

COLUMBIA BANKING SYSTEM INC

Form S-4

August 26, 2014

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As filed with the Securities and Exchange Commission on August 25, 2014

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

COLUMBIA BANKING SYSTEM, INC.

(Exact name of registrant as specified in its charter)

WASHINGTON	6712	91-1422237
(State or other jurisdiction of	(Primary standard industrial	(I.R.S. employer
incorporation or organization)	classification code number)	identification no.)
1301 A Street, Tacoma, Washington	98402-4200 (253) 305-1900	

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

MELANIE J. DRESSEL

President and Chief Executive Officer

1301 A Street

Tacoma, Washington 98402-4200

(253) 305-1900

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of communications to:

Mark J. Menting	Curt Hecker	Stephen M. Klein
Patrick S. Brown	President and Chief Executive Officer	Laura A. Baumann
Sullivan & Cromwell LLP	Intermountain Community Bancorp	Graham & Dunn, PC
1888 Century Park East,	414 Church Street	2801 Alaskan Way, Suite 300
Suite 2100	Sandpoint, Idaho 83864	Seattle, WA 98112
Los Angeles, CA 90067	Telephone: (208) 263-0505	Telephone: (206) 340-9648
Telephone: (310) 712-6600		

Approximate date of commencement of proposed sale of securities to the public:

As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
 Non-accelerated filer Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to be Registered ⁽¹⁾	Proposed Maximum Offering Price Per Share ⁽²⁾	Proposed Maximum Aggregate Offering Price ⁽²⁾	Amount of Registration Fee ⁽²⁾
Common shares, no par value	4,342,949	N/A	\$163,438,146.20	\$21,050.83

⁽¹⁾ Represents the maximum number of shares of common stock, no par value per share, of Columbia Banking System, Inc., which we refer to as Columbia, estimated to be issuable upon completion of the merger of Intermountain Community Bancorp, which we refer to as Intermountain, with and into Columbia with Columbia as the surviving entity, in exchange for shares of common stock of Intermountain that are currently outstanding and underlying outstanding warrants if they are not exercised.

⁽²⁾ Calculated in accordance with Rules 457(c) and 457(f) under the Securities Act of 1933, the proposed maximum offering price is computed by subtracting \$15,754,978 (the cash to be paid by Columbia) from the product of (A) the average of the bid and ask prices of Intermountain common stock as reported on NASDAQ Capital Market on August 22, 2014 (\$26.08) times (B) 6,870,902 (the maximum number of shares of Intermountain common stock expected to be exchanged for the common stock being registered, including shares underlying outstanding warrants).

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS

REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell nor shall there be any sale of these securities in any jurisdiction in which such offer or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION DATED AUGUST 25, 2014

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Columbia Banking System, Inc. which we refer to as Columbia, and Intermountain Community Bancorp, which we refer to as Intermountain, have entered into a definitive merger agreement that provides for the combination of the two companies. Under the merger agreement, Intermountain will merge with and into Columbia, with Columbia remaining as the surviving entity, which transaction we refer to as the merger. Immediately following the effective time of the merger, Panhandle State Bank, a wholly owned subsidiary of Intermountain, will merge with and into Columbia State Bank, a wholly owned subsidiary of Columbia, with Columbia State Bank remaining as the surviving entity, which transaction we refer to as the bank merger. Before we complete the merger, the shareholders of Intermountain must approve the merger agreement pursuant to Idaho law. Intermountain shareholders will vote to approve the merger agreement at a special meeting of shareholders to be held on [], 2014.

Under the terms of the merger agreement, Intermountain shareholders will have the right, with respect to each of their shares of Intermountain common stock, to elect to receive either cash, stock, or a unit consisting of 0.6426 of a share of Columbia common stock and \$2.2930 in cash. The aggregate merger consideration is expected to be equal to 4,233,707 shares of Columbia common stock and \$15,107,206, in each case assuming the Intermountain warrants (as defined below in the section entitled *The Merger Terms of the Merger*) are not exercised. Intermountain shareholders electing to receive the unit will receive 0.6426 of a share of Columbia common stock and \$2.2930 in cash. Because the total amount of cash and stock to be issued by Columbia is effectively fixed, an Intermountain shareholder electing to receive all cash or all stock may receive a combination of cash and stock that differs from such holder's election if too many Intermountain shareholders in the aggregate elect one form of consideration over the other. We expect the merger to be a tax-free transaction for Intermountain shareholders, to the extent they receive Columbia common stock for their shares of Intermountain common stock. After completion of the merger, based on the current issued and outstanding shares of Columbia common stock and the 4,233,707 shares of Columbia common stock expected to be issued to Intermountain shareholders, Intermountain shareholders would own approximately 7.4% of Columbia's common stock (ignoring any shares of Columbia common stock they may already own).

The value of the consideration to be received for each share of Intermountain common stock that is exchanged in the merger, regardless of whether an Intermountain shareholder elects to receive cash, stock, or a unit consisting of a mix of cash and stock, is expected to be substantially equivalent as measured using the daily volume weighted average closing price of Columbia common stock for the 20-day trading period starting on the 25th trading day before the effective time. Based on the Columbia volume weighted average stock price ending on [], each share of Intermountain common stock electing cash would receive (subject to proration) \$[] per share in cash, and each Intermountain common stock electing stock would receive (subject to proration) [] of a share of Columbia common stock. As

described above, Intermountain common shareholders electing to receive the unit would receive 0.6426 of a share of Columbia common stock and \$2.2930 in cash.

The value of the consideration to be received by Intermountain shareholders in the merger will vary with the trading price of Columbia common stock between now and the completion of the merger. The table below shows the approximate hypothetical value of the merger consideration per share if it had been calculated based on the closing price for Columbia common stock on the Nasdaq Global Select Market on each of July 23, 2014, the trading day immediately prior to the announcement of the merger, and [], 2014, the last practicable trading day prior to the date of this document.

Date	Columbia closing price	Per share consideration
July 23, 2014	\$ 24.79	\$ 18.22
[]	[]	[]

The market prices of both Columbia common stock and Intermountain common stock will fluctuate before the closing of the merger. You should obtain current stock price quotations for Columbia common stock and Intermountain common stock. Columbia common stock is traded on the Nasdaq Global Select Market under the symbol COLB, and Intermountain common stock is traded on the Nasdaq Capital Market under the symbol IMCB.

The Intermountain board of directors has determined that the combination of Intermountain and Columbia is in the best interests of Intermountain shareholders based upon its analysis, investigation and deliberation, and the Intermountain board of directors recommends that the Intermountain shareholders vote FOR the approval of the merger agreement and FOR the approval of the other proposals described in this proxy statement/prospectus.

You should read this entire proxy statement/prospectus, including the appendices and the documents incorporated by reference into the document, carefully because it contains important information about the merger and the related transactions. **In particular, you should read carefully the information under the section entitled Risk Factors.**

The shares of Columbia common stock to be issued to Intermountain shareholders in the merger are not deposits or savings accounts or other obligations of any bank or savings association, and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the merger described in this proxy statement/prospectus or the Columbia common stock to be issued in the merger, or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated [], 2014 and is first being mailed to the shareholders of Intermountain on or about [], 2014.

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INTERMOUNTAIN COMMUNITY BANCORP

414 CHURCH STREET

SANDPOINT, ID 83864

NOTICE OF THE SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON [], 2014

NOTICE IS HEREBY GIVEN that a special meeting of the shareholders of Intermountain Community Bancorp, which we refer to as Intermountain, will be held at 414 Church Street, Sandpoint, Idaho 83864 at [], Pacific Time, on [], 2014, for the following purposes:

1 To approve the Agreement and Plan of Merger, dated as of July 23, 2014, by and between Columbia Banking System, Inc. and Intermountain, which we refer to as the Merger proposal;

2 To approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to Intermountain's named executive officers in connection with the merger, and the agreements or understandings pursuant to which such compensation may be paid or become payable, discussed under the section entitled "The Merger Interests of Intermountain Directors and Executive Officers in the Merger," which we refer to as the Merger-Related Named Executive Officer Compensation proposal; and

3 To approve one or more adjournments of the Intermountain special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the Merger proposal, which we refer to as the Adjournment proposal.

Intermountain will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

The Merger proposal and the Merger-Related Named Executive Officer Compensation proposal are described in more detail in this document, which you should read carefully in its entirety before you vote. A copy of the merger agreement is attached as Appendix A to this document.

The Intermountain board of directors has set [], 2014 as the record date for the Intermountain special meeting. All holders of record of Intermountain common stock at the close of business on the record date will be notified of the meeting. Only holders of record of Intermountain common stock at the close of business on [], 2014 will be entitled to vote at the Intermountain special meeting and any adjournments or postponements thereof. Any shareholder entitled to attend and vote at the Intermountain special meeting is entitled to appoint a proxy to attend and vote on such shareholder's behalf. Such proxy need not be a holder of Intermountain common stock.

Your vote is very important. To ensure your representation at the Intermountain special meeting, please complete and return the enclosed proxy card or submit your proxy by telephone or through the Internet. Please vote promptly whether or not you expect to attend the Intermountain special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the Intermountain special meeting.

The Intermountain board of directors has adopted and approved the merger agreement and the transactions contemplated thereby and recommends that you vote FOR the Merger proposal, FOR the Merger-Related

Named Executive Officer Compensation proposal and FOR the Adjournment proposal.

BY ORDER OF THE BOARD OF DIRECTORS

Ford Elsaesser

Chairman

Curt Hecker

President and Chief Executive Officer

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Both Columbia and Intermountain file annual, quarterly and special reports, proxy statements and other business and financial information with the Securities and Exchange Commission, which we refer to as the SEC. You may read and copy any materials that either Columbia or Intermountain files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. Please call the SEC at (800) SEC-0330 ((800) 732-0330) for further information on the public reference room. In addition, Columbia and Intermountain file reports and other business and financial information with the SEC electronically, and the SEC maintains a website located at <http://www.sec.gov> containing this information. You can also obtain, free of charge, documents that Intermountain files with the SEC by accessing Intermountain's website at www.intermountainbank.com under the heading Investor Relations or documents that Columbia files with the SEC at www.columbiabank.com under the tab About Us and then under the heading Investor Relations. Copies of the documents that Columbia or Intermountain, respectively, files with the SEC can also be obtained, free of charge, by directing a written request to Columbia Banking System, Inc., Attention: Corporate Secretary, 1301 A Street, Suite 800, Tacoma, Washington 98401-2156 or to Intermountain Community Bancorp, 414 Church Street, Sandpoint, Idaho 83864, respectively.

Columbia has filed a registration statement on Form S-4 to register with the SEC shares of Columbia common stock as specified therein. This proxy statement/prospectus is a part of that registration statement. As permitted by SEC rules, this document does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and copy the registration statement, including any amendments, schedules and exhibits at the addresses set forth below. Statements contained in this document as to the contents of any contract or other documents referred to in this document are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This document incorporates important business and financial information about Columbia and Intermountain that is not included in or delivered with this document, including incorporating by reference documents that Columbia and Intermountain have previously filed with the SEC. These documents contain important information about the companies and their financial condition. See Documents Incorporated by Reference. These documents are available without charge to you upon written or oral request to the applicable company's principal executive offices. The respective addresses and telephone numbers of such principal executive offices are listed below

Columbia Banking System, Inc.

1301 A Street, Suite 800

Tacoma, Washington 98401

Attention: Melanie J. Dressel

Telephone: (253) 305-1900

Intermountain Community Bancorp

414 Church Street

Sandpoint, Idaho 83864

Attention: Curt Hecker

Telephone: (208) 263-0505

To obtain timely delivery of these documents, you must request the information no later than [], 2014 in order to receive them before Intermountain's special meeting of shareholders.

Columbia common stock is traded on the Nasdaq Global Select Market under the symbol COLB, and Intermountain common stock is traded on the Nasdaq Capital Market under the symbol IMCB.

