 %	14.82 %	14.69 %		8.09 %	16.34 %	14.55 %		15.27 %	11.21 %	
Calculation of average common tangible shareholders' equity:	Calculation of average common tangible shareholders' equity:				Calculation of average common tangible shareholders' equity:						
Average common shareholders' equity											
Less: average goodwill and other intangible assets, net											
Average tangible common shareholders' equity											

Additionally, management believes *tangible common equity* and the *tangible common equity ratio* are meaningful measures of capital adequacy. Columbia believes the exclusion of certain intangible assets in the computation of tangible common equity and the tangible common equity ratio provides a meaningful base for period-to-period and company-to-company comparisons, which management believes will assist investors in analyzing the operating results and capital of the Company. Tangible common equity is calculated as total shareholders' equity less goodwill and other intangible assets, net (excluding MSR). In addition, tangible assets are total assets less goodwill and other intangible assets, net (excluding MSR). The tangible common equity ratio is calculated as tangible common shareholders' equity divided by tangible assets. Tangible common equity and the tangible common equity ratio are considered non-GAAP financial measures and should be viewed in conjunction with total shareholders' equity and the total shareholders' equity ratio.

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The following table provides a reconciliation of ending shareholders' equity (GAAP) to ending tangible common equity (non-GAAP), and ending assets (GAAP) to ending tangible assets (non-GAAP) as of the dates presented:

		June 30,		December 31,		September 30,		December 31,		
(dollars in thousands)	(dollars in thousands)	2024		2023		(dollars in thousands)	2024		2023	
Total shareholders' equity										
Subtract:						Subtract:				
Goodwill										
Other intangible assets, net										
Tangible common shareholders' equity										
Total assets										
Subtract:										
Goodwill										
Goodwill										
Goodwill										
Other intangible assets, net										
Tangible assets										
Total shareholders' equity to total assets ratio	Total shareholders' equity to total assets ratio	9.56	%	9.57	%	Total shareholders' equity to total assets ratio	10.16	%	9.57	%

Tangible common equity ratio	6.75	%	6.65	%
Tangible common equity to tangible assets ratio	7.41	%	6.65	%

Non-GAAP financial measures have inherent limitations, are not required to be uniformly applied, and are not reviewed or audited. Although we believe these non-GAAP financial measures are frequently used by stakeholders in the evaluation of a company, they have limitations as analytical tools, and should not be considered in isolation or as a substitute for analyses of results as reported under GAAP.

Net Interest Income

Comparison of current quarter to prior quarter

Net interest income for the three months ended **June 30, 2024** **September 30, 2024** was **\$427.4 million** **\$430.2 million**, an increase of **\$4.1 million** **\$2.8 million** compared to the three months ended **March 31, 2024** **June 30, 2024**. The increase was driven by **an \$11.3 million** **a \$3.4 million** increase in interest income, largely driven by higher income earned on **loans and investment securities, including due to higher average rates, which occurred despite a reduction in accretion income, and lower borrowing costs. This was partially offset by \$8.9 million relatively stable funding costs prior to the reduction in higher deposit costs. Targeted pricing actions limited the increase federal funds rate that occurred in Columbia's cost the latter part of interest-bearing deposits between periods. September.**

The net interest margin (net interest income as a percentage of average interest-earning assets) on a fully tax-equivalent basis was 3.56% for the three months ended **June 30, 2024** **September 30, 2024**, as compared to 3.52% for **unchanged from** the three months ended **March 31, 2024** **June 30, 2024**. The expansion was driven by higher **A favorable balance sheet funding mix shift into lower-cost deposits and a slight increase in loan yields offset lower yields on loans securities and investment securities, including the benefit of accretion income, which offset a modest increase in the cost of interest-bearing deposits. contributed to margin stability between periods.** The yield on loans and leases for the three months ended **June 30, 2024** **increased by 7** **September 30, 2024** was 6.22%, an **increase of 2 basis points** compared to the three months ended **March 31, 2024** **June 30, 2024**.

The cost of interest-bearing liabilities for the three months ended **June 30, 2024** **increased by 6** **September 30, 2024** was 3.29%, a decrease of 2 basis points compared to the three months ended **March 31, 2024**, **due June 30, 2024**. Anticipated seasonal deposit inflows and focused campaigns run by our branch network contributed to **rising cost of funds on deposits and product mix shift to higher cost money market and time deposits. This was partially offset by a lower cost for borrowings, as customer balance growth during the Company was able to utilize the more favorable rates associated with the FRB BTFP for the full quarter ended June 30, 2024, third quarter.**

Comparison of current year-to-date to prior year period

Net interest income for the **six nine** months ended **June 30, 2024** **September 30, 2024** was **\$850.8 million** **\$1.3 billion**, a decrease of **\$7.9 million** **\$58.5 million** compared to the **six nine** months ended **June 30, 2023** **September 30, 2023**. The decrease **is** was due to higher rates on interest-bearing liabilities, partially offset by higher average yields on interest-earning assets and a larger average balance sheet for the **six nine** months ended **June 30, 2024** **September 30, 2024** compared to the prior year period, as a result of the Merger.

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The net interest margin on a fully tax-equivalent basis was **3.54%** **3.55%** for the **six nine** months ended **June 30, 2024** **September 30, 2024**, as compared to **3.99%** **3.96%** for the **six nine** months ended **June 30, 2023** **September 30, 2023**. The decrease for the **six nine** months ended **June 30, 2024** **September 30, 2024** compared to the prior year period was due to higher funding costs that reflect deposit repricing and a shift in product mix.

The yield on loans and leases for the **six nine** months ended **June 30, 2024** **increased by 40** **September 30, 2024** and **September 30, 2023** was 6.18% and 5.88%, respectively, an **increase of 30 basis points, as compared to the same period in 2023,** primarily attributable to the rising interest rate environment and purchase accounting accretion and amortization related to the Merger.

The cost of interest-bearing liabilities **increased by 109** was 3.28% for the nine months ended **September 30, 2024**, compared to 2.38% for the nine months ended **September 30, 2023**, an increase of 90 basis points, **for the six months ended June 30, 2024, as compared to the same period in 2023,** due to a higher mix of higher-cost time deposits **and term borrowing balances,** as well as rising interest rates. Our net interest income is affected by changes in the amount and mix of interest-earning assets and interest-bearing liabilities, as well as changes in the yields earned on interest-earning assets and rates paid on deposits and borrowed funds.

Between The Federal Reserve lowered the target range for the federal funds rate by 0.50% in September 2024 and is expected to continue rate cuts into 2025 and 2026. However, **between** March 2022 and July 2023, the Federal Reserve raised the target range for the federal funds rate by 5.25%. During that period, our net interest margin expanded as our asset sensitive balance sheet became increasingly profitable due to active rate increases by the Federal Reserve and the lagged impact to deposit pricing. **Since** After the Federal Reserve ceased increasing the federal funds rate, we **have** experienced an increase in our funding costs that **outpaces** **outpaced** the increase in our earning asset yields, as our deposits **have** continued to reprice higher and our funding base **has** experienced a shift toward higher-cost sources, as Federal Reserve actions **have** reduced available liquidity within the banking industry. As a result, our net interest margin **has** contracted **since July during the latter half of 2023** due to the impact of higher funding costs and minimal change to the average yield on earning assets. Our net interest margin began to stabilize in the 3.5% to 3.6% range beginning in February 2024 following a comprehensive review related to **how we evaluate and approve deposit pricing.** Further, the impact of balance sheet composition changes and the higher interest rate environment **has** shifted the interest rate sensitivity position of the balance sheet to a liability sensitive position as of **June 30, 2024** **September 30, 2024** from an asset sensitive position at the onset of the rising rate environment.

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The following table presents condensed average balance sheet information, together with interest income and yields on average interest-earning assets, and interest expense and rates paid on average interest-bearing liabilities for periods presented:

Three Months Ended														
		June 30, 2024				March 31, 2024			September 30, 2024					
(dollars in thousands)	(dollars in thousands)	Average Balance	Interest Income or Expense		Average Yields or Rates			Average Balance		Interest Income or Expense		Average Yields or Rates	(dollars in thousands)	Average Balance
INTEREST-EARNING ASSETS:														
Loans held for sale														
Loans held for sale														
Loans held for sale		\$ 101,516	\$	\$ 1,628	6.42	6.42	%	\$ 30,550	\$	\$ 525	6.88	6.88	%	\$ 67,764
Loans and leases (1)	Loans and leases (1)	37,663,396	582,246	582,246	6.20	6.20	%	37,597,101	574,519	574,519	6.13	6.13	%	Loans and leases (1)
Taxable securities	Taxable securities	7,839,202	81,723	81,723	4.17	4.17	%	8,081,003	78,724	78,724	3.90	3.90	%	Taxable securities
Non-taxable securities (2)	Non-taxable securities (2)	825,030	7,889	7,889	3.82	3.82	%	851,342	7,886	7,886	3.71	3.71	%	Non-taxable securities (2)
Temporary investments and interest-bearing cash	Temporary investments and interest-bearing cash	1,688,602	23,035	23,035	5.49	5.49	%	1,720,791	23,553	23,553	5.51	5.51	%	Temporary investments and interest-bearing cash
Total interest-earning assets (1), (2)	Total interest-earning assets (1), (2)	48,117,746	\$	\$696,521	5.80	5.80	%	48,280,787	\$	\$685,207	5.69	5.69	%	Total interest-earning assets (1), (2)
Goodwill and other intangible assets														
Other assets														
Other assets														
Other assets														
Total assets														
Total assets														
Total assets														
INTEREST-BEARING LIABILITIES:														
INTEREST-BEARING LIABILITIES:														
INTEREST-BEARING LIABILITIES:														
Interest-bearing demand deposits														
Interest-bearing demand deposits														
Interest-bearing demand deposits		\$8,147,516	\$	\$ 53,890	2.66	2.66	%	\$ 8,035,339	\$	\$ 51,378	2.57	2.57	%	\$ 8,312,685
Money market deposits	Money market deposits	10,849,259	76,466	76,466	2.83	2.83	%	10,612,073	72,497	72,497	2.75	2.75	%	Money market deposits
Savings deposits	Savings deposits	2,555,458	929	929	0.15	0.15	%	2,688,360	715	715	0.11	0.11	%	Savings deposits

NET INTEREST INCOME TO EARNING ASSETS OR		
NET INTEREST MARGIN (1), (2)	NET INTEREST INCOME TO EARNING ASSETS OR NET INTEREST MARGIN (1), (2)	3.56 %
<p>(1) Non-accrual loans and leases are included in the average balance.</p> <p>(2) Tax-exempt investment security income has been adjusted to a tax-equivalent basis at a 21% tax rate. The amount of such adjustment was an addition to recorded income of approximately \$985,000 for the three months ended June 30, 2024, as compared to approximately \$982,000 for the three months ended March 31, 2024.</p> <p>(1) Non-accrual loans and leases are included in the average balance.</p> <p>(2) Tax-exempt investment security income has been adjusted to a tax-equivalent basis at a 21% tax rate. The amount of such adjustment was an addition to recorded income of approximately \$985,000 for the three months ended June 30, 2024, as compared to approximately \$982,000 for the three months ended March 31, 2024.</p> <p>(1) Non-accrual loans and leases are included in the average balance.</p> <p>(2) Tax-exempt investment security income has been adjusted to a tax-equivalent basis at a 21% tax rate. The amount of such adjustment was an addition to recorded income of approximately \$985,000 for the three months ended June 30, 2024, as compared to approximately \$982,000 for the three months ended March 31, 2024.</p> <p>(1) Non-accrual loans and leases are included in the average balance.</p> <p>(2) Tax-exempt investment security income has been adjusted to a tax-equivalent basis at a 21% tax rate. The amount of such adjustment was an addition to recorded income of approximately \$985,000 for the three months ended June 30, 2024, as compared to approximately \$982,000 for the three months ended March 31, 2024.</p> <p>(1) Non-accrual loans and leases are included in the average balance.</p> <p>(2) Tax-exempt investment security income has been adjusted to a tax-equivalent basis at a 21% tax rate. The amount of such adjustment was an addition to recorded income of approximately \$985,000 for the three months ended June 30, 2024, as compared to approximately \$982,000 for the three months ended March 31, 2024.</p> <p>(1) Non-accrual loans and leases are included in the average balance.</p> <p>(2) Tax-exempt investment security income has been adjusted to a tax-equivalent basis at a 21% tax rate. The amount of such adjustment was an addition to recorded income of approximately \$985,000 for the three months ended June 30, 2024, as compared to approximately \$982,000 for the three months ended March 31, 2024.</p> <p>(1) Non-accrual loans and leases are included in the average balance.</p> <p>(2) Tax-exempt investment security income has been adjusted to a tax-equivalent basis at a 21% tax rate. The amount of such adjustment was an addition to recorded income of approximately \$985,000 for the three months ended June 30, 2024, as compared to approximately \$982,000 for the three months ended March 31, 2024.</p> <p>(1) Non-accrual loans and leases are included in the average balance.</p> <p>(2) Tax-exempt investment security income has been adjusted to a tax-equivalent basis at a 21% tax rate. The amount of such adjustment was an addition to recorded income of approximately \$985,000 for the three months ended June 30, 2024, as compared to approximately \$982,000 for the three months ended March 31, 2024.</p> <p>(1) Non-accrual loans and leases are included in the average balance.</p> <p>(2) Tax-exempt investment security income has been adjusted to a tax-equivalent basis at a 21% tax rate. The amount of such adjustment was an addition to recorded income of approximately \$985,000 for the three months ended June 30, 2024, as compared to approximately \$982,000 for the three months ended March 31, 2024.</p>		

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- [illegible]

- [illegible]

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Six Months Ended													
June 30, 2024							June 30, 2023						
Nine Months Ended													
September 30, 2024							September 30, 2023						
(dollars in thousands)	(dollars in thousands)	Average Balance	Interest Income or Expense		Average Yields or Rates		Average Balance		Interest Income or Expense		Average Yields or Rates	(dollars in thousands)	Average Balance
INTEREST-EARNING ASSETS:													
Loans held for sale													
Loans held for sale													
Loans held for sale		\$ 66,033	\$	\$ 2,153	6.52		\$ 50,381	\$	\$ 1,481		5.88		\$ 66,614
Loans and leases (1)	Loans and leases (1)	37,630,248	1,156,765	1,156,765	6.17		33,603,781	964,723	964,723	5.77		5.77	
Taxable securities	Taxable securities	7,960,102	160,447	160,447	4.03		6,818,764	122,065	122,065	3.58		3.58	
Non-taxable securities (2)	Non-taxable securities (2)	838,186	15,775	15,775	3.76		652,332	12,078	12,078	3.70		3.70	
Temporary investments and interest-bearing cash	Temporary investments and interest-bearing cash	1,704,697	46,588	46,588	5.50		2,158,071	53,197	53,197	4.97		4.97	
Total interest-earning assets (1), (2)	Total interest-earning assets (1), (2)	48,199,266	\$ 1,381,728	5.75	5.75	%	43,283,329	\$ 1,153,544	5.35	5.35	%	Total interest-earning assets (1), (2)	
Goodwill and other intangible assets													
Other assets													
Other assets													
Other assets													
Total assets													
Total assets													
Total assets													
INTEREST-BEARING LIABILITIES:													
INTEREST-BEARING LIABILITIES:													
INTEREST-BEARING LIABILITIES:													
Interest-bearing demand deposits													

Interest-bearing demand deposits														
Interest-bearing demand deposits		\$8,091,427	\$	\$ 105,268	2.62	2.62	%	\$ 5,448,974	\$	\$ 27,092	1.00	1.00	%	\$ 8,165,718
Money market deposits	Money market deposits	10,730,666	148,963	148,963	2.79	2.79	%	9,657,738	73,941	73,941	1.54	1.54	%	depos
Savings deposits	Savings deposits	2,621,909	1,644	1,644	0.13	0.13	%	2,993,450	1,433	1,433	0.10	0.10	%	depos
Time deposits	Time deposits	6,447,865	149,867	149,867	4.67	4.67	%	3,958,688	61,555	61,555	3.14	3.14	%	depos
Total interest-bearing deposits	Total interest-bearing deposits	27,891,867	405,742	405,742	2.93	2.93	%	22,058,850	164,021	164,021	1.50	1.50	%	de
Repurchase agreements and federal funds purchased	Repurchase agreements and federal funds purchased	228,320	2,781	2,781	2.45	2.45	%	282,699	1,477	1,477	1.05	1.05	%	pur
Borrowings	Borrowings	3,910,440	100,693	100,693	5.18	5.18	%	4,280,632	109,768	109,768	5.17	5.17	%	Bor
Junior and other subordinated debentures	Junior and other subordinated debentures	420,428	19,734	19,734	9.44	9.44	%	411,944	17,741	17,741	8.68	8.68	%	debt
Total interest-bearing liabilities	Total interest-bearing liabilities	32,451,055	\$	\$ 528,950	3.28	3.28	%	27,034,125	\$	\$ 293,007	2.19	2.19	%	Total interest-bearing liabilities
Non-interest-bearing deposits														
Other liabilities														
Other liabilities														
Other liabilities														
Total liabilities														
Total liabilities														
Total liabilities														
Common equity														
Common equity														
Common equity														
Total liabilities and shareholders' equity														
Total liabilities and shareholders' equity														
Total liabilities and shareholders' equity														
NET INTEREST INCOME ⁽²⁾														
NET INTEREST INCOME ⁽²⁾														
NET INTEREST INCOME ⁽²⁾														
NET INTEREST SPREAD ⁽²⁾														
NET INTEREST SPREAD ⁽²⁾														
NET INTEREST SPREAD ⁽²⁾														
2.47 %														

NET INTEREST INCOME TO EARNING ASSETS OR NET INTEREST MARGIN ^{(1), (2)}	NET INTEREST INCOME TO EARNING ASSETS OR NET INTEREST MARGIN ^{(1), (2)}	3.54 %
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- (1) Non-accrual loans and leases are included in the average balance.
- (2) Tax-exempt investment security income has been adjusted to a tax equivalent basis at a 21% tax rate. The amount of such adjustment was an addition to recorded income of approximately \$2.0 million for the six months ended June 30, 2024, as compared to approximately \$1.9 million for the same period in 2023.
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The following table sets forth a summary of the changes in tax equivalent net interest income due to changes in average asset and liability balances (volume) and changes in average rates (rate) for the periods presented. Changes in tax equivalent interest income and expense, which are not attributable specifically to either volume or rate, are allocated proportionately between both variances.

proportionately between both variances.														
	Three Months Ended				Six Months Ended			Three Months Ended			Nine Months Ended			
	June 30, 2024 compared to March 31, 2024				June 30, 2024 compared to June 30, 2023			September 30, 2024 compared to June 30, 2024			September 30, 2024 compared to September 30, 2023			
	Increase (decrease) in interest income and expense due to changes in				Increase (decrease) in interest income and expense due to changes in			Increase (decrease) in interest income and expense due to changes in			Increase (decrease) in interest income and expense due to changes in			
	(in thousands)	(in thousands)	Volume	Rate	Total	Volume	Rate	Total	(in thousands)	Volume	Rate	Total	Volume	Rate
INTEREST-EARNING ASSETS:														
Loans held for sale														
Loans held for sale														
Loans held for sale														
Loans and leases														
Taxable securities														

Non-taxable securities
(1)
Temporary investments and interest-bearing cash
Total interest-earning assets (1)

INTEREST-BEARING LIABILITIES:

Interest-bearing demand deposits
Interest-bearing demand deposits
Interest-bearing demand deposits
Money market deposits
Savings deposits
Time deposits
Repurchase agreements and federal funds purchased
Borrowings
Junior and other subordinated debentures
Total interest-bearing liabilities
Net (decrease) increase in net interest income (1)

(1) Tax-exempt investment security income has been adjusted to a tax-equivalent basis at a 21% tax rate. (1) Tax-exempt investment security income was adjusted to a tax-equivalent basis at a 21% tax rate.

Provision for Credit Losses

Comparison of current quarter to prior quarter

The Company had a \$31.8 million \$28.8 million provision for credit losses for the three months ended June 30, 2024 September 30, 2024, as compared to a \$17.1 million \$31.8 million provision for the three months ended March 31, 2024 June 30, 2024. As an annualized percentage of average outstanding loans and leases, the provision for credit losses recorded for the three months ended June 30, 2024 September 30, 2024 was 0.34% 0.30%, as compared to 0.18% 0.34% for the three months ended March 31, 2024 June 30, 2024. The change in provision for credit losses reflects credit migration trends and changes in the economic forecasts used in credit models. Further, during the first quarter of 2024, we recalibrated the commercial CECL model to be more reflective of the post-Merger loan portfolio after a full year operating as a combined organization, which benefited the provision for credit losses.

For the three months ended June 30, 2024 September 30, 2024, net charge-offs were \$30.4 million \$29.1 million, as compared to \$44.0 million \$30.4 million for the three months ended March 31, 2024 June 30, 2024. As an annualized percentage of average outstanding loans and leases, net charge-offs for the three months ended June 30, 2024 September 30, 2024 were 0.32% 0.31%, as compared to 0.47% 0.32% for the three months ended March 31, 2024 June 30, 2024. Net charge-offs in the FinPac portfolio were \$24.7 million \$20.0 million for the three months ended September 30, 2024, a \$4.7 million decrease from the three months ended June 30, 2024, which is reflective of lower delinquencies in the second quarter, a slight increase from transportation sector of the first quarter, and net charge-offs were \$5.7 million for the Bank portfolio, which resulted in lower charge-off activity.

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Comparison of current year-to-date to prior year period

The Company had a \$49.0 million \$77.7 million provision for credit losses for the six nine months ended June 30, 2024 September 30, 2024, as compared to \$121.6 million \$158.3 million for the six nine months ended June 30, 2023 September 30, 2023. The decrease is was primarily driven by the \$88.4 million initial provision for historical Columbia non-PCD loans that was recorded in the first quarter of 2023. As an annualized percentage of average outstanding loans and leases, the provision for credit losses recorded for the six nine months ended June 30, 2024 September 30, 2024 was 0.26% 0.28%, as compared to 0.73% 0.61% for the six nine months ended June 30, 2023 September 30, 2023. During the first quarter of 2024, we recalibrated the commercial CECL model to be more reflective of the post-Merger loan portfolio after a full year operating as a combined organization. We believe the recalibrated model is more reflective of the quality of our underwriting and borrower profiles.

For the six nine months ended June 30, 2024 September 30, 2024, net charge-offs were \$74.4 million \$103.6 million, as compared to \$44.7 million \$67.9 million for the six nine months ended June 30, 2023 September 30, 2023. As an annualized percentage of average outstanding loans and leases, net charge-offs for the six nine months ended June 30, 2024 September 30, 2024 were 0.40% 0.37%, as compared to 0.27% 0.26% for the six nine months ended June 30, 2023 September 30, 2023. Net charge-offs in the FinPac portfolio were \$48.5 million \$68.5 million for the six nine months ended June 30, 2024 September 30, 2024, as compared to \$42.0 million \$64.1 million for the six nine months ended June 30, 2023 September 30, 2023. Net charge-offs were \$25.9 million \$35.1 million for the Bank for the six nine months ended June 30, 2024, and activity was impacted by a single commercial credit. September 30, 2024.

Typically, loans in a non-accrual status will not have an allowance for credit loss as they will be written down to their net realizable value or charged-off. However, the net realizable value for homogeneous leases and equipment finance agreements are determined by the loss given default calculated by the CECL model, and therefore homogeneous leases and equipment finance agreements on non-accrual will have an allowance for credit loss amount until they become 181 days past due, at which time they are charged-off. The non-accrual leases and equipment finance agreements of \$23.2 million \$23.3 million as of June 30, 2024 September 30, 2024 have a related allowance for credit losses of \$20.4 million \$19.6 million, with the remaining loans written-down to the estimated fair value of the collateral, less estimated costs to sell, and are expected to be resolved with no additional material loss, absent further decline in market prices.

Non-Interest Income

The following table presents the key components of non-interest income and the related dollar and percentage change from period to period:

Three Months Ended										Three Months Ended									
(in thousands)	(in thousands)	June 30, 2024		March 31, 2024		Change Amount		Change Percent		June 30, 2024		June 30, 2024		June 30, 2023		Change Amount		Change Percent	
Service charges on deposits	Service charges on deposits	\$ 18,503	\$	\$16,064	\$	\$ 2,439	15	15 %		\$ 34,567	\$	\$ 34,567	\$	\$ 30,76	\$	\$ 3,807	12	12 %	
Card-based fees	Card-based fees	14,681	13,183	13,183	1,498	1,498	11	11 %		27,864	24,996	27,864	24,996	2,868	11 %	2,868	11	11 %	
Financial services and trust revenue	Financial services and trust revenue	5,396	4,464	4,464	932	932	21	21 %		9,860	5,809	9,860	5,809	4,051	69 %	4,051	69	69 %	
Residential mortgage banking revenue, net	Residential mortgage banking revenue, net	5,848	4,634	4,634	1,214	1,214	26	26 %		10,482	5,474	10,482	5,474	5,008	91 %	5,008	91	91 %	
(Loss) gain on sale of debt securities, net	(Loss) gain on sale of debt securities, net	(1)		12		(13)		(108) %		11		11		—		(12)		(108) %	
Gain (loss) on sale of debt securities, net	Gain (loss) on sale of debt securities, net	3		(1)		4		nm		14		14		4		(11)		nm	
Gain (loss) on equity securities, net	Gain (loss) on equity securities, net	325	(1,565)	(1,565)	1,890	1,890	nm	nm		(1,240)	1,719	(1,240)	1,719	2,959	239 %	(2,959)		nm	
(Loss) gain on loan and lease sales, net	(Loss) gain on loan and lease sales, net	(1,516)		221		(1,737)		nm		(1,295)		(1,295)		1,382		(2,677)		nm	
Gain (loss) on loan and lease sales, net	Gain (loss) on loan and lease sales, net	161		(1,516)		1,677		nm		(1,134)		(1,134)		3,253		(1,677)		nm	
Bank-owned life insurance income	Bank-owned life insurance income	4,674	4,705	4,705	(31)	(31)	(1)	(1) %		14,018	11,293	14,018	11,293	2,725	24 %	2,725	24	24 %	
Bank-owned life insurance income	Bank-owned life insurance income																		
Bank-owned life insurance income	Bank-owned life insurance income	4,705		4,639		66		1 %		9,344		9,344		6,853		2,491		26 %	
Other (loss) income	Other (loss) income	(3,238)		8,705		(11,943)		(137) %		5,467		5,467		17,414		(11,943)		(137) %	

Other income (loss)	14,158		(3,238)		17,396		nm		19,625		12,297
Total non-interest income	Total non-interest income	\$ 44,703	\$	\$50,357	\$	\$ (5,654)	(11)	(11) %	\$ 95,060	\$	\$ 94,41
nm = Not meaningful											

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Comparison of current quarter to prior quarter

Other income for the three months ended **June 30, 2024** **September 30, 2024**, as compared to the three months ended **March 31, 2024** **June 30, 2024**, **decreased** **increased** primarily due to interest rate fluctuations resulting in the current quarter including a **loss** **gain** on the fair value of certain loans held for investment of **\$10.1 million** **\$9.4 million**, as compared to loss of **\$2.4 million** **\$10.1 million** for the prior quarter. These fair value adjustments are inversely influenced by the change in **longer-term** **longer-term** interest rates. **The increase in service charges on deposits, which include treasury management fee income, card-based fees, and financial services and trust revenue, reflect the Company's focus on generating growth in sustainable core fee income that results from needs-based solutions for new and existing customers.**

Comparison of current year-to-date to prior year period

Other income for the **six** **nine** months ended **June 30, 2024** **decreased**, **September 30, 2024** **increased**, as compared to the **six** **nine** months ended **June 30, 2023** **September 30, 2023**, primarily due to interest rate fluctuations resulting in a loss on the fair value of certain loans held for investment of **\$12.5 million** **\$3.1 million** in the current period as compared to a **gain** **loss** of **\$2.5 million** **\$16.7 million** in the prior year period. **Further, our business growth strategy incorporates a collaborative team approach to deliver needs-based solutions to our customers, which deepens relationships and provides growth in sustainable fee income to the Bank. Trends in the current period as compared to the prior year period reflect a growing contribution from treasury management and card fees, financial services and trust revenue, and international banking fees. The decrease increase was partially offset by the impact of rate fluctuations on swap derivatives with a gain loss in the current period compared to a loss gain in the prior year period, resulting in a favorable an unfavorable change of \$3.9 million, as well as the Company's focus on generating growth in core product income by supporting the needs of our customers: \$5.4 million.**

Non-Interest Expense

The following table presents the key elements of non-interest expense and the related dollar and percentage change from period to period:

	Three Months Ended						Three Months Ended					
	(in thousands)	June 30, 2024	March 31, 2024	Change Amount	Change Percent	June 30, 2024	June 30, 2023	Change Amount	Change Percent	June 30, 2024	June 30, 2023	Change Amount
Salaries and employee benefits	Salaries and employee benefits	\$145,066	\$154,538	\$ (9,472)	(6)	(6) %	\$299,604	\$299,490				
Occupancy and equipment, net	Occupancy and equipment, net	45,147	45,291	(144)	(144)	—	90,438	92,250		92,250	(1,812)	
Communications	Communications	3,408	3,782	(374)	(374)	(10)	7,190	7,383		7,383	(193)	
Marketing	Marketing	2,305	1,936	369	369	19	4,241	2,996		2,996	1,245	
Services	Services	14,600	13,422	1,178	1,178	9	28,022	26,937		26,937	1,085	
FDIC assessments	FDIC assessments	9,664	14,460	(4,796)	(4,796)	(33)	24,124	17,692		17,692	6,432	
Intangible amortization	Intangible amortization	29,230	32,091	(2,861)	(2,861)	(9)	61,321	48,213		48,213	13,108	
Merger and restructuring expense	Merger and restructuring expense	14,641	4,478	10,163	10,163	227	19,119	145,547		145,547	(126,428)	
Other expenses	Other expenses	15,183	17,518	(2,335)	(2,335)	(13)	32,701	30,869		30,869	1,832	
Total non-interest expense	Total non-interest expense	\$279,244	\$287,516	\$ (8,272)	(3)	(3) %	\$566,760	\$671,377		\$671,377	\$ (104,617)	

Comparison of current quarter to prior quarter

Salaries and employee benefits decreased increased during the three months ended June 30, 2024 September 30, 2024, as compared to the three months ended March 31, 2024 June 30, 2024, due primarily to the prior period including a \$7.7 million reversal of a compensation-related accrual, accrual, which did not repeat in the current period, partially offset by a decrease in the current quarter related to salaries and wages largely due to staff reductions that occurred predominantly over the second quarter.

Merger and restructuring expense increased decreased during the three months ended June 30, 2024 September 30, 2024, as compared to the three months ended March 31, 2024 June 30, 2024, primarily mainly due to the prior quarter including restructuring expense of \$12.0 million during the quarter, which was primarily severance payments. During the first quarter of 2024, the Company conducted a comprehensive evaluation of our operations, resulting in streamlined roles, and simplified reporting, and organizational structures. These actions contributed to expense reductions in the second quarter. reductions.

Comparison of current year-to-date to prior year period

Salaries and employee benefits decreased during the nine months ended September 30, 2024, as compared to the nine months ended September 30, 2023, due primarily to reduction in employees related to the merger synergies realized in 2023 and the additional operational efficiency related activities in 2024, partially offset by the current year including nine months as a combined company, compared to only seven months during the nine months ended September 30, 2023.

Intangible amortization increased during the six nine months ended June 30, 2024 September 30, 2024, as compared to the six nine months ended June 30, 2023 September 30, 2023, primarily due to the current year including six nine months of amortization associated with the core deposit intangible asset added as a result of the Merger, compared to only four seven months of amortization during the six nine months ended June 30, 2023 September 30, 2023.

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Merger and restructuring expense decreased during the six nine months ended June 30, 2024 September 30, 2024, as compared to the six nine months ended June 30, 2023 September 30, 2023, with the largest drivers of the decrease being lower legal and professional fees and personnel expenses premises and equipment expense related to the Merger. Columbia closed the Merger and completed the core systems conversion during the first quarter of 2023. The decrease in Merger expenses was partially offset by \$12.0 million in restructuring expenses during the six nine months ended June 30, 2024 September 30, 2024.

Income Taxes

The Company's effective tax rate for the three and six months ended June 30, 2024 September 30, 2024 was 25.4% and 26.0% respectively, 25.5%, as compared to 26.6% and 25.5% 25.4% for the three months ended March 31, 2024 June 30, 2024, and June 30, 2023, respectively, 25.8% for both the nine months ended September 30, 2024 and 2023. The effective tax rates differed from the statutory rate principally because of state taxes, non-deductible FDIC assessments, and income on tax-exempt investment securities.

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FINANCIAL CONDITION

Investment Securities

Investment debt securities available for sale were \$8.5 billion \$8.7 billion as of June 30, 2024 September 30, 2024, compared to \$8.8 billion as of December 31, 2023. The decrease was primarily due to paydowns, calls, and maturities of \$237.6 million \$385.4 million, as well as a decrease partially offset by an increase of \$162.2 million \$139.5 million in fair value of investment securities available for sale, due to higher lower rates during the period.

The following tables present the par value, amortized cost, unrealized gains, unrealized losses, and approximate fair values of debt securities as available for sale and held to maturity investment debt securities portfolio by major type as of the dates presented:

June 30, 2024													
(dollars in thousands)	(dollars in thousands)	Current Par	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	% of Portfolio	(dollars in thousands)					
Available for sale:													
U.S. Treasury and agencies													
U.S. Treasury and agencies													
U.S. Treasury and agencies		\$1,546,374	\$	\$1,553,422	\$	\$ 140	\$	(\$ (86,340)	\$	\$1,467,222	17	17	%\$ 1.5
Obligations of states and political subdivisions	Obligations of states and political subdivisions	1,124,956	1,064,031	1,064,031	4,178	4,178	(33,686)	(33,686)	1,034,523	1,034,523	12		

Mortgage-backed securities and collateralized mortgage obligations	Mortgage-backed securities and collateralized mortgage obligations	6,909,364	6,480,698	6,480,698	1,168	1,168	(480,611)	(480,611)	6,001,255	6,001,255	71
Total available for sale securities											
Total available for sale securities											
Total available for sale securities		\$9,580,694	\$	\$9,098,151	\$	\$5,486	\$	\$(600,637)	\$	\$8,503,000	100
											100
											% \$ 9.4

Held to maturity:

Mortgage-backed securities and collateralized mortgage obligations											
Mortgage-backed securities and collateralized mortgage obligations											
Mortgage-backed securities and collateralized mortgage obligations											
Mortgage-backed securities and collateralized mortgage obligations		\$ 3,411	\$	\$ 2,203	\$	\$ 682	\$	\$ —	\$	\$ 2,885	100
											100
											% \$
Total held to maturity securities											
Total held to maturity securities											
Total held to maturity securities		\$ 3,411	\$	\$ 2,203	\$	\$ 682	\$	\$ —	\$	\$ 2,885	100
											100
											% \$

	December 31, 2023						
(dollars in thousands)	Current Par	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	% of Portfolio	
Available for sale:							
U.S. Treasury and agencies	\$ 1,546,374	\$ 1,551,074	\$ 6,192	\$ (78,874)	\$ 1,478,392	17 %	
Obligations of states and political subdivisions	1,135,345	1,073,264	20,451	(21,610)	1,072,105	12 %	
Mortgage-backed securities and collateralized mortgage obligations	7,103,633	6,638,439	28,558	(387,624)	6,279,373	71 %	
Total available for sale securities	\$ 9,785,352	\$ 9,262,777	\$ 55,201	\$ (488,108)	\$ 8,829,870	100 %	
Held to maturity:							
Mortgage-backed securities and collateralized mortgage obligations	\$ 3,564	\$ 2,300	\$ 725	\$ —	\$ 3,025	100 %	
Total held to maturity securities	\$ 3,564	\$ 2,300	\$ 725	\$ —	\$ 3,025	100 %	

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We review investment securities on an ongoing basis for the presence of impairment, taking into consideration current market conditions, fair value in relationship to cost, extent and nature of the change in fair value, issuer rating changes and trends, whether we intend to sell a security or if it is likely that we will be required to sell the security before recovery of our amortized cost basis of the investment, which may be maturity, and other factors.

As of **June 30, 2024** **September 30, 2024**, the available for sale investment portfolio had a net unrealized loss of \$595.2 million, which reflects gross unrealized losses of \$600.6 million and gross unrealized gains of \$5.5 million \$400.3 million. Gross unrealized Unrealized losses consisted primarily of unrealized losses on mortgage-backed securities and collateralized mortgage obligations of \$480.6 million \$328.0 million. The unrealized losses were attributable to changes in market interest rates or the widening of market spreads subsequent to the initial purchase of these securities and are not attributable to changes in credit quality. In the opinion of management, no ACL was considered necessary on these debt securities as of **June 30, 2024** **September 30, 2024**.

Loans and Leases

Total loans and leases outstanding as of **June 30, 2024** September 30, 2024 were **\$37.7 billion** \$37.5 billion, an increase of **\$268.0 million** \$61.1 million as compared to December 31, 2023. The increase **is was** primarily attributable to organic loan growth of **\$468.8 million** \$296.5 million, partially offset by **charge-offs of \$120.9 million and loan sales of \$113.6 million and charge-offs of \$86.0 million** \$115.0 million. The loan to deposit ratio was **91%** 90% as of **June 30, 2024** both September 30, 2024 and **90%** as of December 31, 2023.

The following table presents the concentration distribution of the loan and lease portfolio, net of deferred fees and costs, as of the dates presented:

		June 30, 2024				December 31, 2023				September 30, 2024				December 31, 2023			
		(dollars in thousands)								(dollars in thousands)							
		Amount	%			Amount	%			Amount	%			Amount	%		
Commercial real estate	Commercial real estate																
Non-owner occupied term, net	Non-owner occupied term, net	\$ 6,407,351	17	17 %		\$ 6,482,940	17	17	%	Non-owner occupied term, net	\$ 6,391,806	17	17 %			\$ 6,482,940	
Owner occupied term, net	Owner occupied term, net	5,230,511	14	14 %		5,195,605	14	14	%	Owner occupied term, net	5,210,485	14	14 %			5,195,605	
Multifamily, net	Multifamily, net	5,868,848	15	15 %		5,704,734	15	15	%	Multifamily, net	5,779,737	15	15 %			5,704,734	
Construction & development, net	Construction & development, net	1,946,693	5	5 %		1,747,302	5	5	%	Construction & development, net	1,988,923	5	5 %			1,747,302	
Residential development, net	Residential development, net	269,106	1	1 %		323,899	1	1	%	Residential development, net	244,579	1	1 %			323,899	
Commercial	Commercial									Commercial							
Term, net	Term, net	5,559,548	15	15 %		5,536,765	15	15	%	Term, net	5,429,209	15	15 %			5,536,765	
Lines of credit & other, net	Lines of credit & other, net	2,558,633	6	6 %		2,430,127	6	6	%	Lines of credit & other, net	2,640,669	7	7 %			2,430,127	
Leases & equipment finance, net	Leases & equipment finance, net	1,701,943	5	5 %		1,729,512	5	5	%	Leases & equipment finance, net	1,670,427	4	4 %			1,729,512	
Residential	Residential									Residential							
Mortgage, net	Mortgage, net	5,992,163	16	16 %		6,157,166	16	16	%	Mortgage, net	5,944,734	16	16 %			6,157,166	
Home equity loans & lines, net	Home equity loans & lines, net	1,982,786	5	5 %		1,938,166	5	5	%	Home equity loans & lines, net	2,017,336	5	5 %			1,938,166	
Consumer & other, net	Consumer & other, net	192,405	1	1 %		195,735	1	1	%	Consumer & other, net	185,097	1	1 %			195,735	
Total, net of deferred fees and costs	Total, net of deferred fees and costs	\$37,709,987	100	100 %		\$37,441,951	100	100	%	Total, net of deferred fees and costs	\$37,503,002	100	100 %			\$37,441,951	

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Commercial Real Estate and Commercial Loans

Commercial real estate and commercial loans are the largest classifications within earning assets, representing 41% and 20%, respectively, of average earning assets for both the three month periods and nine months ended **June 30, 2024** September 30, 2024 and 40% and 20%, respectively, as of December 31, 2023. The increase in commercial real estate and commercial loan balances between **June 30, 2024** September 30, 2024 and December 31, 2023 was driven by commercial line utilization and **construction project activity in the period. Higher commercial real estate term balances reflect projects that transitioned from construction to permanent financing. new originations, partially offset by loan payoffs.**

Delinquency and non-accrual loan movements during the **quarter period** reflect an anticipated move toward a normalized credit environment following a phase of exceptional high credit quality. **The increase in non-performing assets during the quarter was driven by the expiration of certain COVID-related designations within the residential mortgage portfolio as non-performing loans in commercial portfolios declined.** Non-performing loans during the quarter include **\$64.6 million** **\$65.8 million** in government guarantees on the commercial real estate, commercial, and residential **portfolios, which offsets our credit exposure in those portfolios.**

Commercial Real Estate Loans

The commercial real estate portfolio includes loans to developers and institutional sponsors supporting income-producing or for-sale commercial real estate properties. We seek to mitigate our risk on these loans by requiring collateral values that exceed the loan amount and underwriting the loan with projected cash flow in excess of the debt service requirement.

As of **June 30, 2024** **September 30, 2024**, commercial real estate loans held in our loan portfolio were **\$19.7 billion** **\$19.6 billion**, an increase of **\$268.0 million** **\$161.1 million** compared to December 31, 2023. Commercial real estate concentrations are managed with a goal of optimizing **relationship-driven commercial loans, as well as** geographic, and business diversity, primarily in our footprint.

Loans secured by office properties represented approximately 8% of our total loan portfolio at both **June 30, 2024** **September 30, 2024** and December 31, 2023, **with a breakout comprised of 57% non-owner occupied, 40% owner occupied, and 3% construction loans at September 30, 2024, compared to** 57% non-owner occupied, 39% owner occupied, and 4% construction loans **for both periods, at December 31, 2023.** Excluding floating rate loans, which have already repriced to prevailing rates, only **6%** **5%** of our office portfolio reprices through 2025. Office properties located in suburban markets secure the majority of our office portfolio as only 6% of non-owner occupied loans are located in downtown core business districts.

Loans secured by multifamily properties, including construction, **represent represented** approximately **20%** **19%** of the total loan portfolio as of **June 30, 2024** **both September 30, 2024** and **19%** **as of** December 31, 2023. These assets continue to perform well due to demand for rental properties in our geographic footprint. Although management believes such concentrations have no more than the normal risk of collectability, a substantial decline in the economy in general, material increases in interest rates, changes in tax and rent control policies, tightening credit or refinancing markets, or a decline in real estate values in the Bank's primary geographic footprint in particular, could have an adverse impact on the repayment of these loans.

The following table provides detail on commercial real estate loans by property type:

		June 30, 2024						December 31, 2023					
		September 30, 2024						December 31, 2023					
(in thousands)	(in thousands)	Outstanding		Non-accrual		% of Total CRE		Outstanding		Non-accrual		% of Total CRE	(in thousands)
				(1)						(1)			
Commercial real estate loans by property type:													
Multifamily													
Multifamily													
Multifamily		\$ 7,376,085	\$	\$ —	—	—	%	\$ 6,978,498	\$	\$ —	—	—	%
Office	Office	2,942,614	11,398	11,398	0.06	0.06	%	2,980,240	13,335	13,335	0.07	0.07	%
Industrial	Industrial	2,897,333	4,438	4,438	0.02	0.02	%	2,812,295	2,053	2,053	0.01	0.01	%
Retail	Retail	2,029,363	1,574	1,574	0.01	0.01	%	2,083,960	3,715	3,715	0.02	0.02	%
Special Purpose	Special Purpose	1,344,713	13,342	13,342	0.07	0.07	%	1,348,343	4,566	4,566	0.03	0.03	%
Hotel/Motel	Hotel/Motel	742,104	2,353	2,353	0.01	0.01	%	755,132	2,622	2,622	0.01	0.01	%
Other	Other	2,390,297	4,479	4,479	0.02	0.02	%	2,496,012	2,398	2,398	0.01	0.01	%
Total commercial real estate loans	Total commercial real estate loans	\$19,722,509	\$	\$37,584	0.19	0.19	%	\$19,454,480	\$	\$28,689	0.15	0.15	%

(1) Commercial real estate non-accrual loans are inclusive of government guarantees of **\$12.9 million** **\$12.1 million** and \$7.7 million as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively.