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<u>Appendix F</u>	Form of Voting and Non-Competition Agreement by and among Columbia Banking System, Inc., Intermountain Community Bancorp and certain directors of Intermountain Community Bancorp dated as of July 23, 2014
<u>Appendix G</u>	Form of Voting and Non-Solicitation Agreement by and among Columbia Banking System, Inc., Intermountain Community Bancorp and certain directors of Intermountain Community Bancorp dated as of July 23, 2014

Appendix H Form of Non-Competition and Non-Solicitation Agreement by and among Columbia Banking System, Inc., Intermountain Community Bancorp and a certain director of Intermountain Community Bancorp dated as of July 23, 2014

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QUESTIONS AND ANSWERS

The following questions and answers briefly address some commonly asked questions about the merger and the shareholders meeting. They may not include all the information that is important to the shareholders of Intermountain. Shareholders of Intermountain should each carefully read this entire proxy statement/prospectus, including the appendices and other documents referred to in this document.

Q: Why am I receiving these materials?

A: Intermountain is sending these materials to its shareholders to help them decide how to vote their shares of Intermountain common stock with respect to the proposed merger and the other matters to be considered at the Intermountain special meeting, described below.

The merger cannot be completed unless Intermountain shareholders approve the merger agreement. Intermountain is holding a special meeting of shareholders to vote on the merger agreement in addition to the other proposals described in Intermountain Special Meeting of Shareholders. Information about the meeting and the merger is contained in this proxy statement/prospectus.

This document constitutes both a proxy statement of Intermountain and a prospectus of Columbia. It is a proxy statement because the Intermountain board of directors is soliciting proxies from its shareholders. It is a prospectus because Columbia will issue shares of its common stock in exchange for shares of Intermountain common stock in the merger.

Q: What will Intermountain shareholders receive in the merger?

A: Under the terms of the merger agreement Intermountain shareholders (other than in respect of certain forfeited restricted stock awards) will have the right, with respect to each of their shares of Intermountain common stock, to elect to receive either cash, stock, or a unit consisting of 0.6426 of a share of Columbia common stock and \$2.2930 in cash. The aggregate merger consideration is expected to be equal to 4,233,707 shares of Columbia common stock, and \$15,107,206, in each case, assuming the Intermountain warrants are not exercised. Intermountain shareholders electing to receive the unit will be guaranteed to receive 0.6426 of a share of Columbia common stock and \$2.2930 in cash. Because the total amount of cash and stock to be issued by Columbia is effectively fixed, an Intermountain shareholder electing to receive all cash or all stock may receive a combination of cash and stock that differs from such holder's election if too many Intermountain shareholders in the aggregate elect one form of consideration over the other.

Q: Is the value of per share consideration that an Intermountain shareholder receives expected to be substantially equivalent regardless of which election he or she makes?

A: The value of the consideration to be received for each share of Intermountain common stock that is exchanged in the merger, regardless of whether an Intermountain shareholder elects to receive cash, stock or a unit consisting

of a mix of cash and stock, is expected to be substantially equivalent. However, because the per share consideration is based on the daily closing volume weighted average price of Columbia common stock on the Nasdaq Global Select Market for the 20 trading day period starting on the 25th trading day before to the effective time, which we refer to as the parent average closing price, the value of the per share consideration that an Intermountain shareholder receiving per share stock consideration or per share mixed consideration for an Intermountain share will increase or decrease based on increases or decreases in Columbia common stock between the measurement date of the average closing price of Columbia common stock and the date an Intermountain shareholder receives his, her or its per share stock consideration or per share consideration, whereas the value of the per share cash consideration and the cash portion of the per share mixed consideration will remain unchanged. Therefore, there may be a difference in value among the per share cash consideration, the per share stock consideration and the per share mixed consideration.

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Q: How does an Intermountain shareholder elect the form of consideration he or she prefers to receive?

A: An election statement with instructions for making the election as to the form of consideration preferred accompanies this proxy statement/prospectus. To make an election, an Intermountain shareholder must submit an election statement, to Columbia's exchange agent before 5:00 p.m., Pacific Time, on the day prior to the fifth business day prior to the completion of the merger. This date is referred to as the election deadline. Election choices and election procedures are described under the section entitled The Merger.

Q: How does an Intermountain shareholder guarantee he or she will receive a certain type of consideration?

A: Shareholders who elect to receive a unit consisting of a mix of cash and stock will receive the unit without any adjustment as such elections will not be subject to proration.

Q: May an Intermountain shareholder change his or her election once it has been submitted?

A: Yes. An election may be changed so long as the new election is received by the exchange agent prior to the election deadline. To change an election, an Intermountain shareholder must send the exchange agent a written notice revoking any election previously submitted.

Q: How will an Intermountain shareholder know when the election deadline is?

A: The actual election deadline is not currently known. Columbia and Intermountain will issue a press release announcing the date of the election deadline at least five business days before that deadline. Additionally, Columbia and Intermountain will post the date of the election deadline on their respective websites, also at least five business days before that deadline. See The Merger Election Statement.

Q: What happens if an election is not made prior to the election deadline?

A: If an Intermountain shareholder fails to submit an election statement to the exchange agent prior to the election deadline, then that holder will be deemed to have made no election and will be issued a unit consisting of a mix of (a) 0.6426 of a share of Columbia common stock and (b) \$2.2930 in cash in exchange for each share of Intermountain common stock.

Q: How are Intermountain restricted stock awards addressed in the merger agreement?

A: As described under The Merger Treatment of Intermountain Equity Awards, at the closing of the merger, each share of Intermountain common stock subject to vesting restrictions granted under Intermountain's incentive stock

plans, except for certain forfeited restricted stock awards (as described below in the section entitled "The Merger Interests of Intermountain Directors and Executive Officers in the Merger"), will vest in full, and the holder will be entitled to receive the merger consideration with respect to such shares, less applicable taxes and withholding, and subject to the same election, proration and allocation procedures applicable to Intermountain common stock generally. Accordingly, holders of Intermountain restricted shares must submit an election statement prior to the election deadline. See "The Merger Election Statement."

Q: How are outstanding Intermountain stock options addressed in the merger agreement?

A: Each outstanding and unexercised Intermountain stock option will fully vest and may be exercised on the date of notice of termination of such option through the business day immediately preceding closing of the merger. Any Intermountain stock options that remain unexercised as of the effective time of the merger will be cancelled for no consideration. See "The Merger Treatment of Intermountain Equity Awards."

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Q: When do Columbia and Intermountain expect to complete the merger?

A: Columbia and Intermountain expect to complete the merger after all conditions to the merger in the merger agreement are satisfied or waived, including after shareholder approval is received at the Intermountain special meeting and all required regulatory approvals are received. Columbia and Intermountain currently expect to complete the merger in the fourth quarter of 2014. It is possible, however, that as a result of factors outside of either company's control, the merger may be completed at a later time, or may not be completed at all.

Q: What am I being asked to vote on?

A: Intermountain shareholders are being asked to vote on the following proposals:

1. *Approval of the Merger Agreement.* To approve the merger agreement, which we refer to as the Merger proposal;
2. *Non-Binding Approval of Certain Compensation.* To approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to Intermountain's named executive officers in connection with the merger, and the agreements or understandings pursuant to which such compensation may be paid or become payable, which we refer to as the Merger-Related Named Executive Officer Compensation proposal; and
3. *Adjournment of Meeting.* To approve one or more adjournments of the Intermountain special meeting, if necessary or appropriate, including adjournments to solicit additional proxies in favor of the Merger proposal, which we refer to as the Adjournment proposal.

Q: What will happen if Intermountain's shareholders do not approve, on an advisory (non-binding) basis, the Merger-Related Named Executive Officer Compensation proposal?

A: The vote on the Merger-Related Named Executive Officer Compensation proposal is a vote separate and apart from the vote to approve the merger agreement. You may vote for this proposal and against the Merger proposal, or vice versa. You also may abstain from this proposal and vote on the Merger proposal, or vice versa. Because the vote on this proposal is advisory only, it will not be binding on Intermountain or Columbia. The merger-related named executive officer compensation to be paid in connection with the merger is based on contractual arrangements with the named executive officers and accordingly the outcome of this advisory vote will not affect the obligation to make these payments.

Q: How does the board of directors of Intermountain recommend that I vote?

A: The Intermountain board of directors recommends that Intermountain shareholders vote **FOR** the proposals described in this proxy statement/prospectus.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this proxy statement/prospectus, **please vote by telephone or on the Internet, or complete, sign and date the enclosed proxy card and return it in the enclosed envelope as soon as possible** so that your shares will be represented at the Intermountain special meeting.

Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker, bank or other nominee.

Additionally, **Intermountain shareholders that wish to receive merger consideration in respect of their shares should complete, sign and date the election statement.** The election statement should be sent in the enclosed envelope to Columbia's exchange agent in order to arrive before the election deadline.

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Q: How do I vote?

A: If you are a shareholder of record of Intermountain as of the record date for the Intermountain special meeting, you may vote by:

accessing the internet website specified on your proxy card ([]);

calling the toll-free number specified on your proxy card ([]); or

signing the enclosed proxy card and returning it in the postage-paid envelope provided.

You may also cast your vote in person at Intermountain's special meeting.

If your shares are held in street name through a broker, bank or other nominee, that institution will send you separate instructions describing the procedure for voting your shares. Holders in street name who wish to vote in person at the Intermountain special meeting will need to obtain a proxy form from the institution that holds their shares.

Q: When and where is the Intermountain special shareholders meeting?

A: The special meeting of Intermountain shareholders will be held at 414 Church Street, Sandpoint, Idaho 83864, at [] Pacific Time, on [], 2014. All shareholders of Intermountain as of the Intermountain record date, or their duly appointed proxies, may attend the Intermountain special meeting.

Q: If my shares are held in street name by a broker, bank or other nominee, will my broker or nominee vote my shares for me?

A: If your shares are held in street name in a stock brokerage account or by a bank or other nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your bank or broker. Please note that you may not vote shares held in street name by returning a proxy card directly to Intermountain or by voting in person at your meeting unless you provide a legal proxy, which you must obtain from your broker, bank or other nominee.

Brokers, banks or other nominees who hold shares in street name for a beneficial owner typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers, banks or other nominees are not allowed to exercise their voting discretion on matters that are determined to be non-routine without specific instructions from the beneficial owner. Broker non-votes are shares held by a broker, bank or other nominee that are represented at the applicable shareholders meeting but with respect to which the broker, bank or other nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker, bank or other nominee does not have discretionary voting power on such proposal.

If you are an Intermountain shareholder and you do not instruct your broker, bank or other nominee on how to vote your shares, your broker, bank or other nominee may not vote your shares on the Merger proposal, which broker non-votes will have the same effect as a vote AGAINST these proposals. Your broker, bank or other nominee may not vote your shares on the Merger-Related Named Executive Officer Compensation proposal or Adjournment proposal, which broker non-votes will have no effect on the vote on this proposal.

Q: What vote is required to approve each proposal to be considered at the Intermountain special meeting?

A: The affirmative vote of (a) two-thirds (2/3) of all the votes entitled to be cast by the holders of outstanding voting common stock of Intermountain and non-voting common stock of Intermountain considered together, (b) a majority of votes entitled to be cast by the holders of outstanding voting common stock of Intermountain and (c) a majority of votes entitled to be cast by the holders of outstanding non-voting common stock of Intermountain, is required to approve the Merger proposal.

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The Merger-Related Named Executive Officer Compensation proposal will be approved, on an advisory (non-binding) basis, if the votes cast in favor of the proposal exceed the votes cast against it. Only holders of Intermountain voting common stock have the right to vote on this proposal.

The Adjournment proposal will be approved if the votes cast in favor of the proposal exceed the votes cast against it. Only holders of Intermountain voting common stock have the right to vote on this proposal.

Certain of Intermountain's directors and principal shareholders have entered into voting agreements with respect to the Intermountain shares they own, pursuant to which they have agreed to vote such shares in favor of the proposals to be considered at the Intermountain special meeting. A total of 4,307,836, or 64.29%, of the outstanding shares of Intermountain common stock entitled to vote at the special meeting are covered by such voting agreements, which shares consist of 877,969, or 30.69% shares of the outstanding shares of Intermountain voting common stock, and 3,429,867 or 89.33%, of the outstanding shares of Intermountain non-voting common stock.

Q: What if I abstain from voting or do not vote?