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The following table provides detail on the geographic distribution of our commercial real estate portfolio as of **June 30, 2024** **September 30, 2024**:

(in thousands)	(in thousands)	Amount	Percent of total	(in thousands)	Amount	Percent of total
Southern California	Southern California	\$ 3,887,622	20	Southern California	\$ 3,796,424	19
Puget Sound	Puget Sound	3,774,843	19	Puget Sound	3,802,615	19
Oregon Other	Oregon Other	2,876,283	15	Oregon Other	2,880,302	15
Portland Metro	Portland Metro	2,759,840	14	Portland Metro	2,679,159	14
Northern California		1,984,737	10			
Northern California (excluding the Bay Area)		1,979,434	10			
Bay Area	Bay Area	1,413,648	7	Bay Area	1,422,312	7
Washington Other	Washington Other	1,285,621	7	Washington Other	1,279,564	7
Other	Other	1,739,915	8	Other	1,775,720	9
Total commercial real estate loans	Total commercial real estate loans	\$19,722,509	100	Total commercial real estate loans	\$19,615,530	100

Commercial Loans and Leases

Commercial loans are made to commercial customers for use in normal business operations to finance working capital needs, equipment purchases, or other projects. We focus on borrowers doing business within our geographic markets. Commercial loans are generally underwritten individually and secured with the assets of the company and/or the personal guarantee of the business owners. Lease and equipment financing products are designed to address the diverse financing needs of small to large companies, primarily for the acquisition of equipment. As of **June 30, 2024** **September 30, 2024**, commercial loans held in our loan portfolio were **\$9.8 billion** **\$9.7 billion**, an increase of **\$123.7 million** **\$43.9 million** compared to December 31, 2023, which is mainly attributable to credit line utilization during the period.

The leases and equipment finance portfolio represents approximately 17% of the commercial portfolio and 4% of the total loan portfolio as of September 30, 2024, as compared to 18% of the commercial portfolio and 5% of the total loan portfolio as of December 31, 2023. The leasing portfolio has non-performing leases and charge-offs centered in the trucking and transportation portion of the portfolio. Net charge-offs in the FinPac lease portfolio were \$20.0 million for the three months ended September 30, 2024, as compared to \$24.7 million in for the second quarter, largely unchanged from the first quarter, three months ended June 30, 2024, and net charge-offs were down \$14.1 million up \$2.7 million in the remaining commercial portfolio from the prior quarter, largely due to quarter. Lower delinquencies in the first quarter including a transportation sector of the portfolio resulted in lower charge-off centered in a single commercial credit. Delinquency activity for the quarter. Delinquencies and non-accrual loan movements in the transportation and trucking portfolio over the year were anticipated and a slow recovery is in process for this portfolio.

The following table provides detail on commercial loans and leases by industry type:

	June 30, 2024
	June 30, 2024
	June 30, 2024
	September 30, 2024
	September 30, 2024
	September 30, 2024
(in thousands)	
(in thousands)	
(in thousands)	
Commercial loans and leases by industry type:	
Commercial loans and leases by industry type:	
Commercial loans and leases by industry type:	
Agriculture	
Agriculture	
Agriculture	
Contractors	
Contractors	
Contractors	
Dentist	
Dentist	
Dentist	

Finance/Insurance
Finance/Insurance
Finance/Insurance
Gaming
Gaming
Gaming
Healthcare
Healthcare
Healthcare
Manufacturing
Manufacturing
Manufacturing
Professional
Professional
Professional
Public Admin
Public Admin
Public Admin
Rental and Leasing
Rental and Leasing
Rental and Leasing
Retail
Retail
Retail
Support Services
Support Services
Support Services
Transportation/Warehousing
Transportation/Warehousing
Transportation/Warehousing
Wholesale
Wholesale
Wholesale
Other
Other
Other
Total commercial portfolio
Total commercial portfolio
Total commercial portfolio

(1) Commercial non-accrual loans and leases are inclusive of government guarantees of \$23.8 million \$26.8 million and \$11.7 million as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively.

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Residential Real Estate Loans

Residential real estate loans represent mortgage loans and lines of credit to consumers for the purchase or refinance of a residence. As of June 30, 2024 September 30, 2024, residential real estate loans held in our loan portfolio were \$8.0 billion, a decrease of \$120.4 million \$133.3 million as compared to December 31, 2023. The decrease is was primarily attributable to loan sales of \$80.0 million in residential mortgage loans during the period.

Consumer Loans

Consumer loans, including secured and unsecured personal loans, home equity and personal lines of credit, and motor vehicle loans, decreased \$3.3 million \$10.6 million to \$192.4 million \$185.1 million as of June 30, 2024 September 30, 2024, as compared to December 31, 2023. The decrease was due to normal business activity.

Asset Quality and Non-Performing Assets

The following table summarizes our non-performing assets, the ACL and asset quality ratios as of the dates presented:

(dollars in thousands)	June 30, 2024	December 31, 2023
<u>Non-performing assets:</u> ⁽¹⁾		
Loans and leases on non-accrual status		
Commercial real estate, net	\$ 37,584	\$ 28,689
Commercial, net	54,986	45,682
Total loans and leases on non-accrual status	92,570	74,371
Loans and leases past due 90 days or more and accruing ⁽²⁾		
Commercial real estate, net	—	870
Commercial, net	5,778	8,232
Residential, net ⁽²⁾	54,525	29,102
Consumer & other, net	220	326
Total loans and leases past due 90 days or more and accruing ⁽²⁾	60,523	38,530
Total non-performing loans and leases ^{(1), (2)}	153,093	112,901
Other real estate owned	2,839	1,036
Total non-performing assets ^{(1), (2)}	\$ 155,932	\$ 113,937
ACLLL	\$ 418,671	\$ 440,871
Reserve for unfunded commitments	19,928	23,208
ACL	\$ 438,599	\$ 464,079
Asset quality ratios:		
Non-performing loans and leases to total loans and leases ^{(1), (2)}	0.41 %	0.30 %
Non-performing assets to total assets ^{(1), (2)}	0.30 %	0.22 %
Non-accrual loans and leases to total loans and leases ⁽²⁾	0.25 %	0.20 %
ACLLL to total loans and leases	1.11 %	1.18 %
ACL to total loans and leases	1.16 %	1.24 %
ACL to non-accrual loans and leases	474 %	624 %
ACL to total non-performing loans and leases	286 %	411 %

(dollars in thousands)	September 30, 2024	December 31, 2023
<u>Non-performing assets:</u> ⁽¹⁾		
Loans and leases on non-accrual status		
Commercial real estate, net	\$ 37,332	\$ 28,689
Commercial, net	61,464	45,682
Total loans and leases on non-accrual status	98,796	74,371
Loans and leases past due 90 days or more and accruing ⁽²⁾		
Commercial real estate, net	136	870
Commercial, net	6,012	8,232
Residential, net ⁽²⁾	59,961	29,102
Consumer & other, net	317	326
Total loans and leases past due 90 days or more and accruing ⁽²⁾	66,426	38,530
Total non-performing loans and leases ^{(1), (2)}	165,222	112,901
Other real estate owned	2,395	1,036
Total non-performing assets ^{(1), (2)}	\$ 167,617	\$ 113,937
ACLLL	\$ 420,054	\$ 440,871
Reserve for unfunded commitments	18,199	23,208
ACL	\$ 438,253	\$ 464,079

Recoveries as a percentage of charge-offs	Recoveries as a percentage of charge-offs	15.93 %	11.56 %	13.40 %	16.76 %	Recoveries as a percentage of charge-offs	16.76 %	15.93 %	14.37 %	17.71 %
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(1) Includes \$88.4 million initial provision related to non-PCD loans acquired during the first quarter of 2023.

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The provision for credit losses includes the provision for loan and lease losses and the provision for unfunded commitments. The change in the three months ended **June 30, 2024** **September 30, 2024**, as compared to the three months ended **March 31, 2024** **June 30, 2024**, reflects the recalibration of CECL calculation during the first quarter of 2024, which benefited the provision for loan and lease losses, as well as credit migration trends and changes in the economic forecasts used in credit models. The decrease in the provision for the **six nine** months ended **June 30, 2024** **September 30, 2024**, as compared to the **six nine** months ended **June 30, 2023** **September 30, 2023**, reflects the \$88.4 million initial provision for historical Columbia non-PCD loans related to the Merger in 2023. This initial provision, as well as changes in the economic assumptions used in credit models and a recalibration of our CECL calculation in the first quarter of 2024, contributed to the change when compared to the same period in the current year. Net charge-offs were driven by the commercial loan portfolio, comprising **\$29.4 million** **\$27.4 million** of the net charge-offs for the **second** **third** quarter of 2024 and **\$42.5 million** **\$29.4 million** for the **first** **second** quarter of 2024. **The decrease was largely driven by a single commercial credit charged off during the first quarter.**

The following table sets forth the allocation of the allowance for credit losses on loans and leases and percent of loans in each category to total loans and leases as of the dates presented:

		June 30, 2024		December 31, 2023		September 30, 2024		December 31, 2023	
(dollars in thousands)	(dollars in thousands)	Amount	% loans to total	Amount	% loans to total	Amount	% loans to total	Amount	% loans to total
Commercial real estate	Commercial real estate	\$143,146	52 %	\$125,888	52 %	\$158,216	52 %	\$125,888	52 %
Commercial	Commercial	219,714	26 %	244,821	26 %	209,037	26 %	244,821	26 %
Residential	Residential	48,885	21 %	62,004	21 %	45,572	21 %	62,004	21 %
Consumer & other	Consumer & other	6,926	1 %	8,158	1 %	7,229	1 %	8,158	1 %
Allowance for credit losses on loans and leases									
Allowance for credit losses on loans and leases									
Allowance for credit losses on loans and leases		\$418,671		\$ 440,871		\$420,054		\$ 440,871	

The following table shows the change in the allowance for credit losses from **March 31, 2024** **June 30, 2024** to **June 30, 2024** **September 30, 2024**:

(dollars in thousands)	(dollars in thousands)	March 31, 2024	Q2 2024 net (charge-offs) recoveries	Reserve (release) build	June 30, 2024	% of loan and leases outstanding	June 30, 2024	Q3 2024 net (charge-offs) recoveries
Commercial real estate	Commercial real estate	\$159,304	\$ (34)	\$ (6,178)	\$153,092	0.78 %	Commercial real estate	\$153,092
Commercial	Commercial	208,647	(29,363)	46,977	226,261	2.30 %	Commercial	
Residential	Residential	60,767	(93)	(9,511)	51,163	0.64 %	Residential	
Consumer & Other	Consumer & Other	8,494	(943)	532	8,083	4.20 %	Consumer & Other	

Total allowance for credit losses	Total allowance for credit losses	\$437,212	\$	\$(30,433)	\$	\$31,820	\$	\$438,599	1.16	1.16	% losses	Total allowance for credit losses	\$438,599
% of loans and leases outstanding													

To calculate the ACL, the CECL models use a forecast of future economic conditions and are dependent upon specific macroeconomic variables that are relevant to each of the Bank's loan and lease portfolios, as well as qualitative factors to address uncertainty not measured within the quantitative analysis. For the second third quarter of 2024, the Bank used Moody's Analytics' May August 2024 baseline consensus economic forecast, which shows a worsening similar economic situation from the forecast used in the prior quarter, quarter and used upward qualitative overlays, mainly in the commercial portfolio, to align with the S2 scenario and to account for the transportation segment of the lease portfolio. Refer to Note 5 -- Allowance for Credit Losses for further information on key components of the forecast. information. The models for calculating the ACL are sensitive to changes to economic variables, which could result in volatility as these assumptions change over time.

We believe that the ACL as of June 30, 2024 September 30, 2024 is sufficient to absorb losses inherent in the loan and lease portfolio and in credit commitments outstanding as of that date based on the information available. If the economic conditions decline, the Bank may need additional provisions for credit losses in future periods.

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Residential Mortgage Servicing Rights

The following table presents the changes in our residential MSR portfolio for the periods indicated:

(in thousands)	Three Months Ended		Six Months Ended	Three Months Ended		Nine Months Ended		
	(in thousands)	June 30, 2024	March 31, 2024	June 30, 2024	June 30, 2023	(in thousands)	September 30, 2024	September 30, 2023
Balance, beginning of period								
Additions for new MSR capitalized								
Changes in fair value:								
Changes in fair value:								
Sale of MSR assets								
Changes in fair value:								
Changes due to collection/realization of expected cash flows over time								
Changes due to collection/realization of expected cash flows over time								
Changes due to collection/realization of expected cash flows over time								
Changes due to valuation inputs or assumptions ⁽¹⁾								
Balance, end of period								

⁽¹⁾The changes in valuation inputs and assumptions principally reflect changes in discount rates and prepayment speeds, which are primarily affected by changes in interest rates.

The following table presents information related to our residential serviced loan portfolio as of the dates presented:

(dollars in thousands)	(dollars in thousands)	June 30, 2024	December 31, 2023	(dollars in thousands)	September 30, 2024	December 31, 2023
Balance of loans serviced for others						
MSR as a percentage of serviced loans	MSR as a percentage of serviced loans	1.36 %	1.34 %	MSR as a percentage of serviced loans	1.28 %	1.34 %

Residential MSR are adjusted to fair value quarterly with the change recorded in residential mortgage banking revenue on the Condensed Consolidated Statements of Income. The value of servicing rights can fluctuate based on changes in interest rates and other factors. Generally, as interest rates decline and borrowers are able to take advantage of a refinance incentive, prepayments increase, and the total value of existing servicing rights declines as expectations of future servicing fee collections decline. Historically, the fair value of our residential MSR will increase as market rates for mortgage loans rise and decrease if market rates fall.

In September 2023, the Company closed the sale of \$57.5 million in residential mortgage servicing rights, which related to the non-relationship component of the serviced loan portfolio.

Goodwill and Other Intangible Assets

As of **June 30, 2024** **September 30, 2024** and December 31, 2023, the Company had \$1.0 billion in goodwill, which was recorded as a result of the Merger. Goodwill is recorded in connection with business combinations and represents the excess of the purchase price over the estimated fair value of the net assets acquired.

As of **June 30, 2024** **September 30, 2024**, we had other intangible assets of **\$542.4 million** **\$513.3 million**, as compared to \$603.7 million at December 31, 2023. As part of a business acquisition, the fair value of identifiable intangible assets such as core deposits, which includes all deposits except certificates of deposit, was recognized at the Merger Date. Intangible assets with definite useful lives are amortized to their estimated residual values over their respective estimated useful lives. The core deposit intangible assets recorded are amortized on an accelerated basis over a period of 10 years using the sum-of-the-years-digits method. Intangible assets are evaluated for impairment if events and circumstances indicate a possible impairment. No impairment losses have been recognized in the periods presented.

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Deposits

Total deposits were \$41.5 billion as of **June 30, 2024** **September 30, 2024**, a decrease of **\$83.7 million** **\$92.3 million** as compared to December 31, 2023. The decrease was **driven by customer** **due to a reduction in brokered deposits**, **due in part to anticipated seasonal customer tax payments**, partially offset by **targeted customer deposit growth**, **largely in commercial customer balances**, **driven by focused** campaigns run by our branch network. The interest-bearing deposit mix increased mainly due to a migration from non-interest-bearing to interest-bearing accounts as customers seek higher rates in the current interest rate environment.

The following table presents the deposit balances by category as of the dates presented:

The following table presents the deposit balances by category as of the dates presented:															
		June 30, 2024			December 31, 2023					September 30, 2024			December 31, 2023		
(dollars in thousands)	(dollars in thousands)	Amount		%	Amount		%	(dollars in thousands)	Amount		%	Amount		%	
Non-interest-bearing demand	Non-interest-bearing demand	\$13,481,616	33	33 %	\$14,256,452	34	34 %	Non-interest-bearing demand	\$13,534,065	33	33 %	\$14,256,452	34	34 %	
Interest-bearing demand	Interest-bearing demand	8,195,284	20	20 %	8,044,432	19	19 %	Interest-bearing demand	8,444,424	20	20 %	8,044,432	19	19 %	
Money market	Money market	10,927,813	26	26 %	10,324,454	25	25 %	Money market	11,351,066	27	27 %	10,324,454	25	25 %	
Savings	Savings	2,508,598	6	6 %	2,754,113	7	7 %	Savings	2,450,924	6	6 %	2,754,113	7	7 %	
Time, greater than \$250,000	Time, greater than \$250,000	1,195,783	3	3 %	1,034,094	2	2 %	Time, greater than \$250,000	1,206,242	3	3 %	1,034,094	2	2 %	
Time, \$250,000 or less	Time, \$250,000 or less	5,214,178	12	12 %	5,193,475	13	13 %	Time, \$250,000 or less	4,527,967	11	11 %	5,193,475	13	13 %	
Total deposits	Total deposits	\$41,523,272	100	100 %	\$41,607,020	100	100 %	Total deposits	\$41,514,688	100	100 %	\$41,607,020	100	100 %	

The Company's total core deposits, which are deposits less time deposits greater than \$250,000 and all brokered deposits, were **\$37.2 billion** **\$37.8 billion** and \$37.4 billion as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively. The Company's brokered deposits totaled **\$3.2 billion** **\$2.5 billion** and \$3.1 billion as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively.

The FDIC generally insures up to \$250,000 per depositor for each account ownership category, as defined by the FDIC. Depositors may qualify for coverage of accounts over \$250,000 if they have funds in different ownership categories and all applicable FDIC requirements are met. All deposits that an account owner has in the same ownership category at the same bank are added together and insured up to the standard insurance amount. As of **June 30, 2024** **September 30, 2024** and December 31, 2023, approximately **\$27.9 billion** **\$27.5 billion** and \$28.1 billion, respectively, of the Bank's deposits were estimated to be insured. Uninsured deposits are an estimated amount based on the methodologies and assumptions used for the Bank's regulatory requirements. **Uninsured** **Estimated uninsured** deposits were **\$13.6** **\$14.0** billion and \$13.5 billion as of **June 30, 2024** **September 30, 2024** and December 31, 2023, respectively. As of **June 30, 2024** **September 30, 2024**, total available liquidity was **\$19.1 billion** **\$19.4 billion**, or **140%** **138%** of estimated uninsured deposits.

Borrowings

As of **June 30, 2024** **September 30, 2024**, the Bank had outstanding securities sold under agreements to repurchase of **\$197.9 million** **\$183.8 million**, a decrease of **\$54.3 million** **\$68.3 million** from December 31, 2023. The Bank had outstanding borrowings consisting of advances from the FHLB and FRB of **\$3.9 billion** **\$3.7 billion** as of **June 30, 2024** **September 30, 2024** and \$4.0 billion as of December 31, 2023. The decrease **compared to the fourth quarter of 2023** was primarily due to repayment of **higher priced** borrowings as well as general liquidity management. FHLB advances have fixed rates ranging from 5.10% to 5.25%, all of which are set to mature before the end of the first quarter

of 2025. Advances from the FHLB are secured by investment securities and loans secured by real estate. The FRB borrowings have interest rates ranging from 4.76% to 4.93% and mature in January 2025, although the Company has the ability to repay balances prior to maturity without penalty. The FRB borrowings are secured by investment securities.

Junior and Other Subordinated Debentures

We had junior and other subordinated debentures with carrying values of \$418.0 million \$419.6 million and \$424.3 million as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively. The decrease is mainly due to a decline of \$6.1 million \$4.0 million in fair value for the junior subordinated debentures elected to be carried at fair value. The change in fair value was driven by increases in credit spreads and comparable modest changes in swap rates during the period nine months ended September 30, 2024. As of June 30, 2024 September 30, 2024, substantially all of the junior subordinated debentures had interest rates that are adjustable on a quarterly basis based on a spread over three-month term SOFR.

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Liquidity and Cash Flow

The principal objective of our liquidity management program is to maintain the Bank's ability to meet the day-to-day cash flow requirements of our customers who either wish to withdraw funds or to draw upon credit facilities to meet their cash needs. The Bank's liquidity strategy includes maintaining sufficient on-balance sheet liquidity to support balance sheet flexibility, fund growth in lending and investment portfolios, and deleverage non-deposit liabilities as economic conditions permit. As a result, the Company believes that it has sufficient cash and access to borrowings to effectively manage through the current economic conditions, as well as meet its working capital and other needs. The Company will continue to prudently evaluate and maintain liquidity sources, including the ability to fund future loan growth and manage our borrowing sources.

We monitor the sources and uses of funds daily to maintain an acceptable liquidity position. One source of funds includes public deposits. Individual state laws require banks to collateralize public deposits, typically as a percentage of their public deposit balance in excess of FDIC insurance. Public deposits represented 7% of total deposits at June 30, 2024 both September 30, 2024 and December 31, 2023. The amount of collateral required varies by state and may also vary by institution within each state, depending on the individual state's risk assessment of depository institutions. Changes in the pledging requirements for uninsured public deposits may require pledging additional collateral to secure these deposits, drawing on other sources of funds to finance the purchase of assets that would be available to be pledged to satisfy a pledging requirement, or could lead to the withdrawal of certain public deposits from the Bank.

The Bank's diversified deposit base provides a sizeable source of relatively stable and low-cost funding, while reducing the Bank's reliance on the wholesale markets. Total deposits were \$41.5 billion as of June 30, 2024 September 30, 2024, compared with \$41.6 billion at December 31, 2023. The Bank also has liquidity from excess bond collateral of \$3.4 billion \$3.8 billion.

In addition to liquidity from core deposits and the repayments and maturities of loans and investment securities, the Bank can sell securities under agreements to repurchase, issue brokered certificates of deposit, or utilize off-balance sheet funding sources.

The Bank maintains a substantial level of total available liquidity in the form of off-balance sheet funding sources. These liquidity sources include capacity to borrow from uncommitted lines of credit, advances from the FHLB, and the Federal Reserve Bank's Discount Window. Availability of the uncommitted lines of credit is subject to federal funds balances available for loan and continued borrower eligibility. These lines are intended to support short-term liquidity needs, and the agreements may restrict consecutive day usage.

The following table presents total off-balance sheet liquidity as of the date presented:

June 30, 2024					September 30, 2024			
(dollars in thousands)	(dollars in thousands)	Gross Availability	Utilization	Net Availability	(dollars in thousands)	Gross Availability	Utilization	Net Availability
FHLB lines								
Federal Reserve Discount Window								
Federal Reserve Term Funding Program ⁽¹⁾								
Uncommitted lines of credit								
Total off-balance sheet liquidity								

⁽¹⁾The Federal Reserve's Bank Term Funding Program was discontinued for new borrowings in March 2024. We present associated balances as of June 30, 2024 September 30, 2024.