A: For the purposes of the Intermountain special meeting, an abstention, which occurs when an Intermountain shareholder attends the Intermountain special meeting, either in person or by proxy, but abstains from voting, will have the same effect as a vote AGAINST the Merger proposal but will have no effect on the Merger-Related Named Executive Compensation proposal or the Adjournment proposal.

Q: May I change my vote or revoke my proxy after I have delivered my proxy or voting instruction card?

A: Yes. You may change your vote at any time before your proxy is voted at the applicable meeting. You may do this in one of four ways:

by sending a notice of revocation to the corporate secretary of Intermountain;

by sending a completed proxy card bearing a later date than your original proxy card;

by logging onto the website specified on your proxy card in the same manner you would to submit your proxy electronically or by calling the telephone number specified on your proxy card, in each case if you are eligible to do so, and following the instructions on the proxy card; or

by attending the meeting and voting in person if your shares are registered in your name rather than in the name of a broker, bank or other nominee; however, your attendance alone will not revoke any proxy. If you choose any of the first three methods, you must take the described action (and, in the case of the second method, your proxy card must be received) no later than the beginning of the Intermountain special meeting.

If your shares are held in an account at a broker, bank or other nominee, you should contact your broker, bank or other nominee to change your vote.

Q: What happens if I sell my shares after the record date but before the meeting?

A: The record date for the Intermountain special meeting is earlier than the date of meeting and the date that the merger is expected to be completed. If you transfer your Intermountain common stock after the record date but before the date of the meeting, you will retain your right to vote at the meeting (provided that such shares remain outstanding on the date of the meeting), but you will not have the right to receive any merger consideration for the transferred shares. You will only be entitled to receive the merger consideration in respect of shares that you hold at the effective time of the merger.

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Q: What do I do if I receive more than one proxy statement/prospectus or set of voting instructions?

A: If you hold shares directly as a record holder and also in street name, or otherwise through a nominee, you may receive more than one proxy statement/prospectus and/or set of voting instructions relating to the Intermountain special meeting. These should each be voted or returned separately to ensure that all of your shares are voted.

Q: What are the federal income tax consequences of the merger?

A: The merger is intended to qualify, and Columbia expects to receive a legal opinion from Sullivan & Cromwell LLP at the closing of the merger to the effect that the merger will qualify, as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code. In addition, in connection with the filing of the registration statement of which this document is a part, Sullivan & Cromwell LLP has delivered an opinion to Columbia to the same effect. Assuming the merger qualifies as a reorganization, the specific tax consequences to a U.S. holder (as defined in Material U.S. Federal Income Tax Consequences of the Merger) exchanging Intermountain common stock in the merger will generally depend upon the form of consideration such U.S. holder receives in the merger.

A U.S. holder exchanging all of its shares of Intermountain common stock for solely Columbia common stock (and cash instead of fractional shares of Columbia common stock) pursuant to the merger agreement will generally not recognize gain or loss, except with respect to cash received instead of fractional shares of Columbia common stock.

A U.S. holder exchanging all of its shares of Intermountain common stock for solely cash pursuant to the merger agreement will generally recognize gain or loss equal to the difference between the amount of cash it receives and its cost basis in its Intermountain common stock.

A U.S. holder exchanging all of its shares of Intermountain common stock for a combination of Columbia common stock and cash pursuant to the merger agreement will generally recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of cash treated as received in exchange for Intermountain common stock in the merger and (ii) the excess of the amount realized in the transaction (i.e., the fair market value of the Columbia common stock at the effective time of the merger plus the amount of cash treated as received in exchange for Intermountain common stock in the merger) over its tax basis in its surrendered Intermountain common stock.

Any gain recognized upon the exchange will generally be capital gain, and will be long-term capital gain if, as of the effective date of the merger, the U.S. holder's holding period with respect to its surrendered Intermountain common stock exceeds one year. Depending on certain facts specific to each U.S. holder, any gain recognized could be taxable as a dividend rather than capital gain.

For a more detailed discussion of the material U.S. federal income tax consequences of the transaction, see Material U.S. Federal Income Tax Consequences of the Merger beginning on page [].

You are encouraged to consult your tax advisor as to the tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

Q: Do I have appraisal or dissenters rights?

A: Under Idaho law, Intermountain shareholders are entitled to exercise appraisal rights in connection with the merger. See The Merger Dissenting Shares.

Q: Should I send in my stock certificates now?

A: No. Please **do not send** your stock certificates with your proxy card. **Intermountain shareholders should follow the instructions provided with the election statement regarding how and when to surrender**

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their stock certificates. If you do not vote by internet or telephone, you should send the proxy card in the enclosed envelope and the election statement in the separate enclosed envelope. If you are a holder of Intermountain common stock, you will receive written instructions from [], the exchange agent, after the merger is completed on how to exchange your stock certificates for Columbia common stock.

Q: Whom should I contact if I have any questions about the proxy materials or the meetings?

A: If you have any questions about the merger or any of the proposals to be considered at the Intermountain special meeting, need assistance in submitting your proxy or voting your shares or need additional copies of this proxy statement/prospectus or the enclosed proxy card, you should contact Intermountain [or Intermountain's proxy solicitor at []].

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SUMMARY

This summary highlights selected information from this document. It may not contain all of the information that is important to you. We urge you to carefully read the entire document and the other documents to which we refer you in order to fully understand the merger and the related transactions. See Where You Can Find More Information included elsewhere in this proxy statement/prospectus. Each item in this summary refers to the page of this proxy statement/prospectus on which that subject is discussed in more detail.

The Companies (pages [] and [])

Columbia

Headquartered in Tacoma, Washington, Columbia Banking System, Inc. is the holding company of Columbia State Bank, a Washington state-chartered full service commercial bank, with deposits insured by the Federal Deposit Insurance Corporation, which we refer to as the FDIC. At June 30, 2014, Columbia had 139 banking offices, including 79 branches in Washington State and 60 branches in Oregon. At June 30, 2014, Columbia had total assets of approximately \$7.30 billion, total net loans receivable and loans held for sale of approximately \$4.65 billion, total deposits of approximately \$5.99 billion and approximately \$1.09 billion in shareholders' equity.

Columbia's stock is traded on the Nasdaq Global Select Market under the symbol COLB.

Columbia's principal office is located at 1301 A Street, Tacoma, Washington 98402, and its telephone number at that location is (253) 305-1900. Columbia's internet address is www.columbiabank.com. Additional information about Columbia is included under Information Concerning Columbia and Where You Can Find More Information included elsewhere in this proxy statement/prospectus.

Intermountain

Intermountain Community Bancorp is a bank holding company headquartered in Sandpoint, Idaho. Intermountain's principal business activities are conducted through its full-service commercial bank subsidiary, Panhandle State Bank, an Idaho state-chartered bank with deposits insured by the FDIC. Panhandle State Bank also conducts business under the trade names Magic Valley Bank and Intermountain Community Bank. At June 30, 2014, Panhandle State Bank had facilities in 18 cities and towns in Idaho, Washington, and Oregon, operating a total of 19 full-service branches. At June 30, 2014, Intermountain had total assets of approximately \$920 million, total net loans of approximately \$520 million, total deposits of approximately \$694 million, and approximately \$99 million in shareholders' equity.

Intermountain's stock is traded on the Nasdaq Capital Market under the symbol IMCB.

Intermountain's principal office is located at 414 Church Street, Sandpoint, Idaho 83864, and its telephone number at that location is (208) 263-0505. Intermountain's internet address is www.intermountainbank.com. Additional information about Intermountain is included in documents incorporated by reference in this document. See Where You Can Find More Information and Documents Incorporated by Reference.

The Merger and the Merger Agreement (pages [] and [])

The terms and conditions of the merger are contained in the merger agreement which is attached to this proxy statement/prospectus as Appendix A. The parties encourage you to read the merger agreement carefully as it is the legal document that governs the merger.

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Under the terms and conditions of the merger agreement and in accordance with Washington law, upon completion of the merger, Intermountain will merge with and into Columbia, with Columbia continuing as the surviving corporation. This transaction is referred to in this proxy statement/prospectus as the merger. As soon as reasonably practicable following the merger, Panhandle State Bank will merge with and into Columbia State Bank, with Columbia State Bank as the surviving bank, which we refer to as the bank merger. We refer to the merger and the bank merger collectively as the mergers.

Merger Consideration (page [])

In the merger, Intermountain shareholders will have the right, with respect to each of their shares of Intermountain common stock, to elect to receive, subject to proration and adjustment as described below, cash, Columbia common stock, or a unit consisting of a mix of 0.6426 of a share of Columbia common stock and \$2.2930 in cash. The aggregate merger consideration is expected to be equal to (a) 4,233,707 shares of Columbia common stock, and (b) \$15,107,206, in each case assuming the Intermountain warrants are not exercised. The value of the consideration to be received by Intermountain shareholders in the merger will vary with the trading price of Columbia common stock between now and the completion of the merger. See *The Merger* beginning on page [].

Recommendation of the Intermountain Board of Directors (page [])

Intermountain's board of directors recommends that holders of Intermountain common stock vote **FOR** the Merger proposal, **FOR** the Merger-Related Named Executive Officer Compensation proposal, and **FOR** the Adjournment proposal.

For further discussion of Intermountain's reasons for the merger and the recommendations of Intermountain's board of directors, see *The Merger Background of the Merger* and *The Merger Recommendation of the Intermountain Board of Directors and Reasons for the Merger*.

Opinion of Intermountain's Financial Advisor (page [])

On July 23, 2014, Sandler O'Neill + Partners, L.P., which we refer to as Sandler O'Neill, Intermountain's financial advisor in connection with the merger, delivered an oral opinion to Intermountain's board of directors, which was subsequently confirmed in a written opinion, that, as of such date and based upon and subject to the qualifications and assumptions set forth in its written opinion, the merger consideration was fair to the holders of Intermountain common stock from a financial point of view.

The full text of Sandler O'Neill's opinion, dated July 23, 2014, is attached as Appendix B to this proxy statement/prospectus. You should read the opinion in its entirety for a discussion of, among other things, the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion.

Sandler O'Neill's opinion was directed to Intermountain's board of directors and is directed only to the fairness of the merger consideration to the holders of Intermountain common stock from a financial point of view. It does not address the underlying business decision of Intermountain to engage in the merger or any other aspect of the merger and is not a recommendation to any holder of Intermountain common stock as to how such holder of Intermountain common stock should vote at the special meeting with respect to the merger or any other matter. Pursuant to an engagement letter between Intermountain and Sandler O'Neill, Sandler O'Neill will receive a fee for its services, a substantial portion of which will be payable upon consummation of the merger.

For further information, see The Merger Opinion of Intermountain's Financial Advisor.

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Interests of Intermountain's Directors and Executive Officers in the Merger (page [])

In considering the recommendations of the board of directors of Intermountain, Intermountain shareholders should be aware that certain directors and executive officers of Intermountain have interests in the merger that may differ from, or may be in addition to, the interests of Intermountain shareholders generally. The board of directors of Intermountain was aware of these interests and considered them, among other matters, when it adopted the merger agreement and in making its recommendations that the Intermountain shareholders approve the Merger proposal. These interests include:

In accordance with the merger agreement, one of the directors of Intermountain will be recommended by Columbia's Nominating and Corporate Governance Committee to serve on Columbia's board of directors and the board of directors of Columbia State Bank following the merger;

In accordance with the merger agreement, Columbia State Bank will form an advisory board and invite certain members of Intermountain's board of directors as mutually agreed between Columbia and Intermountain to join such advisory board;

Two of Intermountain's executive officers are party to agreements that provide for payments upon completion of the merger, and one of Intermountain's executive officers is party to an agreement that provides for severance and other benefits following a change in control of Intermountain in connection with a qualifying termination of employment;

Curt Hecker, who is the chief executive officer and president of Intermountain, entered into an employment agreement with Columbia that becomes effective upon the completion of the merger and that replaces an existing employment agreement with Intermountain;

Certain of Intermountain's executive officers may have restricted stock awards that under the merger agreement become fully vested upon the merger; and

Intermountain directors and officers are entitled to continued indemnification and insurance coverage under the merger agreement.