The following table presents total available liquidity as of the date presented:

(dollars in thousands)	June	September	30, 2024
Total off-balance sheet liquidity	\$	13,916,964	13,742,959
Cash and cash equivalents, less reserve requirements		1,764,915	1,909,407
Excess bond collateral		3,381,674	3,768,323
Total available liquidity	\$	19,063,553	19,420,689

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The Company is a separate entity from the Bank and must provide for its own liquidity. Substantially all of the Company's revenues are obtained from dividends declared and paid by the Bank. There were \$180.0 million \$270.0 million of dividends paid by the Bank to the Company during the six nine months ended June 30, 2024 September 30, 2024. There are statutory and regulatory provisions that limit the ability of the Bank to pay dividends to the Company. FDIC and Oregon Division of Financial Regulation approval is required for quarterly dividends from the Bank to the Company.

Although we expect the Bank's and the Company's liquidity positions to remain satisfactory during 2024, it is possible that our deposit balances may not be maintained at previous levels due to pricing pressure or customers' behavior in the current economic environment. In addition, in order to generate deposit growth, our pricing may need to be adjusted in a manner that results in increased interest expense on deposits. We may utilize borrowings or other funding sources, which are generally more costly than deposit funding, to support our liquidity levels.

Commitments and Other Contractual Obligations- The Company participates in many different contractual arrangements which may or may not be recorded on its balance sheet, under which the Company has an obligation to pay certain amounts, provide credit or liquidity enhancements or provide market risk support. Our material contractual obligations are primarily for time deposits and borrowings. As of June 30, 2024 September 30, 2024, time deposits totaled \$6.4 billion \$5.7 billion, of which \$6.2 billion \$5.6 billion mature in a year or less. Total borrowings as of June 30, 2024 September 30, 2024 were \$3.9 billion \$3.7 billion, all of which mature within one year. These arrangements also include off-balance sheet commitments to extend credit, letters of credit and various forms of guarantees. As of June 30, 2024 September 30, 2024, our loan commitments were \$10.8 billion \$10.2 billion, and letter of credit commitments were \$217.2 million \$238.7 million. A portion of the commitments will eventually result in funded loans and increase our profitability through net interest income when drawn and unused commitment fees prior to being drawn. Refer to Note 9 – Commitments and Contingencies for further information. Financing commitments, letters of credit and deferred purchase commitments are presented at contractual amounts and do not necessarily reflect future cash outflows as many are expected to expire unused or partially used.

Off-balance-Sheet Arrangements

Information regarding Off-Balance-Sheet Arrangements is included in Note 9 of the Notes to Condensed Consolidated Financial Statements.

Concentrations of Credit Risk

Information regarding Concentrations of Credit Risk is included in Note 9 of the Notes to Condensed Consolidated Financial Statements.

Capital Resources

Shareholders' equity as of June 30, 2024 September 30, 2024 was \$5.0 billion \$5.3 billion, a decrease an increase of \$18.4 million \$278.8 million from December 31, 2023. The decrease increase in shareholders' equity during the six nine months ended June 30, 2024 September 30, 2024 was principally due to net income of \$390.4 million and other comprehensive losses income of \$115.5 million and \$106.3 million, partially offset by cash dividends paid of \$151.3 million, partially offset by net income of \$244.2 million \$227.4 million during the period.

The Company's dividend policy considers, among other things, earnings, regulatory capital levels, the overall payout ratio and expected asset growth to determine the amount of dividends declared, if any, on a quarterly basis. There is no assurance that future cash dividends on common shares will be declared or increased. We cannot predict the extent of the economic decline that could result in inadequate earnings, regulatory restrictions and limitations, changes to our capital requirements, or a decision to increase capital by retention of earnings, which may result in the inability to pay dividends at previous levels, or at all.

On May 13, 2024 August 12, 2024, Columbia declared a cash dividend in the amount of \$0.36 per common share based on first second quarter 2024 performance, which was paid on June 10, 2024 September 9, 2024.

The following table presents cash dividends declared and dividend payout ratios (dividends declared per common share divided by basic earnings per common share) for the periods indicated:

	Three Months Ended		Six Months Ended	Three Months Ended		Nine Months Ended					
	June 30, 2024	March 31, 2024		June 30, 2024	June 30, 2023	September 30, 2024		June 30, 2024	September 30, 2024	September 30, 2023	
Dividend declared per common share											
Dividend payout ratio	Dividend payout ratio 63 %	60 %		62 %	109 %	Dividend payout ratio 51 %		63 %	58 %	80 %	

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The Company is committed to managing capital to maintain strong protection for depositors and creditors and for maximum shareholder benefit. The Company also manages its capital to exceed regulatory capital requirements for banking organizations. The regulatory capital requirements effective for the Company follow Basel III, with the Company being subject to calculating its capital adequacy as a percentage of risk-weighted assets under the standardized approach.

In 2020, the federal bank regulatory authorities finalized a rule to provide banking organizations that implemented CECL in 2020 the option to delay the estimated impact on regulatory capital by up to two years, with a three-year transition period to phase out the cumulative benefit to regulatory capital provided during the two-year delay. The Company

elected this capital relief to delay the estimated regulatory capital impact of adopting CECL, relative to the incurred loss methodology's effect on regulatory capital. Currently, the Company is phasing out the cumulative adjustment as calculated at the end of 2021, by adjusting it by 75% in 2022, 50% through 2023, and 25% in 2024, culminating with a fully phased in regulatory capital calculation beginning in 2025. All regulatory ratios exceeded regulatory "well-capitalized" requirements.

The following table shows the Company's consolidated and the Bank's capital adequacy ratios compared to the regulatory minimum capital ratio and the regulatory minimum capital ratio needed to qualify as a "well-capitalized" institution, as calculated under regulatory guidelines of the Basel III at the dates presented:

(dollars in thousands)									For Capital Adequacy purposes		To be Well Capitalized									For
	Actual											Actual								
	(dollars in thousands)	Amount	Ratio		Amount	Ratio		Amount					Ratio	(dollars in thousands)	Amount	Ratio				
June 30, 2024																				
September 30, 2024																				
Total Capital (to Risk Weighted Assets)	Total Capital (to Risk Weighted Assets)										Total Capital (to Risk Weighted Assets)									
Consolidated	Consolidated	\$4,891,232	12.15	12.15	%	\$3,220,668	8.00	8.00	%		\$4,025,835	10.00		10.00	%	Consolidated	\$4,991,018		1	
Umpqua Bank	Umpqua Bank	\$4,765,437	11.84	11.84	%	\$3,220,346	8.00	8.00	%		\$4,025,433	10.00		10.00	%	Umpqua Bank	\$4,857,473		1	
Tier I Capital (to Risk Weighted Assets)	Tier I Capital (to Risk Weighted Assets)										Tier I Capital (to Risk Weighted Assets)									
Consolidated	Consolidated	\$4,008,670	9.96	9.96	%	\$2,415,501	6.00	6.00	%		\$3,220,668	8.00		8.00	%	Consolidated	\$4,106,261		1	
Umpqua Bank	Umpqua Bank	\$4,353,875	10.82	10.82	%	\$2,415,260	6.00	6.00	%		\$3,220,346	8.00		8.00	%	Umpqua Bank	\$4,443,716		1	
Tier I Common (to Risk Weighted Assets)																				
Consolidated	Consolidated																			
Consolidated		\$4,008,670	9.96	9.96	%	\$1,811,626	4.50	4.50	%		\$2,616,793	6.50		6.50	%	\$4,106,261	10.32			
Umpqua Bank	Umpqua Bank	\$4,353,875	10.82	10.82	%	\$1,811,445	4.50	4.50	%		\$2,616,531	6.50		6.50	%	Umpqua Bank	\$4,443,716		1	
Tier I Capital (to Average Assets)	Tier I Capital (to Average Assets)										Tier I Capital (to Average Assets)									
Consolidated	Consolidated	\$4,008,670	7.85	7.85	%	\$2,042,309	4.00	4.00	%		\$2,552,886	5.00		5.00	%	Consolidated	\$4,106,261			
Umpqua Bank	Umpqua Bank	\$4,353,875	8.52	8.52	%	\$2,042,875	4.00	4.00	%		\$2,553,594	5.00		5.00	%	Umpqua Bank	\$4,443,716			
December 31, 2023	December 31, 2023										December 31, 2023									
Total Capital (to Risk Weighted Assets)																				
Consolidated																				
Consolidated																				
Consolidated		\$4,770,335	11.86	11.86	%	\$3,218,301	8.00	8.00	%		\$4,022,876	10.00		10.00	%	\$4,770,335	11.86			
Umpqua Bank	Umpqua Bank	\$4,653,920	11.57	11.57	%	\$3,217,821	8.00	8.00	%		\$4,022,276	10.00		10.00	%	Umpqua Bank	\$4,653,920		1	
Tier I Capital (to Risk Weighted Assets)	Tier I Capital (to Risk Weighted Assets)										Tier I Capital (to Risk Weighted Assets)									
Consolidated	Consolidated	\$3,876,985	9.64	9.64	%	\$2,413,726	6.00	6.00	%		\$3,218,301	8.00		8.00	%	Consolidated	\$3,876,985			

Umpqua Bank	Umpqua Bank	\$4,231,569	10.52	10.52 %	\$2,413,366	6.00	6.00 %	\$3,217,821	8.00	8.00 %	Umpqua Bank	\$4,231,569	1
Tier I Common (to Risk Weighted Assets)													
Consolidated													
Consolidated													
Consolidated		\$3,876,985	9.64	9.64 %	\$1,810,294	4.50	4.50 %	\$2,614,869	6.50	6.50 %	\$3,876,985	9.64	
Umpqua Bank	Umpqua Bank	\$4,231,569	10.52	10.52 %	\$1,810,024	4.50	4.50 %	\$2,614,479	6.50	6.50 %	Umpqua Bank	\$4,231,569	1
								Tier I Capital (to Average Assets)					
Tier I Capital (to Average Assets)	Tier I Capital (to Average Assets)												
Consolidated	Consolidated	\$3,876,985	7.60	7.60 %	\$2,040,344	4.00	4.00 %	\$2,550,431	5.00	5.00 %	Consolidated	\$3,876,985	
Umpqua Bank	Umpqua Bank	\$4,231,569	8.30	8.30 %	\$2,040,489	4.00	4.00 %	\$2,550,611	5.00	5.00 %	Umpqua Bank	\$4,231,569	

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our assessment of market risk as of **June 30, 2024** **September 30, 2024** indicates there are no material changes in the qualitative disclosures from those in our Annual Report on Form 10-K for the year ended December 31, 2023.

Interest Rate Simulation Impact on Net Interest Income

For the scenarios shown, the interest rate simulation assumes a parallel and sustained shift in market interest rates over a twelve-month period and no change in the composition or size of the balance sheet.

The scenarios are as of the dates presented:

	June 30, 2024
	June 30, 2024
	June 30, 2024
	September 30, 2024
	September 30, 2024
	September 30, 2024
	Year 1
	Year 1
	Year 1

- Up 300 basis points
- Up 300 basis points
- Up 300 basis points
- Up 200 basis points
- Up 200 basis points
- Up 200 basis points
- Up 100 basis points
- Up 100 basis points
- Up 100 basis points
- Down 100 basis points
- Down 100 basis points
- Down 100 basis points

- Down 200 basis points
- Down 200 basis points
- Down 200 basis points
- Down 300 basis points
- Down 300 basis points
- Down 300 basis points

An interest rate simulation model is used to estimate the sensitivity of net interest income to changes in market interest rates. This model has inherent limitations, and these results are based on a given set of rate changes and assumptions at one point in time. Our primary analysis assumes a static balance sheet, both in terms of the total size and mix of our balance sheet, meaning cash flows from the maturity or repricing of assets and liabilities are redeployed in the same instrument at modeled rates. We employ estimates based upon a number of assumptions for each scenario, including changes in the size or mix of the balance sheet, new volume rates for new balances, the rate of prepayments, and the correlation of pricing to changes in the interest rate environment. For example, for interest-bearing deposit balances, we utilize a repricing "beta" assumption, which is an estimate for the change in interest-bearing deposit costs given a change in the short-term market interest rate. rate and is calibrated using the experience from prior rate cycles.

The simulation model does not take into account any future actions management could undertake to mitigate the impact of interest rate changes or the impact a change in interest rates may have on our credit risk profile, loan prepayment estimates and spread relationships, which can change regularly. Actions we could undertake include, but are not limited to, growing or contracting the balance sheet, changing the composition of the balance sheet, or changing our pricing strategies for loans or deposits.

Simulation results indicate limited exposure to interest rate risk in either increasing or decreasing rate environments. Though The September 30, 2024 sensitivity in the June 30, 2024 year 1 sensitivity most plausible down rate scenario is nearly unchanged from December 31, 2023, the sensitivity in year 2 has shifted to a more liability sensitive position. The change in sensitivity is mainly due to the shortening duration of wholesale funding sources. The deposit mix shift with reductions in non-interest-bearing and savings accounts combined with increases in money market and time deposit accounts also contributed. In addition, decreases in fixed rate and increases in floating rate and adjustable loans also impacted the sensitivity.

The short-term interest rate environment is primarily a function of the monetary policy of the Federal Reserve Board. The Federal Reserve's focus has gradually shifted toward attaining a specified level of the federal funds rate to achieve the long-run goals of price stability and sustainable economic growth. The federal funds rate is the basis for overnight funding and drives the short end of the yield curve. Longer maturities are influenced by the market's expectations for economic growth and inflation but can also be influenced by Federal Reserve purchases and sales and expectations of monetary policy going forward.

Starting in March 2022, in response to persistent inflation, the FOMC raised the target range for the federal funds rate from 0.00% - 0.25% to 5.25% - 5.50% and maintained the target rate at June 30, 2024 that level from July 2023 until September 2024 when the target range was lowered to 4.75% - 5.00%. Based on the FOMC Members' median expectations for the fed funds target rate, the fed funds rate is near its expected high, with projections declining in 2024, projected to decline through 2026. Increases in the federal funds rate and the unwinding of the Federal Reserve's balance sheet could cause overall interest rates to rise, which may negatively impact the U.S. real estate markets and affect deposit growth and pricing. In addition, deflationary pressures, while possibly lowering our operating costs, could have a significant negative effect on our borrowers, especially our business borrowers, and the values of collateral securing loans, which could negatively affect our financial performance.

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Economic Value of Equity

Another interest rate sensitivity measure we utilize is the quantification of economic value changes for all financial assets and liabilities, given an increase or decrease in market interest rates. This approach provides a longer-term view of interest rate risk, capturing all future expected cash flows. EVE measures the extent to which the economic value of assets, liabilities and derivative instruments may change in response to fluctuations in interest rates. Importantly, EVE values only the current balance sheet, excluding the growth assumptions used in net interest income sensitivity analyses. Additionally, the results are highly dependent on assumptions for products with embedded prepay optionality and indeterminate maturities. The uncertainty surrounding important assumptions used in EVE analysis may limit its efficacy. Assets and liabilities with option characteristics are measured based on different interest rate path valuations using statistical rate simulation techniques. The projections are by their nature forward-looking and therefore inherently uncertain and include various assumptions regarding cash flows and discount rates.

The table below illustrates the effects of various instantaneous rate changes on the fair values of financial assets and liabilities compared to the corresponding carrying values and fair values as of the dates presented:

	June 30, 2024
	June 30, 2024
	June 30, 2024
	September 30, 2024
	September 30, 2024
	September 30, 2024

- Up 300 basis points
- Up 300 basis points
- Up 300 basis points
- Up 200 basis points

Up 200 basis points
Up 200 basis points
Up 100 basis points
Up 100 basis points
Up 100 basis points
Down 100 basis points
Down 100 basis points
Down 100 basis points
Down 200 basis points
Down 200 basis points
Down 200 basis points
Down 300 basis points
Down 300 basis points
Down 300 basis points

Our economic value of equity EVE analysis indicates a liability sensitive profile in increasing interest rate scenarios. This suggests a sudden or sustained increase in market interest rates would result in a decrease in our estimated economic value of equity, EVE, as the decrease in the economic value of our interest-earning assets exceeds the economic value change of interest-bearing liabilities. In declining interest rate scenarios, our economic value of equity EVE increases. This occurs as the increase in the economic value of interest-earning assets exceeds the decline in economic value of interest-bearing liabilities, including the core deposit intangible. As of June 30, 2024 September 30, 2024, our estimated economic value of equity EVE (fair value of financial assets and liabilities) was above our book value of equity primarily due to the economic value of the core deposit intangible.

Item 4. Controls and Procedures

Our management, including our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer, has concluded that our disclosure controls and procedures are effective in timely alerting them to information relating to us that is required to be included in our periodic filings with the SEC. The disclosure controls and procedures were last evaluated by management as of June 30, 2024 September 30, 2024.

No change in internal control over financial reporting occurred during the quarter ended June 30, 2024 September 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

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Part II. OTHER INFORMATION

Item 1. Legal Proceedings

The information required by this item is set forth in Part I, Item 1 under Note 9 Commitments and Contingencies—Legal Proceedings and Regulatory Matters, and incorporated herein by reference.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed under "Part I—Item 1A—Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023. These factors could materially and adversely affect our business, financial condition, liquidity, results of operations and capital position, and could cause our actual results to differ materially from our historical results or the results contemplated by the forward-looking statements contained in this Quarterly Report on Form 10-Q. There have been no material changes from the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

- (a) Not applicable
- (b) Not applicable
- (c) The following table provides information about repurchases of common stock by the Company during the quarter ended June 30, 2024 September 30, 2024:

Period	Total number of Common Shares Purchased ⁽¹⁾	Average Price Paid per Common Share	Total Number of Shares Purchased as Part of Publicly Announced Plan ⁽²⁾	Maximum Number of Shares that May be Purchased at Period End under the Plan ⁽²⁾
04/01/24 - 04/30/24	29,323	\$ 18.32	—	—

05/01/24 - 05/31/24	1,990	\$	20.31	—	—
06/01/24 - 06/30/24	10,086	\$	18.86	—	—
Total for quarter	41,399	\$	18.55	—	—

Period	Total number of Common Shares Purchased ⁽¹⁾	Average Price Paid per Common Share	Total Number of Shares Purchased as Part of Publicly Announced Plan ⁽²⁾	Maximum Number of Shares that May be Purchased at Period End under the Plan ⁽²⁾
07/01/24 - 07/31/24	355	\$ 21.79	—	—
08/01/24 - 08/31/24	358	\$ 23.61	—	—
09/01/24 - 09/30/24	157	\$ 24.55	—	—
Total for quarter	870	\$ 23.04	—	—

(1) Common shares repurchased by the Company during the quarter consist of cancellation of 41,399 870 shares to be issued upon vesting of restricted stock units and awards to pay withholding taxes.

(2) The Company does not currently have a share repurchase authorization from its Board of Directors.

Item 3. Defaults upon Senior Securities

Not applicable

Item 4. Mine Safety Disclosures

Not applicable

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Item 5. Other Information

Rule 10b5-1 or Non-Rule 10b5-1 Trading Arrangements

During the second third quarter of 2024 none of our directors or officers adopted or terminated a trading plan intended to satisfy Rule 10b5-1 or any "non-Rule 10b5-1 trading arrangement," as defined in Item 408 of Regulation S-K.

Certain of our officers and directors have made, and may from time to time make, elections to (i) have shares withheld to cover withholding taxes or (ii) have dividends from Columbia common stock reinvested into Columbia common stock, (iii) have a portion of their 401(k) account contributions used to purchase Columbia common stock, or (iv) participate in the employee stock purchase plan, which may be intended to satisfy the affirmative defense conditions of Rule 10b5-1 under the Exchange Act or may constitute non-Rule 10b5-1 trading arrangements (as defined in Item 408(c) of Regulation S-K).

Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

Table On November 4, 2024, the board of Contents directors (the "Board") of the Company amended and restated the Company's Amended and Restated Bylaws to (i) provide that the number of directors to be elected by the shareholders shall consist of not less than eight nor more than fifteen persons; (ii) remove the requirement that the Lead Independent Director of the Board must be an individual that served on the Board prior to the Merger (a "Continuing Columbia Director"); (iii) remove the requirement that the Board and the board of directors of the Bank be comprised of seven Continuing Columbia Directors and seven individuals that served on the board of directors UHC prior to the Merger for a period of 36 months following the closing of the Merger; and (iv) make certain non-substantive administrative and clarifying updates (clauses (i)-(iv), collectively, the "Amendments").

The foregoing summary of the Amendments does not purport to be complete and is qualified in its entirety by reference to the full text of the Amended and Restated Bylaws of the Company, a copy of which is attached hereto as Exhibit 3.2 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Columbia entered into Participation Agreements with Aaron Deer and Ron Farnsworth (each a "Named Executive"), on November 5, 2024, pursuant to the newly adopted Columbia Banking System, Inc. Executive Change in Control and Severance Plan. The Participation Agreements are effective upon expiration of existing arrangements for Mr. Farnsworth on January 1, 2025, and for Mr. Deer on March 1, 2025. Under the Plan, if a Named Executive's employment is terminated by Columbia without Cause or the Named Executive terminates their employment with Columbia for Good Reason following the effective date of the applicable Participation Agreement (as such terms "Cause" and "Good Reason" are defined in the Plan, each a "Qualifying Termination"), in each case not in connection with a change in control, the Named Executive will be entitled to receive, subject to execution and non-revocation of a release of claims, cash severance equal to one year's base salary. If a Named Executive experiences a Qualifying Termination within six months prior to, or within 24 months following, a change in control, the Named Executive will be entitled to receive, subject to execution and non-revocation of a release of claims, (1) cash severance equal to two times the sum of the Named Executive's annual base salary and target annual bonus, (2) a prorated target bonus for the year of termination, (3) continued health and

welfare benefits for 18 months, and (4) vesting of any outstanding equity awards granted in full with respect to any service vesting requirement, and any awards subject to a performance-vesting condition will remain outstanding and eligible to be earned in full based on the level of performance achieved as if the Named Executive had remained employed for the duration of the performance period. The Named Executives will be subject to customary restrictive covenants, including non-competition and non-solicitation covenants, during employment and for up to two years thereafter.

The foregoing description of the Plan and the Participation Agreements does not purport to be complete and is qualified in its entirety by reference to the full text of the Plan and the Form of Participation Agreement, which are attached hereto as Exhibits 10.1 and 10.2 to this Quarterly Report on Form 10-Q and are incorporated herein by reference.