For a more complete description of the interests of Intermountain directors and executive officers in the merger, see The Merger's Interests of Intermountain's Directors and Executive Officers in the Merger.

Appraisal Rights (page [])

We expect that shareholders of Intermountain will have appraisal rights in connection with the proposal to approve the merger agreement. Under Idaho law, appraisal rights are not available for holders of shares of any class of stock (i) which are listed on the New York Stock Exchange or the American Stock Exchange or designated as a national market system security on an interdealer quotation system by the financial industry regulatory authority or (ii) not so listed or designated, but have at least 2,000 shareholders and the outstanding shares of such class or series have a

market value of at least \$20,000,000, exclusive of the value of such shares held by its subsidiaries, senior executives, directors and beneficial shareholders owning more than 10% of such shares. Because shares of Intermountain common stock are currently registered on the Nasdaq Capital Market, and we expect them to continue to be so registered until the completion of the merger, we expect that holders of Intermountain common stock will be entitled to dissenters rights under Idaho law. For more information on appraisal rights, see [The Merger](#) [Dissenting Shares](#).

Regulatory Matters (page [])

Columbia and Intermountain have each agreed to use its reasonable best efforts to obtain all regulatory approvals required to complete the merger and the other transactions contemplated by the merger agreement. Regulatory approvals are required from the FDIC, Idaho Department of Finance and the Washington State

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Department of Financial Institutions. Columbia and Intermountain have submitted applications and notifications to obtain the required regulatory approvals (other than any notice to the Federal Reserve under its regulations, which will be filed in accordance with the timing contemplated by such regulations). There can be no assurances that such approvals will be received on a timely basis, or as to the ability of Columbia and Intermountain to obtain the approvals on satisfactory terms or the absence of litigation challenging such approvals. See *The Merger Regulatory Approvals Required for the Merger*.

Conditions to Completion of the Merger (page [])

Currently, Columbia and Intermountain expect to complete the merger in the fourth quarter of 2014. As more fully described in this proxy statement/prospectus and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. We cannot provide assurance as to when or if all of the conditions to the merger can or will be satisfied or waived by the appropriate party.

No Solicitation (page [])

Under the terms of the merger agreement, Intermountain has agreed not to initiate, solicit, encourage or knowingly facilitate any inquiries or the making of proposals with respect to, or engage in any negotiations concerning, or provide any confidential or nonpublic information or data to, or have any discussions with, any person relating to, any company acquisition proposal (as defined below in the section entitled *The Merger Agreement Covenants and Agreements*). Notwithstanding these restrictions, the merger agreement provides that under specified circumstances, if Intermountain receives an unsolicited bona fide company acquisition proposal and the board of directors of Intermountain concludes in good faith that such company acquisition proposal constitutes, or is reasonably expected to result in, a company superior proposal (as defined below in the section entitled *The Merger Agreement Covenants and Agreements*), then Intermountain and its board of directors may furnish or cause to be furnished nonpublic information and participate in such negotiations or discussions to the extent that the board of directors of Intermountain concludes in good faith (and based on the advice of counsel) that failure to take such actions would be more likely than not to result in a violation of its fiduciary duties under applicable law; provided that prior to providing any such nonpublic information or engaging in any such negotiations, Intermountain entered into a confidentiality agreement with such third party.

Under the terms of the merger agreement, none of the members of the board of directors of Intermountain may, except as expressly permitted by the merger agreement, make an adverse change of recommendation (as defined below in the section entitled *The Merger Agreement Covenants and Agreements*), or cause or commit Intermountain to enter into any agreement or understanding other than the confidentiality agreement referred to above relating to any company acquisition proposal made to Intermountain. Nevertheless, in the event that Intermountain receives a company acquisition proposal that Intermountain board of directors concludes in good faith constitutes a company superior proposal, the board of directors of Intermountain may make an adverse change of recommendation or terminate the merger agreement, if it concludes in good faith (and based on the advice of counsel) that failure to take such actions would be more likely than not to result in a violation of its fiduciary duties under applicable law, as long as Intermountain gives Columbia prior written notice at least five business days before taking such action and during such five business day period Intermountain negotiates in good faith with Columbia to enable Columbia to make an improved offer that is at least as favorable to the shareholders of Columbia as such alternative company acquisition proposal.

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Termination of the Merger Agreement (page [])

The merger agreement can be terminated at any time prior to completion of the merger by mutual consent, or by either party in the following circumstances:

a governmental entity that must grant a required regulatory approval has denied approval and such denial has become final and non-appealable, or an injunction or legal prohibition against the transaction becomes final and non-appealable;

the merger has not been consummated by June 1, 2015 (unless the failure of the closing to occur by such date is due to the failure of the party seeking to terminate the merger agreement to perform or observe its covenants and agreements);

the other party breaches any of its covenants or agreements or representations or warranties under the merger agreement in a manner that would cause the closing conditions not to be satisfied and which is not cured within 30 days following written notice to the party committing the breach, or the breach, by its nature, cannot be cured within such time (provided that the terminating party is not then in material breach of any representation, warranty, covenant, or other agreement contained in the merger agreement); or

Intermountain shareholders fail to approve the merger agreement and the transactions contemplated thereby, provided that the failure to obtain such shareholder approval was not caused by the terminating party's material breach of any of its obligations under the merger agreement.

The merger agreement may be terminated by Columbia prior to obtaining the Intermountain shareholder approval, in the event that:

Intermountain breaches in any material respect its non-solicitation covenants in the merger agreement;

Intermountain or its board of directors submits the merger agreement to its shareholders without a recommendation for approval or withdraws or materially and adversely modifies its recommendation with respect to the merger agreement or recommends a company acquisition proposal other than the merger;

at any time after the end of 15 business days following receipt of a company acquisition proposal, the board of directors of Intermountain fails to reaffirm its board recommendation as promptly as practicable (but in any event within five business days) after receipt of any written request to do so by Columbia; or

a tender offer or exchange offer for outstanding shares of Intermountain common stock is publicly disclosed (other than by Columbia or one of its affiliates) and the board of directors of Intermountain recommends that its shareholders tender their shares in such tender or exchange offer or, within 10 business days after the

commencement of such tender or exchange offer, the board of directors of Intermountain fails to recommend unequivocally against acceptance of such offer, which we refer to as a termination due to no company recommendation.

Prior to obtaining Intermountain shareholder approval, the merger agreement may be terminated by Intermountain in order to enter into a definitive agreement providing for a company superior proposal (as defined below in the section entitled "The Merger Agreement Covenants and Agreements").

The merger agreement may be terminated by Intermountain in the event that (1) the parent average closing price is less than \$21.6184 (with a proportionate adjustment in the event of certain changes in Columbia's capitalization); and (2) the number obtained by dividing the parent average closing price by \$26.2041 is less than the number obtained by (a) dividing the average closing price of the Keefe Bruyette & Woods Regional Banking Index during the twenty (20) day period ending on the date that is five business days prior to the closing date of

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the merger by \$76.75 and then (b) subtracting 0.175. If Intermountain elects to terminate in this way and provides such written notice to Columbia, then within two business days following Columbia's receipt of such notice, Columbia may elect by written notice to Intermountain to adjust the merger consideration by increasing the per share cash amount dollar for dollar by the amount of the difference between (A) \$13.8920 and (B) 0.6426 multiplied by the parent average closing price.

Expenses and Termination Fees (page [])

Expenses

All fees and expenses incurred in connection with the merger (including the costs and expense of printing and mailing this proxy statement/prospectus) will be paid by the party incurring such fees or expenses.

Intermountain Termination Fee

Intermountain is required to pay Columbia a termination fee of \$5,500,000 in the event that:

the merger agreement is terminated by Intermountain in order to enter into a definitive agreement providing for a company superior proposal;

Columbia terminates the merger agreement due to an adverse company recommendation (as defined below in the section entitled "The Merger Agreement Covenants and Agreements"); or

any person has made a company acquisition proposal, which proposal has been publicly announced, disclosed or proposed and not withdrawn, and: (1) the merger agreement is subsequently terminated (a) by either party because the merger agreement has not been consummated by June 1, 2015 or pursuant to the termination provision for no approval by Intermountain shareholders, (b) by either party because Intermountain's shareholders fail to approve the merger agreement at the Intermountain special meeting or any adjournment thereof or (c) by Columbia for Intermountain's breach of any of its covenants or agreements under the merger agreement in a manner that would cause the closing conditions not to be satisfied and which is not cured during the applicable cure period; and (2) within 12 months after such termination of the merger agreement, a company acquisition proposal is consummated or any definitive agreement with respect to a company acquisition proposal is entered into (provided that references to 24.9% in the definition of company acquisition proposal are deemed to be references to 50%).

Matters to Be Considered at the Intermountain Special Shareholder Meeting (pages [] and [])

Intermountain shareholders are being asked to vote on the following proposals:

1. *Approval of the Merger Agreement.* To approve the merger agreement, which we refer to as the Merger proposal;

2. *Non-Binding Approval of Certain Compensation.* To approve, on a non-binding, advisory basis, the compensation that may be paid or become payable to Intermountain's named executive officers in connection with the merger, and the agreements or understandings pursuant to which such compensation may be paid or become payable, which we refer to as the Merger-Related Named Executive Officer Compensation proposal; and
3. *Adjournment of Meeting.* To approve one or more adjournments of the Intermountain special meeting, if necessary or appropriate, including adjournments to solicit additional proxies in favor of the Merger proposal, which we refer to as the Adjournment proposal.

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Material U.S. Federal Income Tax Consequences (page [])

The merger is intended to qualify as a reorganization under Section 368(a) of the Code. Assuming the merger qualifies as a reorganization, the specific tax consequences to a U.S. holder exchanging Intermountain common stock in the merger will generally depend upon the form of consideration such U.S. holder receives in the merger.

A U.S. holder exchanging all of its shares of Intermountain common stock for solely Columbia common stock (and cash instead of fractional shares of Columbia common stock) pursuant to the merger agreement will generally not recognize gain or loss, except with respect to cash received instead of fractional shares of Columbia common stock.

A U.S. holder exchanging all of its shares of Intermountain common stock for solely cash pursuant to the merger agreement will generally recognize gain or loss equal to the difference between the amount of cash it receives and its cost basis in its Intermountain common stock.

A U.S. holder exchanging all of its shares of Intermountain common stock for a combination of Columbia common stock and cash pursuant to the merger agreement will generally recognize gain (but not loss) in an amount equal to the lesser of (i) the amount of cash treated as received in exchange for Intermountain common stock in the merger and (ii) the excess of the amount realized in the transaction (i.e., the fair market value of the Columbia common stock at the effective time of the merger plus the amount of cash treated as received in exchange for Intermountain common stock in the merger) over its tax basis in its surrendered Intermountain common stock.

Any gain recognized upon the exchange will generally be capital gain, and will be long-term capital gain if, as of the effective date of the merger, the U.S. holder's holding period with respect to its surrendered Intermountain common stock exceeds one year. Depending on certain facts specific to each U.S. holder, any gain recognized could be taxable as a dividend rather than capital gain.

For a more detailed discussion of the material U.S. federal income tax consequences of the transaction, see Material U.S. Federal Income Tax Consequences of the Merger.

You are encouraged to consult your tax advisor as to the tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

The U.S. federal income tax consequences described above may not apply to all holders of Intermountain common stock. Your tax consequences will depend on your individual situation. Accordingly, you are urged to consult your tax advisor for a full understanding of the particular tax consequences of the merger to you.

Rights of Intermountain Shareholders Will Change as a Result of the Merger (page [])

The rights of Intermountain shareholders are governed by Idaho law and by Intermountain's amended and restated articles of incorporation and amended and restated bylaws. The rights of Columbia shareholders are governed by Washington law and by Columbia's amended and restated articles of incorporation and amended and restated bylaws. Upon the completion of the merger, there will no longer be any publicly held shares of Intermountain common stock.

Intermountain shareholders will no longer have any direct interest in Intermountain. Those Intermountain shareholders receiving shares of Columbia common stock as merger consideration will only participate in the combined company's future earnings and potential growth through their ownership of Columbia common stock. All of the other incidents of direct stock ownership in Intermountain will be extinguished upon completion of the merger. The rights of former Intermountain shareholders that become Columbia shareholders will be governed by Washington law and Columbia's amended and restated articles of

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incorporation and amended and restated bylaws. Therefore, Intermountain shareholders that receive Columbia common stock in the merger will have different rights once they become Columbia shareholders. See [Comparison of Rights of Holders of Intermountain Common Stock and Columbia Common Stock](#).

Risk Factors (page [])

Before voting at the Intermountain special meeting, you should carefully consider all of the information contained in or incorporated by reference into this proxy statement/prospectus, including the risk factors set forth in the section entitled [Risk Factors](#) or described in Columbia's and Intermountain's Annual Reports on Form 10-K for the year ended on December 31, 2013 and other reports filed with the SEC, which are incorporated by reference into this proxy statement/prospectus. Please see [Where You Can Find More Information](#) and [Incorporation of Certain Documents by Reference](#).

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RISK FACTORS

In addition to the other information contained in or incorporated by reference into this document, including Columbia's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and Intermountain's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, and the matters addressed under the caption "Cautionary Note Regarding Forward-Looking Statements," Intermountain shareholders should consider the matters described below carefully in determining whether to vote to approve the merger agreement and the transactions contemplated by the merger agreement.

Risk Factors Relating to the Merger

Because the market price of Columbia common stock may fluctuate, you cannot be sure of the value of the merger consideration that you will receive.

Upon completion of the merger, each share of Intermountain common stock (other than certain shares owned by Intermountain, Columbia or their wholly-owned subsidiaries, or shares held by shareholders who have perfected and not withdrawn a demand for appraisal rights) will be converted into the right to receive merger consideration consisting of shares of Columbia common stock, cash or a unit consisting of a mix of Columbia common stock and cash, pursuant to the terms of the merger agreement. The value of the merger consideration to be received by Intermountain shareholders will be based on the daily closing volume weighted average price of Columbia common stock during the 20 trading day period beginning on the 25th trading day before the effective time of the merger. This average price may vary from the closing price of Columbia common stock on the date we announced the merger, on the date that this document was mailed to Intermountain shareholders, and on the date of the meeting of Intermountain shareholders. Any change in the market price of Columbia common stock prior to completion of the merger will affect the value of the merger consideration that Intermountain shareholders will receive upon completion of the merger. Accordingly, at the time of the Intermountain special meeting and prior to the election deadline, Intermountain shareholders will not know or be able to calculate the value of the per share consideration they would receive upon completion of the merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations, among other things. Many of these factors are beyond the control of Columbia and Intermountain. Intermountain shareholders should obtain current market quotations for shares of Columbia common stock before voting their shares at the Intermountain special meeting.

Intermountain shareholders may receive a form of consideration different from what they elect.

Although each Intermountain shareholder may elect to receive all cash, all Columbia common stock or a unit consisting of a mix of cash and stock, the pools of cash and Columbia common stock to be paid in the merger are fixed. As a result, if either the aggregate cash or stock elections exceed the maximum available, and you choose the consideration election that exceeds the maximum available, some or all of your consideration may be in a form that you did not choose.

The results of operations of Columbia after the merger may be affected by factors different from those currently affecting the results of operations of Intermountain.

The businesses of Columbia and Intermountain differ in certain respects and, accordingly, the results of operations of the combined company and the market price of the combined company's common stock may be affected by factors different from those currently affecting the independent results of operations of Intermountain. For a discussion of the business of Columbia and certain factors to be considered in connection with Columbia's business, see "Information

Concerning Columbia and the documents incorporated by reference in this document and referred to under Where You Can Find More Information. For a discussion of the business of Intermountain and certain factors to be considered in connection with Intermountain's business, see Information Concerning Intermountain and the documents incorporated by reference in this document and referred to under Where You Can Find More Information.

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The merger agreement limits Intermountain's ability to pursue an alternative transaction and requires Intermountain to pay a termination fee of \$5,500,000 under certain circumstances relating to alternative acquisition proposals.

The merger agreement prohibits Intermountain from soliciting, initiating, encouraging or knowingly facilitating certain alternative acquisition proposals with any third party, subject to exceptions set forth in the merger agreement. See *The Merger Agreement No Solicitation* included elsewhere in this proxy statement/prospectus. The merger agreement also provides for the payment by Intermountain to Columbia of a termination fee of \$5,500,000 in the event that the merger agreement is terminated in certain circumstances, involving, among others, the termination of the merger agreement in certain circumstances followed by an acquisition, or a definitive agreement providing for an acquisition, of Intermountain by a third party. These provisions may discourage a potential competing acquirer that might have an interest in acquiring Intermountain from considering or proposing such an acquisition. It should be noted, however, that the failure of Intermountain shareholders to approve the merger agreement will not in and of itself trigger Intermountain's obligation to pay the termination fee, unless other factors, including a third-party acquisition proposal for Intermountain, also exist. See *The Merger Agreement Termination; Termination Fee* included elsewhere in this proxy statement/prospectus.

The fairness opinion that Intermountain has obtained from Sandler O'Neill has not been, and is not expected to be, updated to reflect any changes in circumstances that may have occurred since the signing of the merger agreement.

The fairness opinion issued to Intermountain by Sandler O'Neill, which is Intermountain's financial advisor, regarding the fairness, from a financial point of view, of the consideration to be paid in connection with the merger, speak only as of July 23, 2014. Changes in the operations and prospects of Intermountain, general market and economic conditions and other factors which may be beyond the control of Intermountain, and on which the fairness opinion was based, may have altered the value of Columbia or Intermountain or the market prices of shares of Intermountain as of the date of this document, or may alter such values and market prices by the time the merger is completed. Sandler O'Neill does not have any obligation to update, revise or reaffirm its opinion to reflect subsequent developments, and has not done so. Because Intermountain does not currently anticipate asking its financial advisor to update its opinion, the opinion will not address the fairness of the merger consideration from a financial point of view at the time the merger is completed. Intermountain's board of directors' recommendation that Intermountain shareholders vote FOR approval of the merger agreement, however, is made as of the date of this document. For a description of the opinion that Intermountain received from its respective financial advisor, see *Opinion of Intermountain's Financial Advisor* included elsewhere in this proxy statement/prospectus.

The merger is subject to the receipt of consents and approvals from governmental entities that may impose conditions that could have an adverse effect on the combined company following the merger.

Before the merger may be completed, various approvals and consents must be obtained from the FDIC, Idaho Department of Finance and the Washington State Department of Financial Institutions. These governmental entities may impose conditions on the granting of such approvals and consents or require changes to the terms of the merger or the bank merger. Although Columbia and Intermountain do not currently expect that any such material conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying or preventing completion of the merger or imposing additional costs or limiting the revenues of the combined company following the merger, any of which might have an adverse effect on the combined company following the merger.

The merger is subject to certain closing conditions that, if not satisfied or waived, will result in the merger not being completed, which may cause the prices of Columbia common stock or Intermountain common stock to decline.

The merger is subject to customary conditions to closing, including the receipt of required regulatory approvals and approval of Intermountain shareholders. If any condition to the merger is not satisfied or waived,

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to the extent permitted by law, the merger will not be completed. In addition, Columbia and Intermountain may terminate the merger agreement under certain circumstances even if the merger agreement is approved by Intermountain shareholders. If Columbia and Intermountain do not complete the merger, the trading prices of Columbia common stock or Intermountain common stock may decline. In addition, neither company would realize any of the expected benefits of having completed the merger. If the merger is not completed and Intermountain's board of directors seeks another merger or business combination, Intermountain shareholders cannot be certain that Intermountain will be able to find a party willing to offer equivalent or more attractive consideration than the consideration Columbia has agreed to provide in the merger. If the merger is not completed, additional risks could materialize, which could materially and adversely affect the business, financial condition and results of Columbia or Intermountain. For more information on closing conditions to the merger agreement, see "The Merger Agreement" "Conditions to the Merger" included elsewhere in this proxy statement/prospectus.

Columbia and Intermountain will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees, customers and vendors may have an adverse influence on the business, financial condition and results of operations of Intermountain. These uncertainties may impair Intermountain's ability to attract, retain and motivate key personnel, depositors and borrowers pending the consummation of the merger, as such personnel, depositors and borrowers may experience uncertainty about their future roles following the consummation of the merger. Additionally, these uncertainties could cause customers (including depositors and borrowers), suppliers, vendors and others who deal with Intermountain to seek to change existing business relationships with Intermountain or the combined company or fail to extend an existing relationship with Intermountain or the combined company.

In addition, the merger agreement restricts Intermountain from taking certain actions without Columbia's consent while the merger is pending. These restrictions could have a material adverse effect on Intermountain's business, financial condition and results of operations. Please see the section entitled "The Merger Agreement" "Covenants and Agreements" for a description of the restrictive covenants applicable to Intermountain.

Shares of Columbia common stock to be received by Intermountain shareholders as a result of the merger will have rights different from the shares of Intermountain common stock.

Upon completion of the merger, the rights of former Intermountain shareholders who receive Columbia common stock in the merger and thereby become Columbia shareholders will be governed by the articles of incorporation and amended and restated bylaws of Columbia. The rights associated with Intermountain common stock are different from the rights associated with Columbia common stock. In addition, the rights of shareholders under Washington law, where Columbia is organized, may differ from the rights of shareholders under Idaho law, where Intermountain is organized. See "Comparison of Rights of Holders of Columbia and Intermountain Common Stock" for a discussion of the different rights associated with Columbia common stock.

Columbia has various provisions in its articles of incorporation that could impede a takeover of Columbia.

Columbia's amended and restated articles of incorporation contain provisions providing for, among other things, preferred stock, super majority approval of certain business transactions, and consideration of non-monetary factors in evaluating a takeover offer. Although these provisions were not adopted for the express purpose of preventing or impeding the takeover of Columbia without the approval of the Columbia board of directors, such provisions may have that effect. Such provisions may prevent former Intermountain shareholders who receive shares of Columbia common stock in the merger from taking part in a transaction in which such shareholders could realize a premium

over the current market price of Columbia common stock. See Comparison of Rights of Holders of Columbia and Intermountain Common Stock.

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Certain Intermountain directors and officers may have interests in the merger different from the interests of Intermountain shareholders.

In considering the recommendations of the board of directors of Intermountain, Intermountain shareholders should be aware that certain directors and executive officers of Intermountain have interests in the merger that may differ from, or may be in addition to, the interests of Intermountain shareholders generally. The board of directors of Intermountain was aware of these interests and considered them, among other matters, when it adopted the merger agreement and in making its recommendations that the Intermountain shareholders approve the Merger proposal. These interests include:

In accordance with the merger agreement, one of the directors of Intermountain will be recommended by Columbia's Nominating and Corporate Governance Committee to serve on Columbia's board of directors and the board of directors of Columbia State Bank following the merger;

In accordance with the merger agreement, Columbia State Bank will form an advisory board and invite certain members of Intermountain's board of directors as mutually agreed between Columbia and Intermountain to join such advisory board;

Two of Intermountain's executive officers are party to agreements that provide for payments upon completion of the merger, and one of Intermountain's executive officers is party to an agreement that provides for severance and other benefits following a change in control of Intermountain in connection with a qualifying termination of employment;

Curt Hecker, who is the chief executive officer and president of Intermountain, entered into an employment agreement with Columbia that becomes effective upon the completion of the merger and that replaces an existing employment agreement with Intermountain;

Certain of Intermountain's executive officers may have restricted stock awards that under the merger agreement become fully vested upon the merger; and

Intermountain directors and officers are entitled to continued indemnification and insurance coverage under the merger agreement.

For a more complete description of the interests of Intermountain directors and executive officers in the merger, see *The Merger's Interests of Intermountain's Directors and Executive Officers in the Merger*.

Risk Factors Relating to Intermountain and Intermountain's Business

Intermountain is, and will continue to be, subject to the risks described in Intermountain's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference into this proxy statement/prospectus. See *Documents Incorporated by Reference* and *Where You Can Find More Information*

included elsewhere in this proxy statement/prospectus.