Item 6. Exhibits

<u>Exhibit #</u>	<u>Description</u>	<u>Location</u>
3.1	Restated Articles of Incorporation	Incorporated by reference to Exhibit 3.1 to Form 10-Q filed May 9, 2023
3.2	Amended and Restated Bylaws	Incorporated by reference to Exhibit 3.4 to Form 8-K filed March 1, 2023 Filed herewith
4.1	Specimen Common Stock Certificate	Incorporated by reference to Exhibit 4.3 of the Company's S-3 Registration Statement (File No. 333-156350) filed December 19, 2008
4.2	The Company agrees to furnish upon request to the Commission a copy of each instrument defining the rights of holders of senior and subordinated debt of the Company.	
10.1**	Columbia Banking System, Inc. 2024 Equity Incentive Executive Change in Control Severance Plan	Incorporated by reference to Exhibit 10.1 to Form 8-K filed May 9, 2024 Filed herewith
10.2**	Second Amendment to Amended and Restated Employee Stock Purchase Plan of Columbia Banking System, Inc. Form of Participation Agreement	Incorporated by reference to Exhibit 10.6 to Form 8-K filed May 9, 2024 Filed herewith
31.1	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.3	Certification of Principal Accounting Officer under Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32	Certification of Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
101.INS	Inline XBRL Instance Document – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document	
101.SCH	Inline XBRL Taxonomy Extension Schema Document	
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 September 30, 2024 , formatted in Inline XBRL (included in Exhibit 101)	

** Management contract or compensatory plan or arrangement

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COLUMBIA BANKING SYSTEM, INC.
(Registrant)

Dated August 6, November 5, 2024

/s/ Clint E. Stein

Clint E. Stein
President and Chief Executive Officer

Dated August 6, November 5, 2024

/s/ Ronald L. Farnsworth

Ronald L. Farnsworth
Executive Vice President, Chief Financial Officer and Principal Financial Officer

Dated August 6, November 5, 2024

/s/ Lisa M. White

Lisa M. White
Executive Vice President, Corporate Controller and Principal Accounting Officer

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AMENDED AND RESTATED BYLAWS OF COLUMBIA BANKING SYSTEM, INC. February 28, 2023 Exhibit 3.2



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ARTICLE 1 Meetings of Shareholders SECTION 1.1 – Shareholder Meetings. Shareholder meetings shall be held at the principal office of Columbia Banking System, Inc. (the "Corporation"), or at such other location within or without the State of Washington as shall be determined by the Board of Directors (the "Board") and stated in the Notice of Meeting. SECTION 1.2 – Annual Meeting. The regular annual meeting of the shareholders for the election of directors and for the transaction of such other business as may properly be brought before the meeting shall be held on such day and at such time following the close of the Corporation's fiscal year as shall be determined each year by the Board of Directors. If such annual meeting is omitted by oversight or otherwise during such period, a subsequent annual meeting may nonetheless be held, and any business transacted or elections held at such meeting shall be as valid as if the annual meeting had been held during the period provided above. SECTION 1.3 – Special Meetings. Special meetings of the shareholders may be called at any time by the Chair, the Chief Executive Officer, (the "CEO"), the President, a majority of the Board of Directors, or upon the delivery of a written demand of the holders of record of ten (10) percent of the outstanding stock entitled to vote on any issue proposed to be considered at the proposed special meeting to the Secretary of the Corporation (such demand being referred to as a "Demand"). SECTION 1.4 – Nominations and Business at Annual and Special Meetings. Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the shareholders at an annual or special meeting of shareholders may be made only: (A) pursuant to the Corporation's notice of meeting delivered pursuant to Section 1.5 of these bylaws; (B) by or at the direction of the Board of Directors (or any duly authorized committee thereof); (C) in the case of an annual meeting, by any shareholder entitled to vote at the meeting who complies with the notice procedures set forth in Section 1.17 of these bylaws; or (D) in the case of a special meeting: (i) called pursuant to a Demand for a special meeting delivered in accordance with Section 1.3 of these bylaws, as specified in such Demand by the shareholder(s) making such Demand who shall have complied with the notice procedures set forth in Section 1.17 of these bylaws; or (ii) called by the Corporation other than pursuant to a Demand, if directors are to be elected pursuant to the Corporation's notice of meeting delivered pursuant to Section 1.5 of these bylaws, then nominations of persons for election to the Board of Directors may be made by any shareholder entitled to vote at the meeting who complies with the notice procedures set forth in Section 1.17 of these bylaws. Any such shareholder may nominate such number of persons for election to the Board of Directors as is less than or equal to the number of position(s) as are specified in the Corporation's notice of meeting.



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2. Clauses (C) and (D) of this Section 1.4 shall be the exclusive means for a shareholder to make nominations of persons for election to the Board of Directors or submit other business before a meeting of shareholders. The notice procedures set forth in Section 1.17 of these bylaws shall be deemed satisfied by a shareholder who seeks to have the shareholder's proposal included in the Corporation's proxy statement and identified as a proposal in the Corporation's form of proxy pursuant to Rule 14a-8 under the Securities Exchange Act of 1934 ("1934 Act") if such shareholder complies with the provisions of that Rule. SECTION 1.5 – Notice. Written notice stating the place, day, and hour of the meeting, and in case of a special meeting the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting (except when the purpose of the meeting includes action on an amendment to the Articles of Incorporation, of the Corporation (the "Articles of Incorporation"), a plan of merger or share exchange, a proposed sale of assets pursuant to RCW Section 23B.12.020, of the Washington Business Corporation Act (the "WBCA"), or the dissolution of the Corporation, in which case notice shall be delivered not less than twenty (20) nor more than sixty (60) days before the meeting date), either personally or by mail, by or at the direction of the Chair, the Chief Executive Officer (CEO), the President, the Secretary, or the person or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the shareholder at his/her address as it appears on the stock transfer books of the Corporation. Each shareholder shall be responsible for providing the Secretary with the shareholder's current mailing address to which notices of meetings and all other corporate notices may be sent. A shareholder may waive any notice required for any meeting by executing a written waiver of notice either before or after said meeting and such waiver shall be equivalent to the giving of such notice. The attendance of a shareholder at a shareholders' meeting, in person or by proxy, shall constitute a waiver of notice of the meeting. SECTION 1.6 – Quorum; Vote Required. A majority of the shares entitled to vote shall constitute a quorum at a meeting of shareholders. When a quorum is present at any meeting, except as set forth below, action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless otherwise provided by the Articles of Incorporation or law. The Corporation elects to be governed by Section 23B.10.205 of the Washington Business Corporation Act (WBCA) with respect to the election of directors, as set forth in this Section 1.6. In any election of directors that is not a contested election the candidates elected are those receiving a majority of votes cast. For purposes of this Section 1.6, a "majority of votes cast" means that the number of shares voted "for" a director nominee must exceed the number of shares voted "against" that director nominee. The following shall not be considered votes cast for this purpose: (i) a share whose ballot is marked as withheld; (ii) a share otherwise present at the meeting but for which there is an abstention; and (iii) a share otherwise present at the meeting as to which a shareholder of record gives no authority or direction. A nominee for director in an election that is not a contested election who does not receive a majority of votes cast, but who was a director at the time of the election, shall continue to serve as a director for a term that shall terminate on the date that is the earlier of: (i) ninety (90) days from the date on which the voting results of the election are determined, (ii) the date on which an individual is selected by the Board of Directors to fill the office held by such director, which selection shall be deemed to constitute the filling of a vacancy by the Board of Directors, or (iii) the date on which the director's resignation is accepted by the Board. In a contested election, the directors shall be elected by a plurality of the votes cast. For purposes of this Section 1.6, a "contested election" is any meeting of shareholders for which (i) the Secretary of the Corporation receives a notice that a shareholder has nominated a person for election to the Board of Directors in compliance with the advance notice requirements for shareholder nominees for director set forth in Section 1.17 of these bylaws, (ii) such nomination has not been withdrawn by such shareholder on or prior to the last date that a notice of nomination for such meeting is timely as determined under



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8 Section 1.17 and (iii) the Board of Directors has not determined before the notice of meeting is given that the shareholder's nominee(s) do not create a bona fide election contest. For purposes of clarity and to resolve any ambiguity under WBCA Section 23B.10.205 of the WBCA, it is assumed that for purposes of determining the number of director nominees, on the last day for delivery of a notice under Section 1.17, there is a candidate nominated by the Board of Directors for each of the director positions to be voted on at the meeting. Nothing in this bylaw is intended to limit the authority of the Board of Directors to determine that a bona fide election contest does not exist, in which event it shall disclose the applicable voting regime in the notice of meeting or, if such determination occurs after such notice has been sent, send a new notice which shall include disclosure of the applicable voting regime. SECTION 1.7 – Adjournment. A majority of the shares represented at a meeting, even if less than a quorum, may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally stated in the notice of meeting. The shareholders present at a duly organized meeting may continue to transact business until adjournment notwithstanding the withdrawal of enough shareholders to leave less than a quorum. SECTION 1.8 – Chair of Meeting. The Chair, or in his/her absence, the Chief Executive Officer/CEO, or the President, shall preside at all meetings of the shareholders, unless the Board of Directors shall otherwise determine. The Board of Directors may appoint any shareholder to act as chair of the meeting. SECTION 1.9 – Secretary of Meeting. The Secretary shall act as a secretary at all meetings of the shareholders, and in his/her absence, the presiding officer may appoint any person to act as secretary. SECTION 1.10 – Conduct of Meetings. Shareholder meetings shall be conducted in an orderly and fair manner, but the presiding officer shall not be bound by any technical rules of parliamentary procedure. SECTION 1.11 – Voting. Each outstanding share shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. SECTION 1.12 – Proxies. At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or by his/her duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. SECTION 1.13 – Shareholder Advisor. A shareholder or holder of a valid proxy may be accompanied at any shareholders' meeting by one personal advisor, but no such advisor may address the meeting without the consent of the presiding officer. SECTION 1.14 – Recording of Proceedings. The proceedings of a shareholders' meeting may not be mechanically or electronically recorded other than by the Secretary or acting secretary without the express approval of all individuals in attendance at the meeting. SECTION 1.15 – Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders. Such date in any case shall not be more than sixty (60) days and, in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action requiring such determination of



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4 shareholders is to be taken. If no record date is fixed by the Board of Directors, the date on which notice of the meeting is mailed or the date on which the resolution of the Board declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof. SECTION 1.16 – List of Shareholders. The Secretary of the Corporation shall make a complete record of the shareholders entitled to vote at a meeting of shareholders, or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each as shown on the Corporation's stock transfer books on the record date. Such record shall be kept on file at the registered office of the Corporation for a period of ten (10) days prior to the meeting of shareholders. Such record shall be produced and kept open at the time and place of the shareholders' meeting and shall be subject to the inspection of any shareholder during the meeting for any proper purpose. SECTION 1.17 – Notice of Shareholder Business to be Conducted at a Meeting of Shareholders. In order for a shareholder to properly bring any nomination of a person for election to the Board of Directors or other item of business before a meeting of shareholders, such shareholder (the "Noticing Shareholder") must give timely notice thereof in proper written form to the Secretary of the Corporation, and, in the case of business other than nominations, such other business must otherwise be a proper matter for shareholder action. This Section 1.17 shall constitute an "advance notice provision" for purposes of Rule 14a-4(c)(1), promulgated under the 1934 Act. (A) To be timely, a Noticing Shareholder's notice (which, in the case of a shareholder making a Demand for a special meeting, shall be the Noticing Shareholder's Demand) shall be delivered to the Secretary at the principal executive offices of the Corporation: (i) as to an annual meeting, not earlier than the close of business on the 150th day and not later than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting, provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the shareholder to be timely must be so delivered not earlier than the close of business on the 150th day prior to the date of such annual meeting and not later than the close of business on the later of the 120th day prior to the date of such annual meeting or, if the first public announcement (as defined below) of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation; (ii) as to a special meeting called pursuant to a Demand, not later than the close of business on the date of delivery of the first shareholder demand in compliance with 23B.07.020 of the WCBA; or (iii) as to a special meeting called by the Corporation other than pursuant to a Demand, at which directors are to be elected pursuant to the Corporation's notice of meeting delivered pursuant to Section 1.5 of these bylaws, not later than the earlier of the tenth (10th) day following the mailing of definitive proxy materials with respect to the meeting or the day on which public announcement of the date of such meeting and of the nominees proposed by the Board of Directors to be elected at such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual or special meeting, or the public announcement thereof, commence a new time period for the giving of a shareholder's notice as described above.

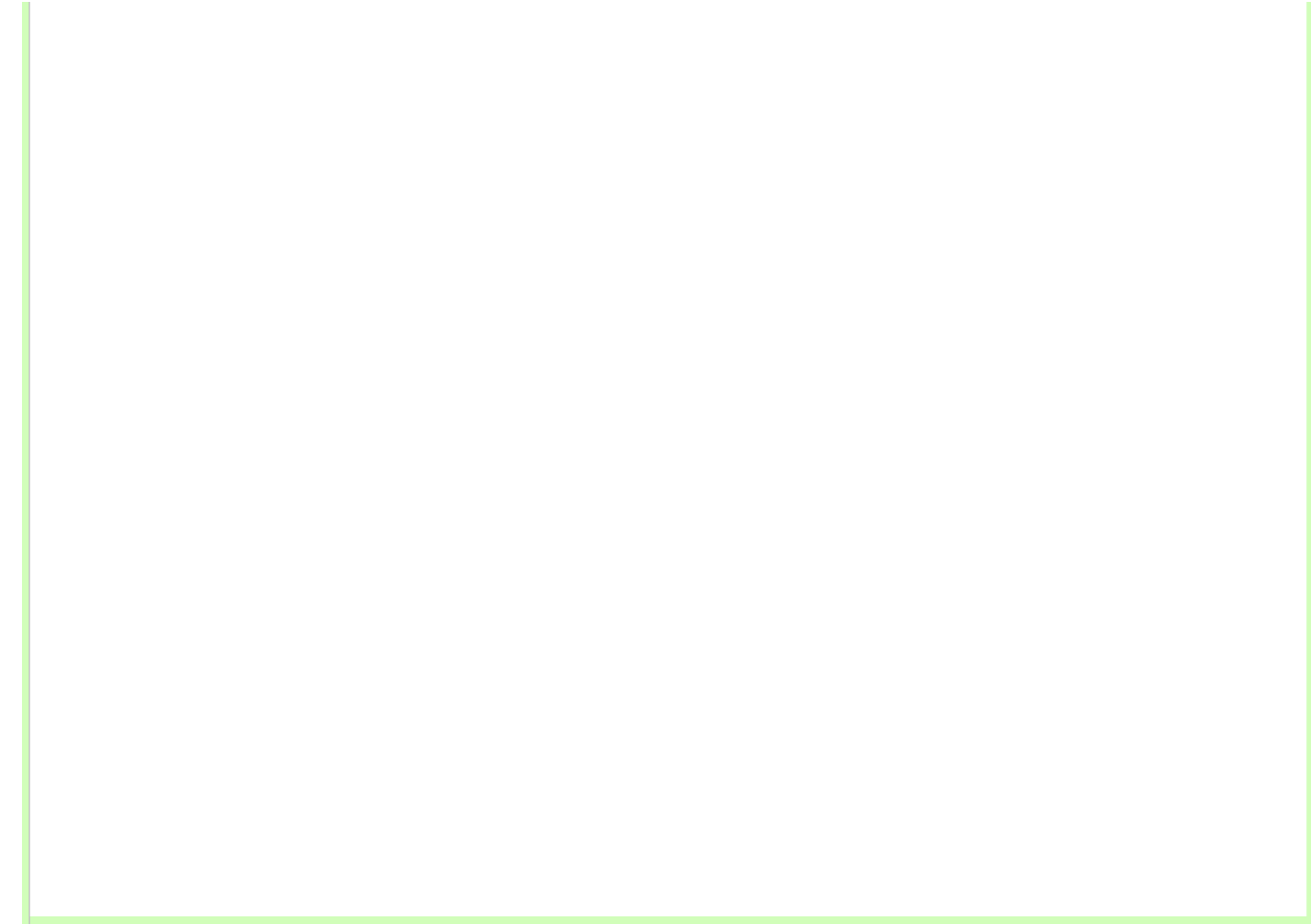


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5 (B) To be in proper form, a Noticing Shareholder's notice to the Secretary (which, in the case of a shareholder making a Demand for a special meeting, shall be the Noticing Shareholder's Demand) must: (i) set forth and include the following information and/or documents, as applicable: (a) the name and address of such Noticing Shareholder, as they appear on the Corporation's books, and the name and address of each Beneficial Owner (as defined below); (b) representations that, as of the date of delivery of such notice, such Noticing Shareholder is a holder of record of shares of the Corporation and is entitled to vote at such meeting and intends to appear in person or by proxy at such meeting to propose such nomination or business; (c) (1) the name of each individual, firm, corporation, limited liability company, partnership, trust or other entity (including any successor thereto, a "Person") with whom the Noticing Shareholder, Beneficial Owner, Shareholder Nominee (as defined below), and their respective Affiliates and Associates (as defined under Regulation 12B under the 1934 Act or any successor provision thereto) (each of the foregoing, a "Shareholder Group Member") and each other Person with whom such Shareholder Group Member is acting in concert with respect to the Corporation (each Person described in this clause (1), including each Shareholder Group Member, a "Covered Person") has any agreement, arrangement or understanding (whether written or oral) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy given to such Person in response to a public proxy solicitation made generally by such Person to all holders of shares of the Corporation entitled to vote at the meeting (collectively, "Voting Stock")) or disposing of any Voting Stock or to cooperate in obtaining, changing or influencing the control of the Corporation (except independent financial, legal and other advisors acting in the ordinary course of their respective businesses), and a description of each such agreement, arrangement or understanding (whether written or oral); (2) a list of the class and number of shares of Voting Stock that are Beneficially Owned or owned of record by each Covered Person, together with documentary evidence of such record or Beneficial Ownership; (3) a list of (A) all of the derivative securities (as defined under Rule 16a-1 under the 1934 Act) and other derivatives or similar agreements or arrangements with an exercise or conversion privilege or a periodic or settlement payment or payments or mechanism at a price or in an amount or amounts related to any security of the Corporation or with a value derived or calculated in whole or in part from the value of any security of the Corporation, in each case, directly or indirectly owned of record or Beneficially Owned by any Covered Person and (B) each other direct or indirect opportunity of any Covered Person to profit or share in any profit derived from any increase or decrease in the value of any security of the Corporation, in each case, regardless of whether (x) such interest conveys any voting rights in such security to such Covered Person, (y) such interest is required to be, or is capable of being, settled through delivery of such security or (z) such Person may have entered into other transactions that hedge the economic effect of such interest (any such interest described in this clause (3) being a "Derivative Interest"); (4) a description of each agreement, arrangement or understanding (whether written or oral) with the effect or intent of increasing or decreasing the voting power of, or that contemplates any Person voting together with, any Covered Person with respect to any Voting Stock, Shareholder Nominee or other proposal ("Voting Arrangements"); (5) details of all other material



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6 interests of each Covered Person in such nomination or proposal or capital stock of the Corporation (including any rights to dividends or performance related fees based on any increase or decrease in the value of such capital stock or Derivative Interests) (collectively, "Other Interests"); (6) a description of all economic terms of all such Derivative Interests, Voting Arrangements and Other Interests and copies of all agreements and other documents (including but not limited to master agreements, confirmations and all ancillary documents and the names and details of the counterparties to, and brokers involved in, all such transactions) relating to each such Derivative Interest, Voting Arrangement and Other Interests; (7) a list of all transactions by each Covered Person involving any Voting Stock or any Derivative Interests, Voting Arrangements or Other Interests within six months prior to the date of the notice and (8) a representation whether any Covered Person intends or is part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect any Shareholder Nominee and/or (b) otherwise to solicit or participate in the solicitation of proxies from shareholders of the Corporation in support of such nomination or proposal. A notice delivered by or on behalf of any Noticing Shareholder under this Section 1.17(B) shall be deemed to be not in compliance with this Section 1.17(B) and not effective if (x) such notice does not include all of the information and documents required under this Section 1.17(B) or (y) after delivery of such notice, any information or document required to be included in such notice changes or is amended, modified or supplemented, as applicable, prior to the date of the relevant meeting and such information and/or document is not delivered to the Corporation by way of a further written notice as promptly as practicable following the event causing such change in information or amendment, modification or supplement, as applicable, and in any case where such event occurs within forty-five (45) days of the date of the relevant meeting, within five (5) business days after such event; provided, however, that the Board of Directors shall have the authority to waive any such non-compliance if the Board of Directors determines that such action is appropriate in the exercise of its fiduciary duties; (ii) if the notice relates to any business other than a nomination of a director or directors that the shareholder proposes to bring before the meeting, such notice must also set forth: (a) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such Noticing Shareholder in such business; (b) the text of the proposal (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend these bylaws, the text of the proposed amendment); and (c) the reasons for conducting such business at the meeting; (iii) if the notice relates to the nomination of a director or directors, such notice must also set forth, as to each person whom the Noticing Shareholder proposes to nominate for election or reelection to the Board of Directors (a "Shareholder Nominee"): (a) all information relating to such Shareholder Nominee that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election



7 pursuant to Section 14 of the 1934 Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and (b) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among, any Covered Person, on the one hand, and each proposed Shareholder Nominee, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Securities and Exchange Commission (the "SEC") Regulation S-K if any Covered Person, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and (iv) with respect to each Shareholder Nominee, the notice must also include a completed and signed questionnaire, representation and agreement required by Section 1.17 of these bylaws. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee. (C) Notwithstanding anything in Section 1.17(A)(i) of this bylaw to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 100 days prior to the first anniversary of the preceding year's annual meeting, a Notice of Shareholder's notice required by this bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation and such notice otherwise complies with the requirements of this Section 1.17. (D) Only such persons who are nominated in accordance with the procedures set forth in this bylaw shall be eligible to be elected as directors at a meeting of shareholders and only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in this bylaw. Except as otherwise provided by law, the Articles of Incorporation or these bylaws, the Chair of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this bylaw and, if any proposed nomination of business is not in compliance with this bylaw, to declare that such defective proposal or nomination shall be disregarded. The Board of Directors may adopt by resolution such rules and regulations for the conduct of meetings of

shareholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the Chair shall have the right and authority to convene and adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of the Chair, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the Chair, may include the following: (i) the establishment of an agenda or order of business for the meeting; (i) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to shareholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the Board of Directors or the Chair shall determine; (D) (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to