Risk Factors Relating to Columbia and Columbia's Business

Columbia is, and will continue to be, subject to the risks described in Columbia's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference into this proxy statement/prospectus. See "Documents Incorporated by Reference" and "Where You Can Find More Information" included elsewhere in this proxy statement/prospectus.

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The following selected consolidated financial information for the fiscal years ended December 31, 2009 through December 31, 2013 is derived from audited financial statements of Columbia. The financial information as of and for the six months ended June 30, 2014 and 2013 are derived from unaudited financial statements, has been prepared on the same basis as the historical information derived from audited financial statements and, in the opinion of Columbia's management, reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of this data for those dates. The results of operations for the six months ended June 30, 2014 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2014. You should read this information in conjunction with Columbia's consolidated financial statements and related notes thereto included in Columbia's Annual Report on Form 10-K for the year ended December 31, 2013, and in Columbia's Quarterly Report on Form 10-Q for the six months ended June 30, 2014, which are incorporated by reference in this proxy statement/prospectus. See [Where You Can Find More Information](#).

	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013	Years Ended December 31,				
			2013	2012	2011	2010	2009
			<i>(dollars in thousands except per share)</i>				
For the Period							
Interest income	\$ 151,012	\$ 137,029	\$ 296,935	\$ 248,504	\$ 251,271	\$ 185,879	\$ 143,035
Interest expense	\$ 1,948	\$ 3,558	\$ 5,840	\$ 9,577	\$ 14,535	\$ 21,092	\$ 27,683
Net interest income	\$ 149,064	\$ 133,471	\$ 291,095	\$ 238,927	\$ 236,736	\$ 164,787	\$ 115,352
Provision for loan and lease losses, excluding covered loans	\$ 100	\$ 1,000	\$ 3,160	\$ 13,475	\$ 7,400	\$ 41,291	\$ 63,500
Noninterest income (loss)	\$ 28,635	\$ 8,466	\$ 26,700	\$ 27,058	\$ (9,283)	\$ 52,781	\$ 29,690
Noninterest expense	\$ 115,150	\$ 102,553	\$ 230,886	\$ 162,913	\$ 155,759	\$ 137,147	\$ 94,488
Net income (loss)	\$ 41,071	\$ 26,767	\$ 60,016	\$ 46,143	\$ 48,037	\$ 30,784	\$ (3,968)
Net income (loss) applicable to common shareholders	\$ 41,034	\$ 26,757	\$ 59,984	\$ 46,143	\$ 48,037	\$ 25,837	\$ (8,371)
Per Common Share							
Earnings (loss) (Basic)	\$ 0.79	\$ 0.59	\$ 1.24	\$ 1.16	\$ 1.22	\$ 0.73	\$ (0.38)

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Earnings (loss) (Diluted)	\$ 0.77	\$ 0.58	\$ 1.21	\$ 1.16	\$ 1.21	\$ 0.72	\$ (0.38)
Cash dividends declared per common share	\$ 0.36	\$ 0.20	\$ 0.41	\$ 0.98	\$ 0.27	\$ 0.04	\$ 0.07
Book Value	\$ 20.71	\$ 20.07	\$ 20.50	\$ 19.25	\$ 19.23	\$ 17.97	\$ 16.13
Averages							
Total assets	\$ 7,229,187	\$ 7,110,957	\$ 6,558,517	\$ 4,826,283	\$ 4,509,010	\$ 4,248,590	\$ 3,084,421
Interest-earning assets	\$ 6,339,102	\$ 6,284,281	\$ 5,754,543	\$ 4,246,724	\$ 3,871,424	\$ 3,583,728	\$ 2,783,862
Loans, including							
covered loans	\$ 4,646,356	\$ 4,571,181	\$ 4,140,826	\$ 2,900,520	\$ 2,607,266	\$ 2,485,650	\$ 2,124,574
Securities	\$ 1,645,993	\$ 1,665,180	\$ 1,474,744	\$ 1,011,294	\$ 928,891	\$ 720,152	\$ 584,028
Deposits	\$ 5,968,881	\$ 5,824,802	\$ 5,420,577	\$ 3,875,666	\$ 3,541,399	\$ 3,270,923	\$ 2,378,176
Shareholders equity	\$ 1,084,927	\$ 1,051,380	\$ 979,099	\$ 761,185	\$ 730,726	\$ 668,469	\$ 462,127
Financial Ratios							
Net interest margin (tax equivalent)	4.86%	5.13%	5.16%	5.77%	6.27%	4.76%	4.33%
Return on average assets	1.14%	0.89%	0.92%	0.96%	1.07%	0.72%	(0.13)%
Return on average common equity	7.64%	5.88%	6.14%	6.06%	6.57%	4.15%	(2.16)%
Average equity to average assets	14.97%	15.21%	14.93%	15.77%	16.21%	15.73%	14.98%
At Period End							
Total assets	\$ 7,297,458	\$ 7,070,465	\$ 7,161,582	\$ 4,906,335	\$ 4,785,945	\$ 4,256,363	\$ 3,200,930
Covered assets, net	\$ 255,151	\$ 351,545	\$ 289,790	\$ 407,648	560,055	531,504	
Loans, excluding							
covered loans	\$ 4,452,674	\$ 4,181,018	\$ 4,219,451	\$ 2,525,710	\$ 2,348,371	\$ 1,915,754	\$ 2,008,884
Allowance for noncovered loan and lease losses	\$ 49,494	\$ 51,698	\$ 52,280	\$ 52,244	\$ 53,041	\$ 60,993	\$ 53,478
Securities	\$ 1,621,929	\$ 1,541,039	\$ 1,696,640	\$ 1,023,484	\$ 1,050,325	\$ 781,774	\$ 631,645
Deposits	\$ 5,985,069	\$ 5,747,861	\$ 5,959,475	\$ 4,042,085	\$ 3,815,529	\$ 3,327,269	\$ 2,482,705
Core deposits	\$ 5,735,047	\$ 5,467,899	\$ 5,696,357	\$ 3,802,366	\$ 3,510,435	\$ 2,998,482	\$ 2,072,821
Shareholders equity	\$ 1,092,151	\$ 1,030,674	\$ 1,053,249	\$ 764,008	\$ 759,338	\$ 706,878	\$ 528,139

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	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013	Years Ended December 31,				
			2013	2012	2011	2010	2009
<i>(dollars in thousands except per share)</i>							
Nonperforming Assets, Excluding Covered Assets							
Nonaccrual loans	\$ 30,613	\$ 43,610	\$ 34,015	\$ 37,395	\$ 53,483	\$ 89,163	\$ 110,431
Other real estate owned and other personal property owned	15,203	24,423	23,918	11,108	31,905	30,991	19,037
Total nonperforming assets, excluding covered assets	\$ 45,816	\$ 68,033	\$ 57,933	\$ 48,503	\$ 85,388	\$ 120,154	\$ 129,468
Nonperforming loans to year end loans, excluding covered loans	0.69%	1.04%	0.81%	1.48%	2.28%	4.65%	5.50%
Nonperforming assets to year end assets, excluding covered assets	0.65%	1.01%	0.84%	1.08%	2.02%	3.23%	4.04%
Allowance for loan and lease losses to year end loans, excluding covered loans	1.11%	1.24%	1.24%	2.07%	2.26%	3.18%	2.66%
Allowance for loan and lease losses to nonperforming loans, excluding covered loans	161.68%	118.55%	153.70%	139.71%	99.17%	68.41%	48.43%
Net loan charge-offs	\$ 2,886	\$ 1,546	\$ 3,124	\$ 14,272	\$ 15,352	\$ 33,776	\$ 52,769
Risk-Based Capital Ratios							
Total capital	14.52%	14.12%	14.68%	20.62%	21.05%	24.47%	19.60%
Tier 1 capital	13.27%	12.86%	13.43%	19.35%	19.79%	23.20%	18.34%
Leverage ratio	10.52%	9.86%	10.19%	12.78%	12.96%	13.99%	14.33%

Table of Contents**SELECTED CONSOLIDATED FINANCIAL DATA OF INTERMOUNTAIN**

The following selected consolidated financial information for the fiscal years ended December 31, 2009 through December 31, 2013 is derived from audited financial statements of Intermountain. The financial information as of and for the six months ended June 30, 2014 and 2013 are derived from unaudited financial statements, has been prepared on the same basis as the historical information derived from audited financial statements and, in the opinion of Intermountain's management, reflects all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of this data for those dates. The results of operations for the six months ended June 30, 2014 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2014. You should read this information in conjunction with Intermountain's consolidated financial statements and related notes thereto included in Intermountain's Annual Report on Form 10-K for the year ended December 31, 2013, and in Intermountain's Quarterly Report on Form 10-Q for the six months ended June 30, 2014, which are incorporated by reference in this proxy statement/prospectus. See [Where You Can Find More Information](#).

(Dollars in thousands, except per share)

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
Income Statement Data:							
Interest income	\$ 15,939	\$ 16,842	\$ 33,331	\$ 35,876	\$ 41,813	\$ 46,217	\$ 54,070
Interest expense	1,560	1,936	3,598	5,083	6,812	10,785	16,170
Net interest income	14,379	14,906	29,733	30,793	35,001	35,432	37,900
Provision for loan losses	99	426	559	4306	7289	24012	36329
Net interest income after provision for losses on loans	14,280	14,480	29,174	26,487	27,712	11,420	1,571
Non interest income	4,584	5,384	10,562	10,717	10,469	10,856	11,788
Non interest expense	15,670	16,398	34,083	33,433	38,330	54,894	49,630
Income(loss) before income taxes	3,194	3,466	5,653	3,771	(149)	(32,618)	(36,271)
Income tax(provision) benefit	(898)		6,118	8	152	882	14,360
Net income(loss)	2,296	3,466	11,771	3,779	3	(31,736)	(21,911)
Preferred stock dividend		918	1,673	1,891	1,808	1,716	1,662
Net income(loss) applicable to	\$ 2,296	\$ 2,548	\$ 10,098	\$ 1,888	\$ (1,805)	\$ (33,452)	\$ (23,573)

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common stockholders								
Per Share Data:								
Basic earnings(loss) per share ⁽¹⁾	\$ 0.35	\$ 0.40	\$ 1.57	\$ 0.33	\$ (2.15)	\$ (39.89)	\$ (28.20)	
Diluted earnings(loss) per share ⁽¹⁾	\$ 0.34	\$ 0.39	\$ 1.55	\$ 0.32	\$ (2.15)	\$ (39.89)	\$ (28.20)	
Cash dividends per share	\$	\$	\$	\$	\$	\$	\$	
Period end book value per common share, excluding preferred stock	\$ 15.25	\$ 13.39	\$ 14.48	\$ 13.64	\$ 42.17	\$ 40.00	\$ 75.47	
Weighted average common shares outstanding ⁽¹⁾	6,619,576	6,443,142	6,444,556	5,806,958	840,654	838,562	836,065	
Weighted average diluted shares outstanding ⁽¹⁾	6,686,675	6,482,376	6,494,089	5,825,283	840,654	838,562	836,065	
Balance Sheet Data:								
Total assets	\$ 920,162	\$ 930,558	\$ 939,648	\$ 972,139	\$ 934,218	\$ 1,005,109	\$ 1,079,644	
Available-for-sale securities, at fair value	261,190	256,616	251,638	280,169	219,039	183,081	181,784	
Net loans receivable	520,280	522,740	514,834	520,768	502,252	563,228	655,602	
Deposits	693,888	699,521	706,050	748,934	729,373	778,833	819,321	
Securities sold subject to repurchase agreements	77,847	85,605	99,888	76,738	85,104	105,116	95,233	
Advances from Federal Home Loan Bank	14,000	4,000	4,000	4,000	29,000	34,000	49,000	
Other borrowings	23,060	16,527	23,410	16,527	16,527	16,527	16,527	
Stockholders equity	98,999	113,045	94,012	114,434	61,616	59,353	88,627	
Financial Ratios:								
Return on average assets	0.50%	0.74%	1.25%	0.39%	0.00%	-3.04%	-2.01%	
Return on average common stockholders equity	4.81%	5.85%	11.33%	2.75%	-5.27%	-67.35%	-31.17%	
	10.43%	12.10%	12.03%	11.22%	6.27%	7.53%	9.51%	