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to the extent determined by the Board of Directors or the Chair, meetings of shareholders shall not be required to be held in accordance with the rules of parliamentary procedure. Notwithstanding the foregoing provisions of this Section 1.17, unless otherwise required by applicable law, if the Noticing Shareholder (or a qualified representative of the Noticing Shareholder) does not appear at the annual or special meeting of shareholders to present a nomination or proposed business previously put forward by or on behalf of such Noticing Shareholder or, immediately prior to the commencement of such meeting, such Noticing Shareholder does not provide a written certification to the Corporation on and as of the date of the applicable meeting that such Noticing Shareholder and each Covered Person, if any, is then in compliance with this Section 1.17, then such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 1.17, to be considered a qualified representative of the Noticing Shareholder, a person must be a duly authorized officer, manager or partner of such Noticing Shareholder or must be authorized by a writing executed by such Noticing Shareholder and each Covered Person, if any, or an electronic transmission delivered by such Noticing Shareholder and each Covered Person, if any, to act for such Noticing Shareholder and each Covered Person, if any, as proxy at the meeting of shareholders and to provide such certification on behalf of the Noticing Shareholder and each Person required pursuant to this Section 1.17 and such Person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of shareholders. Nothing in this bylaw shall be deemed to affect any rights of (a) shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the 1934 Act or (b) holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Articles of Incorporation. (E) For purposes of this bylaw, a Person shall be deemed the "Beneficial Owner" of, shall be deemed to "Beneficially Own" and shall be deemed to have "Beneficial Ownership" of, any Voting Stock (i) that such Person or any of such Person's Affiliates or Associates (as defined under Regulation 12B under the 1934 Act or any successor provision thereto) is deemed to "beneficially own" within the meaning of Section 13(d) of, and Regulation 13D under, the 1934 Act or any successor provision thereto, or (ii) that is the subject of, or the reference security for or that underlies any Derivative Interest of such Person or any of such Person's Affiliates or Associates (as defined under Regulation 12B under the 1934 Act or any successor provision thereto), with the number of shares of Voting Stock deemed Beneficially Owned being the notional or other number of Shares of Voting Stock specified in the documentation evidencing the Derivative Interest as being subject to be acquired upon the exercise or settlement of the Derivative Interest or as the basis upon which the value or settlement amount of such Derivative Interest is to be calculated in whole or in part or, if no such number of shares of Voting Stock is specified in such documentation, as determined by the Board of Directors in good faith to be the number of shares of Voting Stock to which the Derivative Interest relates. When two or more Persons act as a partnership, limited partnership, syndicate, or other group, or otherwise act in concert, in each case, for the purpose of acquiring, holding, or disposing of securities of the Corporation or for the purpose of proposing one or more Shareholder Nominees, putting forward any other proposal for consideration or voting together on any matter presented at a shareholder meeting, such syndicate or group shall be deemed a "Person" for the purpose of this definition. In addition, any Person who, directly or indirectly, creates or uses a trust, proxy, power of attorney, pooling arrangement or any contract, arrangement, or device with the purpose or effect of divesting such Person of Beneficial Ownership of any Voting Stock or preventing the vesting of such Beneficial Ownership as part of a plan or scheme to evade the reporting requirements of this Section 1.17 shall be deemed for the purposes of this bylaw to be the Beneficial Owner of such Voting Stock. (F) For purposes of this bylaw, "public announcement" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the



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9 Securities and Exchange Commission SEC pursuant to Section 13, 14 or 15(d) of the 1934 Act and the rules and regulations promulgated thereunder. (G) Notwithstanding the foregoing provisions of this bylaw, a Noticing Shareholder shall also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder with respect to the matters set forth in this bylaw, provided, however, that any references in these bylaws to the 1934 Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to Section 1.18 or Section 1.4 of these bylaws. SECTION 1.18 – Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee for election or reelection as a director of the Corporation pursuant to a nomination of a Noticing Shareholder, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Section 1.17 of these bylaws) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person: (A) is not and will not become a party to: (i) any agreement, arrangement or understanding (whether written or oral) with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed in writing to the Corporation, or (ii) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding (whether written or oral) with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed in writing to the Corporation, and (C) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation. ARTICLE 2 Directors SECTION 2.1 – Management of Corporation. All corporate powers shall be exercised by, or under authority of, and the business and affairs of the Corporation shall be managed under the direction of the Board of Directors (hereinafter sometimes referred to as the "Board"). SECTION 2.2 – Number of Directors; Vacancies. The initial number of directors is stated in the Articles of Incorporation. The number to be elected by the shareholders shall consist of not less than five (5) nor more than seventeen (17) persons. The exact number within such minimum and



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10 maximum limits shall be fixed and determined by resolution of the Board of Directors. A vacancy on the board of directorsBoard may occur by the resignation, removal, termination of term or death of an existing director, or by reason of increasing the number of directors on the Board as provided in these Bylawsbylaws. Except as may be limited by the Articles of Incorporation, any vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining directors whether or not less than a quorum. A director elected to fill a vacancy shall be elected for a term of office continuing until the director or his or herher successor is duly elected and qualified at the next election of directors by shareholders or until his or herher earlier resignation, removal from office, termination of term or death. If the vacant office was held by a director elected by holders of one or more authorized classes or series of shares, only the holders of those classes or series of shares are entitled to vote to fill the vacancy. SECTION 2.3 – Qualifications of Directors; Tenure. Any person who will not attain the age of seventy-five (75) before the meeting of shareholders at which elected (or had not attained that age by the date of the last annual meeting of shareholders, if appointed) may become a director of this Corporation. Directors shall serve until their successors are duly elected and qualified or until their earlier resignation, removal from office, termination of their term or death. SECTION 2.4 – Annual Meetings. Immediately after the annual meeting of shareholders, the Directorsdirectors shall meet to elect officers and transact any other business. SECTION 2.5 – Place of Meetings. Meetings of the Board of Directors, regular or special, may be held within or without the State of Washington. SECTION 2.6 – Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and at such place as the Board may by vote from time to time designate. SECTION 2.7 – Special Meetings. Special meetings of the Board of Directors may be called by the Chair, the Chief Executive OfficerCEO, the President, or by any two (2) directors. SECTION 2.8 – Notices. Notices of special meetings of the Board of Directors stating the date, time, place and in general terms the purpose or purposes thereof shall be delivered to each director, by mailing written notice at least two (2) days before the meeting or by telephoning, telegraphing or personally advising each director at least one (1) day before the meeting. A special meeting shall be held not more than twenty (20) days after the delivery of said notice. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the director at the address provided to the Secretary. An entry of the service of notice, given in the manner above provided, shall be made in the minutes of the proceedings of the Board of Directors, and such entry, if read and approved at the subsequent meeting of the Board, shall be conclusive on the question of service. Attendance of a director at a special meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. A director also may waive any notice required for any meeting by executing a written waiver of notice either before or after said meeting, and such waiver shall be equivalent to the giving of such notice. SECTION 2.9 – Quorum. A majority of the directors shall constitute a quorum for the transaction of business. Unless otherwise provided in the Articles of Incorporation or these Bylawsbylaws, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. A majority of those present at the time and place of any regular or special meeting, although less than a quorum, may adjourn from time to time, without further notice, until a quorum shall attend. When a quorum shall attend, any business may be transacted which might have been transacted at the meeting had the same been held on the date stated in the notice of meeting.



1.1 SECTION 2.10 – Attendance by Conference Telecommunication. Members of the Board of Directors may participate in a meeting of such Board by means of a conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other at the same time, and participation by such means shall constitute presence in person at a meeting. SECTION 2.11 – Consent to Action. Any action which may be taken at a meeting of the Board of Directors, or at a meeting of any committee of the Board, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors or all the members of the committee. Such consent shall have the same force and effect as a unanimous vote at a duly convened meeting. SECTION 2.12 – Compensation. The directors shall receive such reasonable compensation for their services as directors and as members of any committee appointed by the Board as may be prescribed by the Board of Directors, and may be reimbursed by the Corporation for ordinary and reasonable expenses incurred in the performance of their duties. SECTION 2.13 – Manifestation of Dissent. A director of the Corporation who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action. SECTION 2.14 – Lead Independent Director. From and after the Effective Time (as defined in Article 9) until the Expiration Date (as defined in Article 9), at any time at which the Chair of the Board is not an independent director, the Board, by the vote of the majority of the full Board, shall designate a lead independent director from among the independent directors who are Continuing Columbia Directors (as defined in Article 9), provided that if there are no independent Continuing Columbia Directors who are willing to serve in such position, the lead independent director may be designated from among any of the independent directors. For purposes of this Section 2.14, "independent director" shall mean a director who is determined by the Board to be "independent" under the rules of the Nasdaq Stock Market, LLC ("Nasdaq") or other national securities exchange on which the Corporation's common stock is, at the time of such determination, listed. ARTICLE 3 Committees of the Board of Directors SECTION 3.1 – Executive Committee. By resolution adopted by a majority of the entire Board of Directors, the Board may designate from among its members an Executive Committee of not less than five (5) nor more than nine (9) members, including the Chair, the Chief Executive Officer/CEO, and the President. The Chair, or in his absence the Chief Executive Officer/CEO, shall act as chair of the Executive Committee. Any member of the Board may serve as an alternate member of the Executive Committee in the absence of a regular member or members. The Executive Committee shall have and may exercise all of the authority of the Board of Directors during the intervals between meetings of the Board, except that the committee shall not have the authority to: (1) authorize or approve a distribution or issuance of shares, except according to a general formula or method prescribed by the Board of Directors, (2) approve or propose to shareholders actions or proposals requiring shareholder approval, (3) fill vacancies on the Board of Directors or any committee thereof, (4) amend the Articles of Incorporation pursuant to RCW Section 23B.10.020 of the WBCA, (5) adopt, amend or repeal Bylaws, (6) approve a plan of merger not requiring shareholder approval, or (7) authorize or approve the



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12 issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences, and limitations of a class or series of shares, except within certain limits specifically prescribed by the Board of Directors.

SECTION 3.2 – Audit Committee. By resolution adopted by a majority of the entire Board of Directors, the Board may appoint from among its members an Audit Committee of three (3) or more, none of whom shall be active officers of the Corporation, and may designate one (1) of such members as chair of the Committee. The Board may also designate one or more directors as alternates to serve as a member or members of the Committee in the absence of a regular member or members. The Committee shall establish and maintain continuing communications between the Board and the Corporation's independent auditors, internal auditors, and members of financial management with respect to the audit of the Corporation's accounts and financial affairs and the audit of the Corporation's controlled subsidiaries. The Committee shall have such other powers and perform such other duties as may from time to time be prescribed by the Board of Directors or applicable law or regulations.

SECTION 3.3 – Other Committees. By resolution adopted by a majority of the entire Board of Directors, the Board may designate from among its members such other committees as it may deem necessary, each of which shall consist of not less than two (2) directors and have such powers and duties as may from time to time be prescribed by the Board.

SECTION 3.4 – Rules of Procedure. The majority of the members of any committee may fix its rules of procedure. All actions by any committee shall be reported in written minutes available at any reasonable time to any Board member. Such actions shall be subject to revision, alteration, and approval by the Board of Directors; provided, that no rights or acts of third parties who have relied in good faith on the authority granted herein shall be affected by such revision or alteration.

ARTICLE 4 Officers and Employees

SECTION 4.1 – Officers. The Board of Directors shall elect a Chair, a Chief Executive Officer (CEO), and a President. It shall also elect a Secretary and such additional officers as in the opinion of the Board the business of the Corporation requires. The Board may also elect or appoint, or in its discretion delegate to the Chief Executive Officer (CEO) the authority to appoint, from time to time such other or additional officers as are desirable for the conduct of the business of the Corporation.

SECTION 4.2 – Election. The Chair, the Chief Executive Officer (CEO) and the President shall be directors. These persons shall be elected annually by the Board of Directors, and they shall hold office at the pleasure of the Board of Directors.

SECTION 4.3 – Removal and Vacancy. Any officer, agent, or employee of the Corporation may be removed by the Board of Directors at any time with or without cause. Such removal, however, shall be without prejudice to the contract rights, if any, of the persons so removed. Election or appointment of an officer or agent or employee shall not of itself create contract rights. If any corporate office becomes vacant by reason of death, resignation, removal or otherwise, the Board of Directors or the executive officer possessing delegated authority to appoint such an officer, shall have power to fill such vacancies. In case of the absence or disability of any officer, the Board of Directors or the Chief Executive Officer (CEO) may delegate the powers or duties of any such officer to another officer for the time being.

SECTION 4.4 – Compensation. The compensation of the Chief Executive Officer (CEO) shall be fixed by the Board of Directors or a duly appointed committee thereof. Unless fixed by the Board of

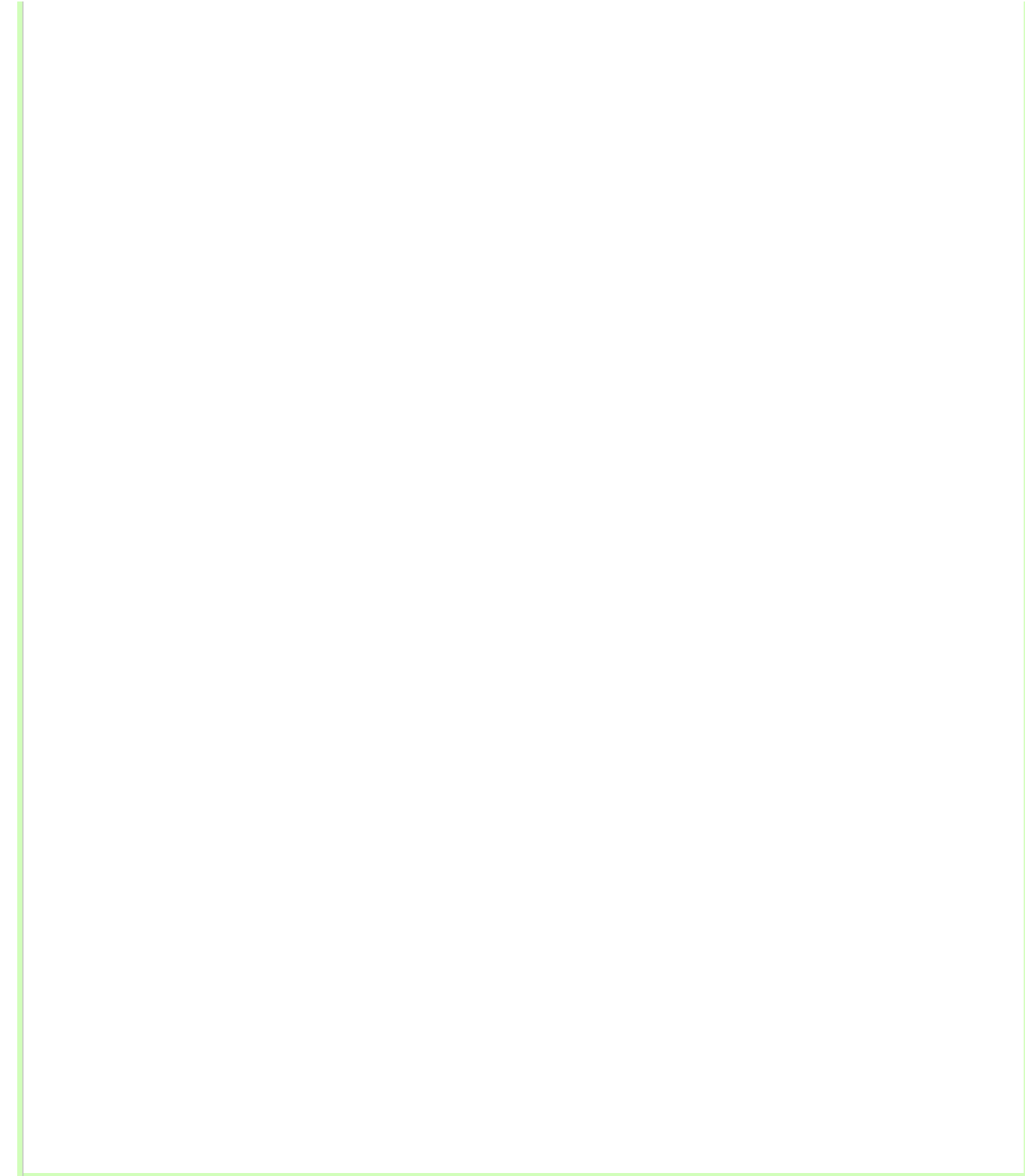


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13 Directors, the compensation for all other officers, employees or agents of the Corporation shall be established by or at the direction of the Chief Executive Officer. SECTION 4.5 – Exercise of Rights as Shareholders. Unless otherwise ordered by the Board of Directors, the Chief Executive Officer or the Chief Executive Officer's designee acting by written designation, shall have full power and authority on behalf of the Corporation to attend and to vote at any meeting of shareholders of any corporation in which this Corporation may hold stock, other than in a fiduciary capacity, and may exercise on behalf of this Corporation any and all of the rights and powers incident to the ownership of such stock at any such meeting, and shall have power and authority to execute and deliver proxies and consents on behalf of this Corporation in connection with the exercise by this Corporation of the rights and powers incident to the ownership of such stock. The Board of Directors, from time to time, may confer like powers upon any other person or persons. SECTION 4.6 – Duties of Chair of the Board. The Chair shall preside at all meetings of the shareholders and at meetings of the Board of Directors and the Executive Committee, and shall exercise such powers and perform such duties as pertain to such office or as may be conferred upon, or assigned to, the Chair by the Board of Directors or as set forth in any agreement with the Corporation. The Chair may be an "Executive Chair" who is not independent and serves as an employee of the Corporation or one of its affiliates. SECTION 4.7 – Duties of Vice Chair. Reserved. SECTION 4.8 – Duties of Chief Executive Officer. The Chief Executive Officer shall have general management of the business of the Corporation. The Chief Executive Officer shall see that all orders and resolutions of the Board of Directors and the Executive Committee are carried into effect and shall have general supervision over the property, business, and affairs of the Corporation and its several officers. The Chief Executive Officer shall be the person to whom the President, and all other officers designated by the Chief Executive Officer, shall report. The Chief Executive Officer may delegate such duties as such officer sees fit to delegate to the President, or other officers of the Corporation, other than the Chair. The Chief Executive Officer may appoint agents or employees other than those appointed by the Board of Directors, and shall perform such other duties as may be prescribed from time to time by the Board of Directors or by the Bylaws. SECTION 4.9 – Duties of President. The President shall, subject to the authority granted to the Chief Executive Officer, be the chief operating officer of the Corporation and shall have general supervision over the day-to-day business of the Corporation. The President shall have such other authority and shall exercise such other duties as shall, from time to time, be delegated to such officer by the Chief Executive Officer or by the Board. Unless otherwise determined by the Board of Directors, the President shall perform all of the duties of the Chief Executive Officer in case of absence or disability of the Chief Executive Officer. SECTION 4.10 – Duties of Vice President. The Vice Presidents shall have such powers and perform such duties as may be assigned to them by the Board of Directors or the Chief Executive Officer. A Vice President designated by the Board of Directors shall perform all of the duties of the President in case of absence or disability of the President. SECTION 4.11 – Duties of Secretary. The Secretary shall, subject to the direction of the Chief Executive Officer, keep the minutes of all meetings of the shareholders and of the Board of Directors and, to the extent ordered by the Board of Directors or the Chief Executive Officer, the minutes of all meetings of all committees. The Secretary shall cause notice to be given of the meetings of the shareholders, of the Board of Directors, and of any committee appointed by the Board. The Secretary shall have custody of the



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14 corporate seal and general charge of the records, documents, and papers of the Corporation not pertaining to the performance of the duties vested in other officers, which shall at all reasonable times be open to the examination of any director. Without limiting the generality of the foregoing, the Secretary shall have charge (directly or through such transfer agents or registrars as the Board of Directors may appoint) of the issuance, transfer, and registration of certificates for shares of the Corporation and of the records pertaining thereto. Said records shall be kept in such manner as to show at any time the number of shares of the Corporation issued and outstanding, the manner in which and the time when such shares were paid for, the names and addresses of the holders of record thereof, the numbers and classes of shares held by each, and the time when each became such holder of record. The Secretary shall perform such other duties as may be assigned by the Board of Directors or the Chief Executive Officer. SECTION 4.12 – Duties of Treasurer. Except as otherwise set forth herein, the Treasurer shall, subject to the direction of the Chief Executive Officer, have general custody of all the property, funds and securities of the Corporation and have general supervision of the collection and disbursement of funds of the Corporation. The Treasurer shall provide for the keeping of proper records of all transactions of the Corporation, and shall perform such other duties as may be assigned to him by the Board of Directors or the Chief Executive Officer. SECTION 4.13 – Other Officers. Such other officers as shall be appointed by

the Board of Directors, or the Chief Executive Officer (CEO), acting pursuant to delegated authority of the Board, shall exercise such powers and perform such duties as pertain to their several offices, or as may be conferred upon, or assigned to, them by the Board of Directors or the Chief Executive Officer (CEO) or such officer's designee. SECTION 4.14 – Clerks and Agents. The Chief Executive Officer (CEO), or any other officer of the Corporation authorized by the Chief Executive Officer (CEO), may, subject to the supervision of the Board of Directors, appoint such custodians, bookkeepers and other clerks, agents, and employees as they shall deem advisable for the prompt and orderly transaction of the business of the Corporation and shall define their duties, fix the salaries to be paid to them and have the authority to dismiss them. ARTICLE 5 Shares and Certificates for Shares SECTION 5.1 – Consideration. Certificates for shares of the Corporation shall be issued only when fully paid for. SECTION 5.2 – Stock Certificates. Shares may but need not be represented by certificates. Certificates, if utilized, shall be signed by the Chief Executive Officer (CEO) and the Secretary, or any other two officers as may be designated by the Board of Directors, and may be sealed with the seal of the Corporation or a facsimile thereof. The signatures of such officers may be facsimiles. If an officer who has signed or whose facsimile signature has been placed upon such certificate ceases to be an officer before the certificate is issued, it may be issued by the Corporation with the same effect as if the person were an officer on the date of issue. Each newly-issued certificate of stock at a minimum shall state: (A) the name of the Corporation and that it is organized under the laws of the State of Washington; (B) the name of the person to whom issued; and (C) the number and class of shares and the designation of the series, if any, which such certificate represents.



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15 SECTION 5.3 – Lost Certificates. No new certificates shall be issued until the former certificate for the shares represented thereby shall have been surrendered and cancelled, except in the case of lost or destroyed certificates, and in that case only after the receipt of a bond or other security by the Corporation, satisfactory to the Board of Directors, indemnifying the Corporation and all persons against loss in consequence of the issuance of such new certificate.