Average equity to
average assets

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(Dollars in thousands, except per share)	As of and for the		As of and for the Year Ended December 31,				
	Six						
	Months Ended						
	June 30,						
	2014	2013	2013	2012	2011	2010	2009
Efficiency ratio ⁽²⁾	82.63%	80.82%	84.58%	80.54%	84.30%	118.59%	99.88%
Net loans to assets	56.54%	56.17%	54.79%	53.57%	53.76%	56.04%	60.72%
Average yields earned	3.87%	3.97%	3.92%	4.16%	4.81%	4.93%	5.45%
Average rates paid	0.39%	0.48%	0.63%	0.81%	0.96%	1.36%	1.96%
Net interest margin	3.49%	3.51%	3.50%	3.57%	4.02%	3.77%	3.81%
Nonperforming assets to total assets	0.77%	1.00%	0.68%	1.18%	1.71%	1.59%	2.83%
Allowance for loan losses to total loans	1.46%	1.52%	1.47%	1.50%	2.47%	2.16%	2.47%
Net loan charge-offs to average loans	0.04%	0.13%	0.16%	1.71%	1.37%	4.89%	5.38%
Allowance for loan losses to nonperforming loans	224.65%	167.58%	288.10%	121.70%	136.60%	108.10%	87.20%

- (1) Earnings per share and weighted average shares outstanding have been adjusted retroactively for the effect of stock splits and dividends, including the 10-for-1 reverse stock split effective October 5, 2012.
- (2) The efficiency ratio has been computed as non interest expense divided by the sum of net interest income and non interest income.
- (3) Non-performing loan components are comprised of loans on non-accrual status (inclusive of non-accruing TDRs), plus any loans past due 90 days or more still on accrual. Accruing TDRs are not included in the non-performing loan calculation. Intermountain's rationale for this is that Intermountain's policy for moving non-performing TDRs to accrual status requires payment performance (typically six consecutive months), coupled with a reasonable assurance such performance will continue.

Table of Contents**COMPARATIVE PER SHARE DATA OF COLUMBIA (UNAUDITED)**

Presented below for Columbia and Intermountain is historical, unaudited pro forma combined and pro forma equivalent per share financial data as of and for the year ended December 31, 2013 and as of and for the six months ended June 30, 2014. The information presented below should be read together with the historical consolidated financial statements of Columbia and Intermountain, including the related notes, filed by Columbia and Intermountain, as applicable, with the SEC and incorporated by reference into this proxy statement/prospectus. See [Where You Can Find More Information](#).

The unaudited pro forma and pro forma per equivalent share information gives effect to the merger as if the merger had been effective on December 31, 2013 or June 30, 2014 in the case of the book value data, and as if the merger had been effective as of January 1, 2013 in the case of the earnings per share and the cash dividends data. The unaudited pro forma data combines the historical results of Intermountain into Columbia's consolidated statement of income. While certain adjustments were made for the estimated impact of fair value adjustments and other acquisition-related activity, they are not indicative of what could have occurred had the acquisition taken place on January 1, 2013.

The unaudited pro forma adjustments are based upon available information and certain assumptions that Columbia management believes are reasonable. The unaudited pro forma data, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of factors that may result as a consequence of the merger or consider any potential impacts of current market conditions or the merger on revenues, expense efficiencies, asset dispositions, among other factors, nor the impact of possible business model changes. As a result, unaudited pro forma data is presented for illustrative purposes only and does not represent an attempt to predict or suggest future results. Upon completion of the merger, the operating results of Intermountain will be reflected in the consolidated financial statements of Columbia on a prospective basis.

	Columbia Historical	Intermountain Historical⁽¹⁾	Pro Forma Combined	Per Equivalent Intermountain Share⁽²⁾
For the year ended December 31, 2013:				
Basic earnings per share	\$ 1.24	\$ 1.57	\$ 1.42	\$ 0.91
Diluted earnings per share	\$ 1.21	\$ 1.55	\$ 1.39	\$ 0.89
Cash dividends declared ⁽³⁾	\$ 0.41	\$	\$ 0.41	\$ 0.26
Book value per share as of December 31, 2013	\$ 20.50	\$ 14.48	\$ 20.80	\$ 13.37
For the six months ended June 30, 2014:				
Basic earnings per share	\$ 0.79	\$ 0.35	\$ 0.79	\$ 0.51
Diluted earnings per share	\$ 0.77	\$ 0.34	\$ 0.78	\$ 0.50
Cash dividends declared ⁽²⁾	\$ 0.36	\$	\$ 0.36	\$ 0.23
Book value per share as of June 30, 2014	\$ 20.71	\$ 15.25	\$ 21.07	\$ 13.54

(1)

For the year ended December 31, 2013, Intermountain basic and diluted earnings per share included a tax benefit of \$6.1 million, or approximately \$0.95 per basic share and \$0.94 per diluted share, related to the reversal of a valuation allowance against its deferred tax assets.

- (2) Reflects Intermountain shares at the exchange ratio of 0.6426, which we refer to as the exchange ratio. This exchange ratio does not give effect for the cash consideration included in the transaction.
- (3) Pro forma combined cash dividends declared are based only upon Columbia's historical amounts.

Table of Contents**MARKET PRICES, DIVIDENDS AND OTHER DISTRIBUTIONS****Stock Prices**

The table below sets forth, for the calendar quarters indicated, the high and low sales price per share of, and the dividends declared on, Columbia common stock, which trades on the Nasdaq Global Select Market under the symbol COLB, and Intermountain common stock, which trades on the Nasdaq Capital Market under the symbol IMCB. Information in this table gives pro forma effect to Intermountain's 1:10 reverse stock split of its common stock on October 5, 2012. As of August 21, 2014, there were approximately 2,428 registered holders of Columbia's common stock and approximately 848 registered holders of Intermountain's common stock.

	Columbia Common Stock			Intermountain Common Stock		
	High	Low	Dividends	High	Low	Dividends
2012						
First Quarter	\$ 23.35	\$ 19.65	\$ 0.37	\$ 13.80	\$ 9.00	\$ 0.00
Second Quarter	\$ 23.52	\$ 17.38	\$ 0.22	\$ 12.50	\$ 10.10	\$ 0.00
Third Quarter	\$ 19.85	\$ 17.22	\$ 0.30	\$ 11.80	\$ 10.30	\$ 0.00
Fourth Quarter	\$ 19.15	\$ 16.18	\$ 0.09	\$ 13.00	\$ 11.60	\$ 0.00
2013						
First Quarter	\$ 22.08	\$ 18.27	\$ 0.10	\$ 13.50	\$ 11.31	\$ 0.00
Second Quarter	\$ 23.88	\$ 19.85	\$ 0.10	\$ 14.00	\$ 12.36	\$ 0.00
Third Quarter	\$ 25.59	\$ 23.17	\$ 0.10	\$ 16.25	\$ 13.15	\$ 0.00
Fourth Quarter	\$ 28.37	\$ 23.53	\$ 0.11	\$ 16.45	\$ 14.59	\$ 0.00
2014						
First Quarter	\$ 30.36	\$ 24.75	\$ 0.12	\$ 25.30	\$ 14.53	\$ 0.00
Second Quarter	\$ 29.31	\$ 23.59	\$ 0.24	\$ 17.25	\$ 16.10	\$ 0.00

The following table sets forth the closing sale prices per share of Columbia common stock and Intermountain common stock on July 23, 2014, the last trading day completed before the public announcement of the signing of the merger agreement, and on [], 2014, the latest practicable date before the date of this proxy statement/prospectus.

	Columbia Common Stock	Intermountain Common Stock
July 23, 2014	\$ 24.79	\$ 16.31
[], 2014	\$ []	\$ []

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document, including information included or incorporated by reference in this document may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, (i) statements about the benefits of the merger, including future financial and operating results, cost savings, enhancements to revenue and accretion to reported earnings that may be realized from the merger; (ii) statements about our respective plans, objectives, expectations and intentions and other statements that are not historical facts; and (iii) other statements identified by words such as expects, anticipates, intends, plans, believes, seeks, estimates, continues, prospects, projections, or potential verbs such as will, would, should, could, or may or words of similar meaning. These forward-looking statements are based on current beliefs and expectations of Columbia's and Intermountain's managements, and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond Columbia's and Intermountain's control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

In addition to factors previously disclosed in Columbia's and Intermountain's reports filed with the SEC and those identified elsewhere in this filing (including the section entitled Risk Factors), the following potential factors, among others, could cause actual results to differ materially from the anticipated results or other expectations in the forward-looking statements:

the merger may not close when expected or at all because required regulatory, shareholder or other approvals and other conditions to closing are not received on a timely basis or at all;

Columbia's stock price could change, before closing of the merger, including as a result of broader stock market movements, and the performance of financial companies and peer group companies;

benefits from the merger may not be fully realized or may take longer to realize than expected, including as a result of changes in general economic and market conditions, interest and exchange rates, monetary policy, laws and regulations and their enforcement, and the degree of competition in the geographic and business areas in which Intermountain operates;

operating costs, customer losses and business disruption following the merger, including adverse developments in relationships with employees, may be greater than expected; and

management time and effort may be diverted to the resolution of merger-related issues.

All subsequent written and oral forward-looking statements concerning the proposed transaction or other matters attributable to Columbia or Intermountain or any person acting on behalf of Columbia or Intermountain are expressly qualified in their entirety by the cautionary statements above. Neither Columbia nor Intermountain undertakes any obligation to update any forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

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THE MERGER

The following is a discussion of the merger and the material terms of the merger agreement between Columbia and Intermountain. You are urged to read carefully the merger agreement in its entirety, a copy of which is attached as Appendix A to this document and incorporated by reference herein. This summary may not contain all of the information about the merger agreement that is important to you. We encourage you to read the merger agreement carefully and in its entirety. Factual information about Columbia and Intermountain can be found elsewhere in this proxy statement/prospectus and in the public filings Columbia and Intermountain make with the SEC, as described in the section entitled *Where You Can Find More Information*.

Terms of the Merger

Transaction Structure

The merger agreement provides for the acquisition of Intermountain by Columbia through the merger of Intermountain, with and into Columbia, with Columbia continuing as the surviving corporation. As soon as reasonably practicable following the merger, Panhandle State Bank will be merged with and into Columbia State Bank, with Columbia State Bank as the surviving bank. We refer to the merger of Intermountain with and into Columbia as the merger, the merger of Panhandle State Bank with and into Columbia State Bank as the bank merger, and the two mergers together as the mergers.

Table of Contents**Merger Consideration**

In the merger, Intermountain shareholders will have the right, with respect to each of their shares of Intermountain common stock, to elect to receive, subject to proration and adjustment as described below, cash, stock, or a unit consisting of a mix of 0.6426 of a share of Columbia common stock and \$2.2930 in cash. The aggregate merger consideration is expected to be equal to the sum of (1) the product of the aggregate number of shares of Intermountain common stock outstanding immediately prior to the merger effective time (other than certain forfeited restricted stock awards) and 0.6426, which we refer to as the exchange ratio, or 4,233,707 shares of Columbia common stock (assuming the Intermountain warrants are not exercised), and (2) the product of the aggregate number of shares of Intermountain common stock outstanding immediately prior to the merger effective time (other than certain forfeited restricted stock awards) and \$2.2930 in cash, or \$15,107,206, in each case assuming the Intermountain warrants are not exercised. The value of the consideration to be received by Intermountain shareholders in the merger will vary with the trading price of Columbia common stock between now and the completion of the merger. The value of the per share consideration is determined by the sum of: (1) the product of: (i) the purchaser average closing price and (ii) 0.6426; and (2) \$2.2930, which we refer to as the per share consideration. In connection with a recapitalization transaction in January 2012, Intermountain issued warrants to Castle Creek Capital Partners IV, LP, Stadium Capital Partners, L.P., and Stadium Capital Qualified Partners, L.P., which we refer to as the principal shareholders, which are exercisable for 170,000 shares of Intermountain common stock at an exercise price per share of \$10.00. These warrants, which we refer to as the Intermountain warrants, expire in January 2015. If the merger closes prior to their termination or exercise, Columbia will pay the holders thereof immediately prior to the effective time an amount equal to the product of the per share consideration and the shares issuable upon the exercise of the Intermountain warrants less the exercise price in respect thereof. The following table sets forth information concerning the approximate aggregate and per share consideration that would be payable in the merger based on different purchaser average closing prices. The table does not reflect the fact that cash will be paid instead of fractional shares, and does not account for any adjustments that may be made to the total cash and stock amounts in certain circumstances.