SECTION 5.4 – Transfer of Shares. Shares of the Corporation may be transferred by endorsement by the signature of the owner, his/her agent, attorney or legal representative, and the delivery of the certificate, but no transfer shall be valid except between the parties thereto, until the same shall have been entered upon the books of the Corporation, so as to show the names of the parties, by and to whom transferred, the numbers and designation of the shares and the date of transfer.

SECTION 5.5 – Holder of Record. The person registered on the books of the Corporation as the owner of the issued shares shall be recognized by the Corporation as the person exclusively entitled to have and to exercise the rights and privileges incident to the ownership of such shares. Notwithstanding the preceding sentence, the Board of Directors may adopt by resolution a procedure whereby a shareholder may certify in writing to the Corporation that all or a portion of the shares registered in the name of such shareholder are held for the account of a specified person or persons. Upon receipt by the Corporation of a certification complying with such an adopted procedure, the person specified in the certification shall be deemed, for the purpose or purposes set forth in the certification, to be the holders of record of the number of shares specified in place of the shareholder making the certification.

SECTION 5.6 – Issuance of Shares. Any shares authorized but not issued by this Corporation shall be issued, sold, or otherwise transferred by this Corporation only upon authorization of the Board of Directors.

SECTION 5.7 – Subscriptions. A subscription for shares of this Corporation shall be in writing and upon such terms as may be approved by the Board of Directors.

SECTION 5.8 – Payment of Subscriptions. A subscription for shares shall be paid in accordance with the terms set forth in the subscription or related subscription agreement, if any. If the subscription or subscription agreement does not require payment on or before a stated date or at a fixed period after a stated date, then payment shall be made in such manner and at such times as may be determined by the Board of Directors and expressed by it in a written call for payment; provided that the call shall be uniform as to all shares of the same class or series and that the call shall be mailed to each subscriber at his/her subscriber's last post office address known to the Corporation at least thirty (30) days in advance of the date upon which payment or the first installment, if installment payments are called for, is due.

SECTION 5.9 – Default in Payment of Subscriptions. If a payment required by a subscription, a subscription agreement, or a call of the Board of Directors is not paid when due, then the Corporation may make written demand for payment upon the defaulting subscriber by personal service or by mailing a copy of the demand to the subscriber at his/her last post office address known to the Corporation. If the payment is not made within twenty (20) days of the serving or mailing of the demand for payment, the Corporation may terminate the subscription, forfeit the subscriber's rights thereunder, retain as liquidated damages any sums previously paid on the subscription, and hold and dispose of the shares as though never subject to the subscription. In lieu of forfeiture, the Corporation may proceed to collect the amount due in the same manner as any debt due the Corporation.



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16 ARTICLE 6 Seal SECTION 6.1 – Corporate Seal. In the exercise of its discretion the Board of Directors may adopt and maintain a suitable seal for the Corporation. ARTICLE 7 Miscellaneous Provisions SECTION 7.1 – Fiscal Year. The fiscal year of the Corporation shall be the calendar year. SECTION 7.2 – Records. The Articles of Incorporation, the Bylaws these bylaws, and the proceedings of all meetings of the shareholders, the Board of Directors and standing committees of the Board shall be recorded in appropriate minute books provided for that purpose. The minutes of each meeting shall be signed by the Secretary or other officerperson appointed to act as Secretary. ARTICLE 8 Bylaws SECTION 8.1 – Inspection. A copy of the Bylawsthe bylaws, with all amendments thereto, shall at all times be kept in a convenient place at the principal office of the Corporation, and shall be open for inspection of all shareholders during normal business hours. SECTION 8.2 – Amendments. The Bylawsthe bylaws may be amended, altered or repealed, at any regular meeting of the Board of Directors, by a vote of the majority of the whole Board of Directors, provided that a written statement of the proposed action shall have been personally delivered or mailed to all directors at least two (2) days prior to any such meeting. ARTICLE 9 Certain Corporate Governance Matters SECTION 9.1 – Executive Chair, President and CEO.Chief Executive Officer. Effective as of February 28, 2023 (the "Effective Time" (for all purposes of these Bylaws, as defined in the Agreement and Plan of Merger, dated as of October 11, 2021, by and among the Corporation, Cascade Merger Sub, Inc. and Umpqua Holdings Corporation ("Umpqua"), as the same may be amended from time to time (the "Merger Agreement")), (A) Mr. Cort L. O'Haver shall serve as the Executive Chair of the Board and of the board of directors of the Corporation's wholly-owned subsidiary, Umpqua Bank, an Oregon state-chartered bank (the "Bank") (the "Bank Board") and (B) Mr. Clint E. Stein shall serve as the President and Chief Executive OfficerCEO of the Corporation and Chief Executive OfficerCEO of the Bank and as a member of the Board and of the Bank Board. The Corporation may enter into or amend appropriate agreements or arrangements with the individuals referenced herein in connection with the subject matter of this Article 9, Section 9.1. Prior to the thirty-six (36) month anniversary of the Effective Time (the "Expiration Date"), the following actions shall require the affirmative vote of at least (i.e., a percentage equal to or greater than) 75% of the full Board: (i) (a) the removal of Mr. O'Haver from, or the failure to appoint, re-elect or re-nominate Mr. O'Haver to, as applicable, his positions as the Executive Chair of the Board and of the Bank Board, (b) any termination of Mr. O'Haver's employment for any reason by the Corporation, the Bank or any of their respective subsidiaries, or (c) any modification to the terms and conditions of Mr. O'Haver's employment that would be a basis for him to assert a claim for termination for "good reason"; and (ii) (a) the removal of Mr. Stein from, or the failure to appoint, re-elect or re-nominate Mr. Stein to, as applicable, his positions as the President and Chief Executive OfficerCEO of the Corporation and Chief Executive



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17. Officer/CEO of the Bank and as a member of the Board and of the Bank Board, (b) any termination of Mr. Stein's employment for any reason by the Corporation, the Bank or any of their respective subsidiaries, or (c) any modification to the terms and conditions of Mr. Stein's employment agreement that would be a basis for him to assert a claim for termination for "good reason." SECTION 9.2 - Board Composition. Effective as of the Effective Time, the Board and the Bank Board shall each be comprised of seven (7) Continuing Umpqua Directors (as defined below), including Mr. O'Haver, and seven (7) Continuing Columbia Directors (as defined below), including Mr. Stein. From and after the Effective Time until the Expiration Date: (A) the number of directors that comprises the full Board and the full Bank Board shall each be fourteen (14) and (B) no vacancy on the Board or the Bank Board created by the cessation of service of a director shall be filled by the applicable board and the applicable board shall not nominate any individual to fill such vacancy, unless (x) such individual would be an independent director of the Corporation or the Bank, as applicable (unless such predecessor director was not an independent director, in which case such individual may, but shall not be required to be, an independent director), (y) in the case of a vacancy created by the cessation of service of a Continuing Umpqua Director, not less than a majority of the Continuing Umpqua Directors have approved the appointment or nomination (as applicable) of the individual appointed or nominated (as applicable) to fill such vacancy, and (z) in the case of a vacancy created by the cessation of service of a Continuing Columbia Director, not less than a majority of the Continuing Columbia Directors have approved the appointment or nomination (as applicable) of the individual appointed or nominated (as applicable) to fill such vacancy; provided that any such appointment or nomination pursuant to clause (y) or (z) shall be made in accordance with applicable law and the rules of Nasdaq (or other national securities exchange on which the Corporation's common stock is then listed). For purposes of these Bylaws, the terms "Continuing Umpqua Directors" and "Continuing Columbia Directors" shall mean, respectively, the initial directors of Umpqua and the Corporation who were designated to be directors of the Corporation and of the Bank by Umpqua or the Corporation, as applicable, as of the Effective Time, pursuant to Section 6.12(a) of the Merger Agreement, and any directors of the Corporation or the Bank (as applicable) who were subsequently appointed or nominated and elected to fill a vacancy created by the cessation of service of any such director (or any successor thereto) pursuant to this Article 9, Section 2. SECTION 9.3 - Headquarters. Name. Effective as of and from the Effective Time, (A) the headquarters of the Corporation will be located in Tacoma, Washington, and the headquarters of the Bank will be located in the Portland, Oregon metropolitan area (including Clackamas and Washington Counties), and (B) the name of the Corporation will be "Columbia Banking System, Inc." and the name of the Bank will be "Umpqua Bank." SECTION 9.4 -3 - Amendments. Interpretation. Effective as of the Effective Time until the Expiration Date and notwithstanding anything to the contrary in these Bylaws including Section 8.2, the provisions of this Article 9 may be modified, amended or repealed, and any Bylaw/provision or other resolution (including any proposed corresponding modification, amendment or repeal of any provision of the Corporation's other constituent documents) inconsistent with this Article 9 may be adopted, only by (and any such modification, amendment, repeal or inconsistent Bylaw/provision or other resolution may be proposed or recommended by the Board for adoption by the shareholders of the Corporation only by) the affirmative vote of at least (i.e., a percentage equal to or greater than) 75% of the full Board. In the event of any inconsistency between any provision of this Article 9 and any other provision of these Bylaws or the Corporation's other constituent documents, the provisions of this Article 9 shall control to the fullest extent permitted by law. I HEREBY CERTIFY that Adopted by the foregoing are the Amended and Restated Bylaws/Board of Directors of Columbia Banking System, Inc. effective as of this 28th day of February, 2023, on November 4, 2024, Corporate Secretary /s/ Kumi Yamamoto Baruffi

COLUMBIA BANKING SYSTEM, INC.
EXECUTIVE CHANGE IN CONTROL AND SEVERANCE PLAN

1. Establishment and Term of the Plan.

(a) **Establishment of the Plan.** The purpose of this Columbia Banking System, Inc. Executive Change in Control and Severance Plan is to provide certain termination benefits to eligible executives of the Company and of the Bank. The Plan is an employee welfare benefit plan within the meaning of ERISA Section 3(1), and the Company intends that the Plan be administered in accordance with the applicable requirements of ERISA.

(b) **Plan Term.** The Plan shall continue in effect until March 1, 2028, subject to Section 6(k) herein (the "**Plan Term**").

2. Definitions. Wherever used in the Plan, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized:

(a) "**Accounting Firm**" has the meaning set forth in Section 3(g).

(b) "**Annual Incentive**" means the Executive's target annual cash incentive bonus amount.

(c) "**Bank**" means Umpqua Bank.

(d) "**Base Salary**" means the Executive's annual rate of base salary as in effect on the Executive's Date of Termination.

(e) "**Board**" means the board of directors of the Company and, after a Change in Control, the board of directors of the surviving corporation.

(f) "**Cause**" means any of the following: (i) embezzlement, dishonesty or fraudulent acts involving the Company, the Bank, or the Company's or the Bank's or their respective affiliates' business operations; (ii) willful material breach of Section 4 of this Plan or Section 3 of the Executive's Participation Agreement or a written policy of the Company or the Bank; (iii) conviction (where entered upon a verdict or a plea, including a plea of no contest) on any felony charge or on a misdemeanor directly reflecting upon the Executive's honesty; or (iv) an act or omission that materially injures the Company's or the Bank's reputation, business affairs or financial condition, if that injury could have been reasonably avoided by the Executive.

(g) "**Change in Control**" means the occurrence of one or more of the following events: (i) any "person" (as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person) assets from the Company that have a total gross fair market value equal to or more than two-thirds (2/3) of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions; (ii) any "person" (as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) acquires ownership of stock of the Company that, together with stock held by such person, constitutes more than two-thirds (2/3) of the total fair market value or total voting power of the stock of the Company; provided, however, that the event described in this subsection (ii) will not be deemed to be a Change in Control by virtue of the ownership, or acquisition, of stock of the Company: (A) by the Company or its subsidiaries, (B) by any employee benefit plan (or related trust) sponsored or

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maintained by the Company or its subsidiaries, (C) by any underwriter temporarily holding securities pursuant to an offering of such securities, or (D) pursuant to a Non-Qualifying Transaction as defined in subsection (iv) of this definition; (iii) the date a majority of members of the Board is replaced during any 12-month period by persons whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; provided, however, that the appointment or election of any individual initially elected or nominated as a Director as a result of an actual or publicly threatened election contest with respect to Directors or as a result of any other actual or publicly threatened solicitation of proxies by or on behalf of any person other than the Board will be deemed to be not endorsed by the Board; or (iv) the consummation of a merger, consolidation, reorganization or similar corporate transaction of the Company, unless, following such transaction, (A) the shareholders of the Company immediately prior to such transaction own directly or indirectly immediately following such transaction more than fifty percent (50%) of the combined voting power of the outstanding voting securities of the entity resulting from such transaction (or the ultimate parent entity that has beneficial ownership of at least 95% of the voting power of such resulting entity) (the "**Surviving Entity**") in substantially the same proportion as their voting power immediately prior to the transaction; (B) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Entity) is or becomes the beneficial owner, directly or indirectly, of 50% or more of the total voting power of the outstanding voting securities of the

Surviving Entity and (C) at least a majority of the Surviving Entity's directors were the Company's Directors at the time the Board approved such transaction (any transaction that satisfies all of the criteria specified in (A), (B) and (C) of this subsection (iv) is a "Non-Qualifying Transaction").

(h) "Code" means the Internal Revenue Code of 1986, as amended.

(i) "Committee" means the Compensation Committee of the Board (or any successor committee).

(j) "Company" means Columbia Banking System, Inc.

(k) "Date of Termination" means (i) the effective date on which the Executive's employment by the Company terminates as specified in a prior written notice by the Company or the Executive to the other delivered pursuant to Section 6(a), or (ii) if the Executive's employment by the Company terminates by reason of death, the date of death of the Executive.

(l) "Delayed Payment Date" has the meaning set forth in Section 5.

(m) "Director" means a person elected or appointed as a member of the Board.

(n) "Disability" means termination of the Executive's employment by the Company due to the Executive's absence from his or her duties with the Company on a full-time basis for 90 consecutive days, or a total of at least 180 days in any 12-month period, as a result of Executive's incapacity due to physical or mental illness that is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(o) "Effective Date" means October 23, 2024.

(p) "ERISA" has the meaning set forth in Section 7.

(q) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

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(r) "Executive" means an eligible employee of the Company (i) designated by the Board or the Committee by written resolution from time to time as an employee eligible to participate in the Plan, and (ii) who has entered into a Participation Agreement, each occurring before the time of Separation from Service.

(s) "Good Reason" means the occurrence of one or more of the following circumstances, without the Executive's prior written consent: (i) a material diminution in the Executive's total compensation from that in place when Executive enters into a Participation Agreement (and as increased thereafter); (ii) a material diminution in the Executive's authority, duties, or responsibilities; (iii) a material change in the geographic location at which the Executive must perform services (within the meaning of Treasury Regulations Section 1.409A-1(n)(2)(ii)(A)(5)), provided that in no event shall a change in geographic location of less than forty-five (45) miles be considered a material change in geographic location for purposes of this Agreement. In the event of any of the forgoing circumstances, the Executive shall provide notice to the Company of the existence of the conditions described above within a period not to exceed ninety (90) days of the initial existence of said condition, upon the notice of which the Company must be provided a period of at least thirty (30) days during which it may remedy the condition. If the condition is not remedied within those thirty (30) days, and the Executive voluntarily terminates (other than due to Disability) employment within sixty (60) days after such 30-day period, then such termination shall be deemed to have been for "Good Reason."

(t) "MAR" has the meaning set forth in Section 6(g).

(u) "Plan" means this Columbia Banking System, Inc. Executive Change in Control and Severance Plan, including any appendices that are attached hereto and made a part hereof, together with each Executive's Participation Agreement.

(v) "Plan Term" has the meaning set forth in Section 1(b).

(w) "Qualifying Termination" has the meaning set forth in Section 3.

(x) "Release" has the meaning set forth in Section 3.

(y) "Restricted Period" has the meaning set forth in Section 4(a).

(z) "Section 409A" means Section 409A of the Code and the final Treasury Regulations issued thereunder.

(aa) "Separation from Service" with respect to the Company or the Bank, has the meaning within Code Section 409A. Subject to the preceding sentence, the Committee shall determine whether the Executive has incurred a Separation from Service for purposes of the Plan, which determination shall be final, binding, and conclusive. For purposes of the Plan, an Executive's employment with the Company or the Bank shall be deemed to be terminated when the Executive has a Separation from Service, and all references in the Plan to Date of Termination, employment termination or termination of employment shall be deemed to refer to such a Separation from Service from the Company or the Bank.

(bb) "Severance Benefits" has the meaning set forth in Section 3(c).

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3. Severance Benefits.

(a) Eligibility for Severance Benefits. An Executive who experiences a Qualifying Termination shall be entitled to receive the Severance Benefits as set forth below. Upon the Executive's Separation from Service for any reason, the Executive will be deemed to have resigned as of the date of the Executive's separation from service from all offices, directorships, and fiduciary positions with the Company and the Bank, and their respective affiliates and employee benefit plans, and from management committees of the Company and the Bank.

(b) Qualifying Termination. An Executive shall be deemed to experience a "Qualifying Termination" upon each of the following events:

- (i) a termination of employment without Cause by the Company or the Bank; or
- (ii) a termination of employment for Good Reason by the Executive.

(c) Severance Benefits. Subject to the conditions and limitations of the Plan and Executive's Participation Agreement, if an Executive experiences a Qualifying Termination, the Company or the Bank shall pay or provide to the Executive the following (the "Severance Benefits"):

- (i) accrued but unpaid Base Salary (based upon the annual rate in effect on the date of Separation from Service) through the date of Separation from Service, payable in accordance with the Company's normal payroll practice, business expenses incurred but not paid prior to the date of Separation from Service in accordance with the Bank's expense reimbursement policy, and Executive's Annual Incentive earned for the fiscal year immediately preceding the fiscal year in which the date of Separation from Service occurs if such incentive has been determined but not paid as of the date of Separation from Service (the "Accrued Benefits");
- (ii) to the extent not paid or provided, any other amounts or benefits required to be paid or provided or that the Executive is eligible to receive under any employee benefit plan, program, policy, practice, contract or agreement of the Company and its affiliates through the date of Separation from Service (the "Other Benefits"); and
- (iii) the payments and benefits set forth in the Executive's Participation Agreement.

If the Executive receives Severance Benefits, the Executive shall not receive severance under any Company or Bank severance plan applicable to all employees.

(d) Termination for Cause or by the Executive Other Than for Good Reason. If the Executive's employment is terminated either (i) by the Company or the Bank for Cause or (ii) by the Executive other than for Good Reason (and other than Executive's death or Disability), the Company or the Bank shall pay to the Executive the Executive's Accrued Benefits and Other Benefits through the date of Separation from Service, payable in accordance with the Company's normal payroll practice and the terms and conditions of the Other Benefits.

(e) Notice of Termination. Any termination of the Executive's employment by the Company or the Bank for Cause or by the Executive for Good Reason shall be communicated by a written notice to the other party pursuant to Section 6(a) that (i) indicates the specific termination provision in the Plan relied upon, and (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated. Any termination of the

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Executive's employment by the Executive other than for Good Reason shall be communicated in writing sixty (60) days prior to the Executive's resignation date; provided that, the Company may waive such notice period in its sole discretion, in which case, the Executive's employment shall be terminated as of the date specified by the Company or the Bank.

(f) **Release.** The Severance Benefits (excluding the Accrued Benefits and Other Benefits) shall be conditioned on the Executive delivering to the Company and the Bank, and not revoking, a signed release of claims in a form provided by the Company within fifty-five days following the Date of Termination. Notwithstanding any provision of this Agreement to the contrary, in no event shall the timing of the Executive's execution of the release, directly or indirectly, result in the Executive designating the calendar year of payment, and, to the extent required by Section 409A, if a payment that is subject to execution of the release could be made in more than one taxable year, payment shall be made in the later taxable year, as promptly as practicable following the later of (1) the execution of the release and (2) the first business day of such later taxable year.

(g) **Section 280G of the Code.** In the event that any payments or benefits (whether under this Plan or otherwise) payable to an Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Code, and (ii) but for this Section 3(g), would be subject to the excise tax imposed by Section 4999 of the Code, then such payments and benefits will be either (x) delivered in full, or (y) delivered as to such lesser extent that would result in no portion of such payments and benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income and employment taxes and the excise tax imposed by Section 4999 of the Code (and any equivalent state or local excise taxes), results in the receipt by the Executive, on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such payments and benefits may be taxable under Section 4999 of the Code. Any reduction in payments and/or benefits required by this provision will occur in the following order: (A) reduction of cash payments; (B) reduction of vesting acceleration of equity awards; and (C) reduction of other benefits paid or provided to the Executive. In the event that acceleration of vesting of equity awards is to be reduced, such acceleration of vesting will be cancelled in the reverse order of the date of grant for equity awards. If two or more equity awards are granted on the same date, each award will be reduced on a pro-rata basis. All determinations required to be made under this Section 3(g), including the reduction payments hereunder and the assumptions to be utilized in arriving at such determinations, will be made by a public accounting firm or other advisor that is retained by the Company in its reasonable discretion (the "Accounting Firm") and whose determination will be conclusive and binding upon the Executive and the Company for all purposes. For purposes of making the calculations required by this Section 3(g), the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Executive agree to furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably request in order to make a determination under this provision. The Company or the Bank will bear all costs the Accounting Firm may reasonably incur in connection with any calculations contemplated by this provision. Any determinations by the Accounting Firm with respect to whether any payments or benefits are subject to reduction under this Section 3(g) will be binding upon the Company, the Bank and the Executive.

4. **Protective and Restrictive Covenants.**

(a) **Restrictions.** By executing the Participation Agreement and accepting Severance Benefits, the Executive agrees that, during the Executive's employment with the Company, the Bank or any of their respective affiliates and for the period of time set forth in the Participation Agreement from

the date of Separation from Service (the "Restricted Period"), the Executive will be subject to and comply with the provisions of Section 3 of the Participation Agreement.

(b) **Confidentiality.**

(i) The Executive shall not use or disclose any Confidential Information (as defined in subsection (iii) below) either during or following the Plan Term, except as required by the Executive's duties as an employee or as otherwise allowed under subsection (ii) below. Notwithstanding anything to the contrary in this Plan or otherwise, nothing shall limit the Executive's rights under applicable law to provide truthful information to any governmental entity or to file a charge with or participate in an investigation conducted by any governmental entity. Executive is hereby notified that the immunity provisions in Section 1833 of title 18 of the United States Code provide that an individual cannot be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (1) in confidence to federal, state or local government officials, either directly or indirectly, or to an attorney, and is solely for the purpose of reporting or investigating a suspected violation of the law, (2) under seal in a complaint or other document filed in a lawsuit or other proceeding, or (3) to the Executive's attorney in connection with a lawsuit for retaliation for reporting a suspected violation of law (and the trade secret may be used in the court proceedings for such lawsuit) as long as any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order.

(ii) The Executive's nondisclosure obligations under subsection (i) above do not apply to any use or disclosure that is: (1) made with the prior written consent of the Board; (2) required by a court order or a subpoena from a government agency (provided, however, that the Executive must first provide the Company with reasonable notice of the court order or subpoena in order to allow the Company the opportunity to contest the requested disclosure); or (3) of Confidential Information that has been previously disclosed to the public by the Company or is in the public domain (other than by reason of Executive's breach of this Plan or Company policy).

(iii) "Confidential Information" includes any of the Company's or the Bank's (or their respective affiliates') trade secrets, customer or prospect lists, information regarding product development, marketing plans, sales plans, strategic plans, projected acquisitions or dispositions, management agreements, management organization information (including data and other information relating to members of the Board, the Board and management), operating policies or manuals, business plans, purchasing agreements, financial records, or other similar financial, commercial, business or technical information of any information that the Company or the Bank or any of their respective affiliates has received from service providers, other vendors or customers that these third parties have designated as confidential or proprietary.

(c) **Interpretation.** If a court or any other administrative body with jurisdiction over a dispute related to this Agreement should determine that the restrictive covenants set forth in this [Section 4](#) or an Executive's Participation Agreement are unreasonably broad, the parties hereby authorize and direct said court or administrative body to narrow the same so as to make it reasonable, given all relevant circumstances, and to enforce the same.

(d) **Injunctive Relief.** The Executive recognizes and agrees that any breach of the covenants set forth in this [Section 4](#) by the Executive will cause immediate and irreparable injury to the Company,

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and the Executive hereby authorizes recourse by the Company or the Bank to injunction or specific performance, as well as to other legal or equitable remedies to which either may be entitled.

(e) **Survival.** The covenants in this [Section 4](#) and [Section 3](#) of an Executive's Participation Agreement shall survive termination of this Plan.

5. **Section 409A.** This Agreement is intended to comply with the requirements of Section 409A. To the extent that any provision in this Plan is ambiguous as to its compliance with Section 409A, such provision shall be read in such a manner so that all payments due under this Agreement shall comply with Section 409A. In no event may Executive, directly or indirectly, designate the calendar year of payment. Each payment under this Plan shall be treated as a separate payment for purposes of Section 409A. In no event shall the date of termination of the Executive's employment be deemed to occur until the Executive experiences a Separation from Service, and notwithstanding anything contained herein to the contrary, the date on which such Separation from Service takes place shall be the Date of Termination. All reimbursements provided under this Agreement shall be provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (A) the amount of expenses eligible for reimbursement during one calendar year shall not affect the amount of expenses eligible for reimbursement in any other calendar year; (B) the reimbursement of an eligible expense shall be made no later than the last day of the calendar year following the calendar year in which the expense is incurred; and (C) the right to any reimbursement shall not be subject to liquidation or exchange for another benefit. Notwithstanding the foregoing, the Company makes no representation or covenant to ensure that the payments and benefits under this Agreement are exempt from, or compliant with, Section 409A. Any payments that qualify for the "short-term deferral" exception, the separation pay exception or another exception under Section 409A shall be paid under the applicable exception.

If Executive is considered a "specified employee" for purposes of Section 409A (as determined in accordance with the methodology established by the Company as in effect on the date of Separation from Service), any payment that constitutes nonqualified deferred compensation within the meaning of Section 409A that is otherwise due to Executive under this Plan during the six (6)-month period following your separation from service (as determined in accordance with Section 409A) on account of Executive's Separation from Service will be accumulated and paid to Executive on the first business day of the seventh month following your separation from service (or such regular Company payroll date that is within two weeks of such business day, the "[Delayed Payment Date](#)"). If Executive dies during the postponement period, the amounts and entitlements delayed on account of Section 409A will be paid to the personal representative of Executive's estate on the first to occur of the Delayed Payment Date or thirty (30) calendar days after the date of Executive's death.

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6. Miscellaneous.

(a) Notices. For purposes of this Plan, all notices and other communications required or permitted hereunder must be in writing and will be deemed to have been duly given when delivered or five days after deposit in the United States mail, certified and return receipt requested, postage prepaid and addressed as follows:

If to the Executive: the address listed as the Executive's address in the Company's personnel files.

If to the Company:

Columbia Banking System, Inc.
1301 'A' Street, Ste. 800
Tacoma, WA 98402-4200
Attn: Chief Human Resources Officer

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(b) Withholding. The Company or the Bank may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(c) No Guarantee of Continued Employment. Nothing in this Plan will be deemed to entitle the Executive to continued employment with the Company or the Bank or their respective affiliates.

(d) Successors; Binding Agreement. This Plan will survive any Change in Control, and the provisions of this Plan will be binding upon the surviving corporation of such Change in Control, which will be treated as the Company hereunder. Benefits under the Plan may not be assigned by the Executive; the benefits provided under this Plan shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive dies while any amounts would be payable to the Executive hereunder had the Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to such person or persons appointed in writing by the Executive to receive such amounts or, if no person is so appointed, to the Executive's estate.

(e) Clawback. Any amounts payable under the Plan are subject to any policy (whether in existence as of the Effective Date or later adopted) established by the Company or the Bank providing for clawback or recovery of amounts that were paid to the Participant. The Company will make any determination for clawback or recovery in its sole discretion and in accordance with any applicable law or regulation.

(f) Full Settlement. In no event will the Executive be obligated to seek other employment or take other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Plan and such amounts shall not be reduced whether or not the Executive obtains other employment.

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(g) Disputes.

(i) Venue for any action arising out of or concerning this Plan shall lie in Pierce County, Washington.

(ii) In the event of a dispute under this Plan, except where such matters are deemed governed by ERISA and are subject to Section 7 below, the dispute shall be arbitrated pursuant to the Superior Court Mandatory Arbitration Rules ("MAR") adopted by the Washington State Supreme Court, irrespective of the amount in controversy. This Plan shall be deemed as stipulation to that effect pursuant to MAR 1.2 and 8.1. The arbitrator, in his or her discretion, may award attorney's fees to the prevailing party or parties. Notwithstanding this stipulation to arbitration, as stated at Section 4(d) above, the Company may seek specific performance or injunctive relief through court proceedings where appropriate and/or necessary to preserve the status quo or prevent harm pending arbitration.

(h) Governing Law. Except to the extent this plan is subject to ERISA, the interpretation, construction and performance of this Plan shall be governed by and construed and enforced in accordance with the internal laws of the State of Washington, without regard to the principle of conflicts of laws, and applicable federal laws.

(i) Validity. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which other provisions shall remain in full force and effect.

(j) Survival. The respective obligations and benefits afforded to the Company and the Bank, and the Executive, as provided in Section 3 (to the extent that payments or benefits are owed as a result of a termination of employment that occurs during the term of this Plan), the provisions of Section 4 and this Section 6 shall survive the termination of this Plan. Any provision of this Plan that by its terms continues after expiration of the Plan Term or Executive's Separation from Service shall survive in accordance with its terms.

(k) Amendment and Termination. The Committee may not amend (in a manner materially adverse to Executives) or terminate the Plan prior to the expiration of the Plan Term without the consent of the Executives. Notwithstanding the foregoing, if prior to the expiration of the Plan Term there is a public announcement of, or agreement to enter into, a transaction that will result in a Change in Control, no Executive's participation hereunder may be terminated and the Plan may not be terminated (and the Plan Term shall extend to the two-year period following consummation of such transaction and resulting Change in Control) or amended in any manner that is materially adverse to the interests of any Executive without the prior written consent of such Executive.

7. Additional Plan Provisions.

(a) Interpretation and Administration. The Plan shall be administered by the Committee. The Committee may appoint, as it deems necessary or advisable, an individual or committee to act as its representative in matters affecting the Plan. The Committee will have the authority (a) to exercise all of the powers granted to it under the Plan, (b) to construe, interpret and implement the Plan, (c) to prescribe, amend and rescind rules and regulations relating to the Plan, (d) to make all determinations necessary or advisable in administration of the Plan, (e) to correct any defect, supply any omission and reconcile any inconsistency in the Plan, and (f) to delegate its responsibilities and authority hereunder to a subcommittee of the Committee. In administering the Plan and providing Severance Benefits on or after

a Change in Control, the Committee shall make initial determinations of entitlement to benefits and the amounts thereof in good faith and in accordance with the terms of the Plan. Following a Change in Control, the Committee shall administer the Plan in a manner consistent with the administration of the Plan prior to such Change in Control.

(b) Type of Plan. This Plan is intended to be, and shall be interpreted as an unfunded employee welfare plan under Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 2520.104-24 of the Department of Labor Regulations, maintained primarily for the purpose of providing employee welfare benefits, to the extent that it provides welfare benefits, and under Sections 201, 301 and 401 of ERISA, as a plan that is unfunded and maintained primarily for the purpose of providing deferred compensation, to the extent that it provides such compensation, in each case for a select group of management or highly compensated employees (i.e., a "top hat" plan).

(c) Claims and Appeals. An Executive may submit claims for benefits by giving notice to the Company pursuant to Section 6(a). If an Executive believes that he or she has not received coverage or benefits to which he or she is entitled under the Plan, the Executive may notify the Committee in writing of a claim for coverage or benefits. If the claim for coverage or benefits is denied in whole or in part, the Committee shall notify the applicant in writing of such denial within 30 days (which may be extended to sixty days under special circumstances), with such notice setting forth: (a) the specific reasons for the denial; (b) the Plan provisions upon which the denial is based; (c) any additional material or information necessary for the applicant to perfect his or her claim; and (d) the procedures for requesting a review of the denial. Upon a denial of a claim by the Committee, the Executive may: (x) request a review of the denial by the Committee or, where review authority has been so delegated, by such other person or entity as may be designated by the Committee for this purpose; (y) review any Plan documents relevant to his or her claim; and (z) submit issues and comments to the Committee or its delegate that are relevant to the review. Any request for review must be made in writing and received by the Committee or its delegate within 60 days of the date the Executive received notice of the initial denial, unless special circumstances require an extension of time for processing. The Committee or its delegate will make a written ruling on the Executive's request for review setting forth the reasons for the decision and the Plan provisions upon which the denial, if appropriate, is based. This written ruling shall be made within 30 days of the date the Committee or its delegate receives the Executive's request for review unless special circumstances require an extension of time for processing, in which case a decision will be rendered as soon as possible, but not later than 60 days after receipt of the request for review. All extensions of time permitted by this Section 7 will be permitted at the sole discretion of the Committee or its delegate. If the Committee does not provide the Executive with written notice of the denial of his or her appeal, the Executive's claim shall be deemed denied.

Appendix A

Additional Information for Summary Plan Description. This Appendix A, together with the Plan document and Participation Agreement, constitutes the summary plan description of the Plan. References in this Appendix A to “you” or “your” are references to the Executive. Any term capitalized but not defined in this Appendix A will have the meaning set forth in the Plan.

General Plan Information

Plan Sponsor	Columbia Banking System, Inc./Umpqua Bank 1301 A Street, Tacoma, WA 98402-4200
Plan Name	Columbia Banking System, Inc. Executive Change in Control and Severance Plan
Type of Plan	Welfare benefit plan
Source of Funds	The Company will pay all benefits due and owing under the Plan directly out of its general assets. To the extent that an Executive acquires a right to receive benefits under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company.
Plan Number	
Company EIN	91-1422237
Plan Administrator	Compensation Committee of the Board of Directors of Columbia Banking System, Inc. 1301 A Street, Tacoma, WA 98402-4200 Attn: Chief Human Resources Officer (253) 305-1900
Agent for Service of Legal Process	Plan Administrator
Plan Year	Calendar Year (January 1 – December 31)
Successors	The Company shall require any successor (whether direct or indirect, by purchase, merger, reorganization, consolidation, acquisition of property or stock, liquidation, or otherwise) of all or a significant portion of the stock or assets of the Company by agreement, to expressly assume and agree to maintain the Plan in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. Regardless of whether such agreement is executed, the Plan will be binding upon any successor in accordance with the operation of law and such successor shall be deemed the “Company” for purposes of the Plan.
Controlling Law	Washington, to the extent not preempted by Federal law

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Exhibit 10.2

PARTICIPATION AGREEMENT

Dear [Executive],

Re: Executive Participation Agreement
Columbia Banking System, Inc. Executive Change in Control and Severance Plan

Columbia Banking System, Inc. has established the Columbia Banking System, Inc. Executive Change in Control and Severance Plan. The Plan provides payments and benefits to certain eligible executives in the event of a Qualifying Termination. You are eligible to participate in the Plan.

By the signatures below of you and the representative of the Company and the Bank, the Company and the Bank, and you acknowledge that the Company, through the Compensation Committee of the Board of Directors, has designated you as eligible to participate in the Plan, and you hereby acknowledge and accept such participation, subject to the terms and conditions of the Plan, and you agree to the terms of this Participation Agreement (this “Agreement”) and the Plan, which is attached hereto and made a part hereof.

Name of Executive: []

Date of Eligibility and Participation: [], (the "Agreement Date")

Unless otherwise defined herein, any capitalized terms used in this Agreement shall have the meanings set forth in the Plan.

In consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. **Annual Incentive.** Upon consummation of a Change in Control after the Agreement Date, regardless of whether the Executive has incurred a Separation from Service in that Plan Year, the Company or the Bank will pay the Executive any Annual Incentive that the Executive had earned in the Plan Year prior to the Plan Year in which the Change in Control occurred, but which was unpaid as of the consummation of the Change in Control.

2. **Executive Change in Control and Severance Benefits.** Subject to the conditions and limitations of the Plan and this Agreement, if the Executive experiences a Qualifying Termination after the Agreement Date, in addition to any Accrued Benefits and Other Benefits which shall be settled within 30 days after the date of the Separation from Service, the Company or the Bank shall pay or provide to the Executive, subject to the Executive's execution of the Release in accordance with the Plan, either the payments and benefits set forth in Section 2(a) or in Section 2(b) below (constituting the Severance Benefits under the Plan):

(a) **Qualifying Termination unrelated to a Change in Control.** Subject to Section 2(b) below, upon a Qualifying Termination after the Agreement Date the Company or the Bank shall pay to Executive cash severance in an amount equal to one times the Executive's Base Salary in equal installments over twelve months in accordance with the Bank's normal payroll practices, but no less frequently than monthly. Payment under this Section 2(a) will commence no later than the second regular payroll date after ten business days following execution (and non-revocation) of the Release; provided that the first installment payment shall include all amounts of Base Salary that would otherwise have been paid to Executive during the period beginning on the date of Separation from Service and ending on the first payment date if no delay had been imposed.

(b) **Qualifying Termination prior to or following a Change in Control.** Notwithstanding Section 2(a) above, upon a Qualifying Termination after the Agreement Date and during the six-month period prior to, or the twenty-four-month period following, a Change in Control:

(i) the Company or the Bank shall pay to the Executive cash severance in an amount equal to two times the sum of the Executive's Base Salary and Annual Incentive in equal installments over twenty-four months in accordance with the Bank's normal payroll practices, but no less frequently than monthly. Payment under this Section 2(b)(i) will commence no later than the second regular payroll date after ten business days following execution (and non-revocation) of the Release; provided that the first installment payment shall include all amounts that would otherwise have been paid to Executive during the period beginning on the date of Separation from Service and ending on the first payment date if no delay had been imposed;

(ii) the Company or the Bank shall pay to the Executive in a lump sum in cash a pro rata portion of the Executive's Annual Incentive (with pro ration determined based on the number of whole or partial months in the fiscal year in which the Executive is employed with the Company). Payment under this Section 2(b)(ii) will be made no later than March 15 of the year following the fiscal year to which the Annual Incentive relates;

(iii) the Company or the Bank shall pay or promptly reimburse the Executive for the full amount of COBRA premiums incurred by the Executive for coverage under the Bank's group health plans for the Executive and his or her eligible dependents during the period commencing on the date of Separation from Service and ending on the 18-month anniversary thereof, provided such reimbursement shall immediately cease in the event the Executive becomes eligible to participate in the health insurance plan of a subsequent employer; and

(iv) notwithstanding anything to the contrary in any equity-based compensation plan or award agreement, each of Executive's equity awards that are outstanding at the time of the Executive's Separation from Service, whether subject to time-based or performance-based vesting, shall vest; provided, that, for an award subject to performance-based vesting, the amount of the award that vests following an Executive's Separation from Service shall be determined based on actual performance achieved by the Executive or Company during the relevant performance period, as the case may be, and such performance-based awards shall be settled upon the vesting dates set forth in the relevant plan or award agreement.

(c) Executive shall be entitled, upon a Qualifying Termination and in accordance with the terms of the Plan, to receive the Severance Benefits under either Section 2(a) or 2(b), and Executive shall not be entitled to any severance payments under any Company or Bank wide severance plan, policy or program.

3. **Protective and Restrictive Covenants.** In consideration for the Executive's eligibility for Severance Benefits under the Plan, the Executive agrees to the following provisions. Executive understands that the nature of Executive's position gives Executive access to and knowledge of Confidential Information and places Executive in a position of trust and confidence with the Company. Executive understands and acknowledges that the services Executive provides to the Company are unique, special, or extraordinary. Executive further understands and acknowledges that the Company's ability to reserve these for the exclusive knowledge and use of the Company is of great competitive importance and commercial value to the Company, and that improper use or disclosure by Executive is likely to result in unfair or unlawful competitive activity.

(a) **Noncompetition.** During the Executive's employment and for a period of [] after Separation from Service, Executive agrees not, directly or indirectly, become interested in, as a "founder," organizer, principal shareholder, director, or officer, any financial institution, now existing or organized hereafter, that competes or may compete with the Company or the Bank or any of their respective affiliates (for purposes of this Section 3, collectively, the "Company"), including any successor, within any county in which the Company or the Bank does business; provided that the Executive shall not be deemed a "principal shareholder" unless (i) the Executive's investment in such an institution exceeds 2% of the institution's outstanding voting securities or (ii) the Executive is active in the organization, management or affairs of such institution. The provisions restricting competition by the Executive may be waived by action of the Board.

(b) **Non-interference.** During the Executive's employment and for a period of two years after Separation from Service, Executive shall not (a) solicit or attempt to solicit any other employee of the Company or its affiliates to leave the employ of the Company or its affiliates, or in any way interfere with the relationship between the Company or its affiliates and any other employee of the Company or its affiliates, (b) solicit or attempt to solicit any customer of the Company or its affiliates to cease doing business with the Company or its affiliates or to otherwise divert such customer's business from the Company or its affiliates, or (c) solicit or attempt to solicit any supplier, licensee, or other business relations of the Company or its affiliates to cease doing business with the Company or its affiliates.

(c) **Violation.** In addition to other remedies, if the Executive violates the covenants set forth in this Section 3, the Company shall be entitled to recover, and the Executive shall be obligated to repay, all Severance Benefits paid or provide to the Executive under the Plan and this Agreement. Executive agrees that the Company would not have entered into this Agreement but for the agreements and covenants contained in this Section 3 and Section 4 of the Plan (the "Restrictive Covenants"), and the Restrictive Covenants are essential to protect the goodwill and the business of the Company. Executive acknowledges and agrees that the Restrictive Covenants are reasonable and relate to special, unique, and extraordinary matters and that a violation of any of the terms of the Restrictive Covenants will cause irreparable injury to the Company, for which adequate remedies are not available at law. Therefore, Executive agrees that the Company shall be entitled to an injunction, restraining order, or such other equitable relief as a court of competent jurisdiction may deem necessary or appropriate to restrain Executive from committing any violation of the Restrictive Covenants. These injunctive remedies are cumulative and are in addition to any other rights and remedies the Company may have at law or in equity. If the Company institutes an action to enforce the provisions hereof, Executive hereby waives the claim or defense that an adequate remedy at law is available, and Executive agrees not to urge in any such action the claim or defense that an adequate remedy at law exists.

4. **Acknowledgement.** Executive acknowledges and agrees that Executive has fully read, understands, and voluntarily enters into this Agreement. Executive acknowledges and agrees that Executive has had an opportunity to consult with a personal tax, financial planning advisor, or attorney about the tax, financial, and legal consequences of participation in the Plan before signing this Agreement.

5. **Counterparts.** This Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company has executed this Agreement by its duly authorized officer as of the date set forth below. Please sign below and return this Agreement to the Company's Chief Human Resources Officer by [DATE].

EXECUTIVE:

COMPANY:
UMPQUA BANK:

By:
Andrew Ognall
Executive Vice President/CHRO

EXHIBIT 31.1

CERTIFICATION OF

CHIEF EXECUTIVE OFFICER UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Clint E. Stein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Columbia Banking System, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **August 6, 2024** **November 5, 2024**

/s/ Clint E. Stein

Clint E. Stein

President and Chief Executive Officer

Columbia Banking System, Inc.

EXHIBIT 31.2

CERTIFICATION OF

PRINCIPAL FINANCIAL OFFICER UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ronald L. Farnsworth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Columbia Banking System, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2024 November 5, 2024

/s/ Ronald L. Farnsworth

Ronald L. Farnsworth

Executive Vice President, Chief Financial Officer and Principal Financial Officer
Columbia Banking System, Inc.

EXHIBIT 31.3

CERTIFICATION OF

PRINCIPAL ACCOUNTING OFFICER UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lisa M. White, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Columbia Banking System, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent function):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2024 November 5, 2024

/s/ Lisa M. White

Lisa M. White

Executive Vice President, Corporate Controller and Principal Accounting Officer
Columbia Banking System, Inc.

Exhibit 32

CERTIFICATION OF

CHIEF EXECUTIVE OFFICER, PRINCIPAL FINANCIAL OFFICER AND PRINCIPAL ACCOUNTING OFFICER UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is given by the undersigned Chief Executive Officer, Principal Financial Officer and Principal Accounting Officer of Columbia Banking System, Inc. (the "registrant") pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Each of the undersigned hereby certifies, with respect to the registrant's quarterly report on Form 10-Q for the period ended June 30, 2024 September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

/s/ Clint E. Stein

Clint E. Stein

President and Chief Executive Officer
Columbia Banking System, Inc.

/s/ Ronald L. Farnsworth

Ronald L. Farnsworth

Executive Vice President, Chief Financial Officer and Principal Financial Officer
Columbia Banking System, Inc.

/s/ Lisa M. White

Lisa M. White

Executive Vice President, Corporate Controller and Principal Accounting Officer
Columbia Banking System, Inc.

August 6, November 5, 2024

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