Columbia Stock		Aggregate Merger Consideration Plus Cash Out of Intermountain Warrants									
Price		Per Share Cash Consideration	Per Share Stock Consideration		Per Share Mixed Consideration			Warrants			Aggregate Transaction
Price	Change	Total Value	Shares of Stock	Total Value	Exchange Ratio	Cash	Total Value	Shares of Stock	Cash	Cash for Warrants	Value
\$28.51	15.0%	\$20.6126	0.7230	\$20.6126	0.6426	\$2.2930	\$20.6126	4,233,707	\$15,107,206	\$1,804,136	\$137,607,98
\$27.89	12.5%	\$20.2143	0.7248	\$20.2143	0.6426	\$2.2930	\$20.2143	4,233,707	\$15,107,206	\$1,736,433	\$134,916,43
\$27.27	10.0%	\$19.8161	0.7267	\$19.8161	0.6426	\$2.2930	\$19.8161	4,233,707	\$15,107,206	\$1,668,730	\$132,224,89
\$26.65	7.5%	\$19.4178	0.7286	\$19.4178	0.6426	\$2.2930	\$19.4178	4,233,707	\$15,107,206	\$1,601,027	\$129,533,35
\$26.03	5.0%	\$19.0196	0.7307	\$19.0196	0.6426	\$2.2930	\$19.0196	4,233,707	\$15,107,206	\$1,533,325	\$126,841,81
\$25.41	2.5%	\$18.6213	0.7328	\$18.6213	0.6426	\$2.2930	\$18.6213	4,233,707	\$15,107,206	\$1,465,622	\$124,150,26
Price on											
\$24.79	7/23/14	\$18.2231	0.7351	\$18.2231	0.6426	\$2.2930	\$18.2231	4,233,707	\$15,107,206	\$1,397,927	\$121,458,73
\$24.17	-2.5%	\$17.8248	0.7375	\$17.8248	0.6426	\$2.2930	\$17.8248	4,233,707	\$15,107,206	\$1,330,216	\$118,767,18
\$23.55	-5.0%	\$17.4266	0.7400	\$17.4266	0.6426	\$2.2930	\$17.4266	4,233,707	\$15,107,206	\$1,262,514	\$116,075,63
\$22.93	-7.5%	\$17.0283	0.7426	\$17.0283	0.6426	\$2.2930	\$17.0283	4,233,707	\$15,107,206	\$1,194,811	\$113,384,09
\$22.31	-10.0%	\$16.6300	0.7454	\$16.6300	0.6426	\$2.2930	\$16.6300	4,233,707	\$15,107,206	\$1,127,108	\$110,692,55
\$21.69	-12.5%	\$16.2318	0.7484	\$16.2318	0.6426	\$2.2930	\$16.2318	4,233,707	\$15,107,206	\$1,059,406	\$108,001,01
\$21.07	-15.0%	\$15.8335	0.7515	\$15.8335	0.6426	\$2.2930	\$15.8335	4,233,707	\$15,107,206	\$991,703	\$105,309,46

If the purchaser average closing price declines by more than 17.5% from the closing price of Columbia common stock on the day of the execution of the merger agreement, and Columbia's common stock underperforms the Keefe Bruyette & Wood (KBW) Regional Banking Index by more than 17.5% during such period, Intermountain may terminate the merger agreement unless Columbia contributes sufficient additional cash consideration to offset any reduction in the value of the merger consideration attributable to such decline, as discussed in greater detail below.

If you are an Intermountain shareholder, whether you receive cash or Columbia common stock or a unit consisting of a mix of cash and stock as merger consideration, the value of the merger consideration that you will receive will fluctuate with the market price of Columbia common stock and will depend on

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the daily closing volume weighted average price of Columbia common stock for the 20 trading day period beginning on the 25th trading day before the completion of the merger, and, if you receive Columbia common stock as merger consideration, on the market price of Columbia common stock when you receive the shares of Columbia common stock.

Cash Election

The merger agreement provides that each Intermountain shareholder who makes a valid cash election will have the right to receive, in exchange for each share of Intermountain common stock, subject to proration and adjustment as described below, an amount in cash equal to the per share consideration, which amount when paid only in cash is referred to as the per share cash consideration. For example, based on the volume weighted average price of Columbia common stock during the 20 trading day period ending [], 2014, the last practicable date before the printing of this document, and assuming no adjustments to the aggregate merger consideration are required pursuant to the discussion above a greater than 17.5% decline in Columbia's stock price, each Intermountain common shareholder who receives cash for such shareholder's shares would have the right to receive approximately \$[] per share in cash. If an Intermountain shareholder makes a valid cash election, such holder's shares are referred to as cash election shares.

Stock Election

The merger agreement provides that each Intermountain shareholder who makes a valid stock election will have the right to receive, in exchange for each share of Intermountain common stock, subject to proration and adjustment as described below, a fraction of a share of Columbia common stock equal to the quotient (rounded to the nearest ten-thousandth) obtained by dividing (a) the per share consideration by (b) the purchaser average closing price. We refer to this as the per share stock consideration. No fractional shares of Columbia common stock will be issued in the merger, and a holder of Intermountain common stock who would otherwise be entitled to a fractional share of Columbia common stock will receive cash in lieu thereof. For example, based on the volume weighted average price of Columbia common stock during the 20 trading day period ending [], 2014, the last practicable date before the printing of this document, and assuming no adjustments to the aggregate merger consideration are required pursuant to the discussion above a greater than 17.5% decline in Columbia's stock price, each Intermountain common shareholder who receives Columbia common stock for such shareholder's shares would have the right to receive approximately [] of a share of Columbia common stock. If an Intermountain shareholder makes a valid stock election, such shareholder's shares are referred to as stock election shares.

Mixed Election

The merger agreement provides that each Intermountain shareholder who makes a valid mixed election will have the right to receive a unit consisting of 0.6426 of a share of Columbia common stock and \$2.2930 in cash, which we refer to as per share mixed consideration. If an Intermountain shareholder makes a valid mixed election, the shares with respect to which such holder has the right to receive the per share mixed consideration are referred to as mixed election shares.

Non-Election

Intermountain shareholders who make no election to receive cash or shares of Columbia common stock in the merger, whose elections are not received by the exchange agent by the election deadline, or whose forms of election are improperly completed and/or are not signed will be deemed not to have made an election. Intermountain shareholders not making an election will be deemed to be, in whole or in part, shares of Columbia common stock with respect to which a mixed election has been made. Shares of Intermountain common stock with respect to which no election is

deemed to have been made are referred to as non-election shares.

Table of Contents***Adjustment***

The cash and stock elections are subject to adjustment to ensure that (1) the aggregate amount of cash that would be paid in the merger, excluding any cash amounts needed to purchase Intermountain warrants, is equal to the product of the aggregate number of shares of Intermountain common stock outstanding immediately prior to the merger effective time (excluding certain forfeited restricted stock awards) and \$2.2930, and (2) the aggregate number of shares of Columbia common stock to be issued to holders of Intermountain common stock is equal to the product of the aggregate number of shares of Intermountain common stock outstanding, immediately prior to the merger effective time (excluding certain forfeited restricted stock awards) and 0.6426. As a result, even if an Intermountain shareholder makes a cash election or stock election, such Intermountain shareholder may nevertheless receive some stock consideration or some cash consideration, respectively. Mixed elections and non-elections will receive the per share mixed consideration and will not be subject to proration.

Proration Adjustment if Stock Consideration is Undersubscribed

Stock may be paid to shareholders who make cash elections if, after giving effect to the mixed elections and non-elections, the stock election is undersubscribed. The number of shares of Intermountain common stock that may be converted into shares of Columbia common stock after giving effect to the mixed elections and non-elections in the merger is equal to the stock conversion number, which is equal to the quotient of (1) the aggregate number of shares of Columbia common stock to be exchanged in the merger minus the product of 0.6426 and the aggregate number of mixed election shares and non-election shares, divided by (2) the per share consideration. If the stock election shares are less than the stock conversion number, the stock election is undersubscribed, in which case:

each stock election share will be converted into the right to receive the per share stock consideration;

the exchange agent will allocate the shares of Columbia common stock with respect to which a cash election is made other than cash election shares representing dissenting shares (as defined in the merger agreement), pro rata to the holders of such cash election shares in accordance with their respective numbers of cash election shares, a sufficient number of cash election shares so that the sum of such number and the number of all stock election shares equals as closely as practicable the stock conversion number, and each such allocated cash election share, which we refer to as a converted cash election share, will be converted into the right to receive the per share stock consideration; and

each cash election share that is not a converted cash election share will be converted into the right to receive the per share cash consideration.

Example of Undersubscription of Total Stock Consideration

As an example, assuming that:

the purchaser average closing price is \$26.2041,

there are 6,588,402 shares of Intermountain common stock issued and outstanding (including unvested restricted stock awards),

there are 2,000,000 cash election shares,

there are 1,000,000 stock election shares,

there are 100,000 mixed election shares, and

there are 3,488,402 non-election shares,
then the stock conversion number is approximately 2,640,483 and an Intermountain shareholder that has made a valid cash election with respect to 1,000 shares of Intermountain common stock would receive the per share stock consideration with respect to 820 shares (as rounded to the nearest whole share) of Intermountain common

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stock and the per share cash consideration with respect to 180 shares (as rounded to the nearest whole share) of Intermountain common stock. Therefore, that Intermountain shareholder would receive 598 shares (as rounded to the nearest whole share) of Columbia common stock and \$3,443 in cash (as rounded to the nearest dollar). This example does not reflect any cash that may be paid in lieu of fractional shares of Columbia common stock.

Proration Adjustment if Stock Consideration is Oversubscribed

Cash may be paid to shareholders who make stock elections if, after giving effect to the mixed elections and non-elections, the stock election is oversubscribed. If the stock election shares are greater than the stock conversion number, the stock election is oversubscribed, in which case:

all cash election shares will be converted into the right to receive the per share cash consideration;

the exchange agent will select first from among the stock election shares, by a pro rata selection process, a sufficient number of stock election shares, which we refer to as a converted stock election share, such that the difference of the number of stock election shares minus the number of converted stock election shares equals as closely as practicable the stock conversion number and each converted stock election share will be converted into the right to receive the per share cash consideration; and

each other stock election share that is not a converted stock election share will be converted into the right to receive the per share stock consideration.

Example of Oversubscription of Total Stock Consideration

As an example, assuming that:

the purchaser average closing price is \$26.2041,

there are 6,588,402 shares of Intermountain common stock issued and outstanding,

there are 500,000 cash election shares,

there are 5,000,000 stock election shares,

there are 100,000 mixed election shares, and

there are 988,402 non-election shares,

then the stock conversion number is approximately 4,840,850 and an Intermountain shareholder making a stock election with respect to 1,000 shares of Intermountain common stock would receive the per share stock consideration with respect to 970 shares (as rounded to the nearest whole share) of Intermountain common stock and the per share cash consideration with respect to 30 shares of Intermountain common stock. Therefore, that Intermountain shareholder would receive 708 shares (as rounded to the nearest whole share) of Columbia common stock and \$573.90 in cash. This example does not reflect any cash that may be paid in lieu of fractional shares.

No Adjustment if Stock Consideration is Sufficiently Subscribed

If after giving effect to the mixed elections and non-elections, the aggregate number of stock election shares is equal to the stock conversion number, then:

each stock election share will be converted into the right to receive the per share stock consideration; and

each cash election share and non-election share will be converted into the right to receive the per share cash consideration.

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Treatment of Intermountain Equity Awards

Restricted Stock Awards

Immediately prior to the effective time of the merger, all outstanding awards of Intermountain restricted stock (other than any forfeited restricted stock awards) will fully vest and convert to the right to receive, at the election of the holder, either the per share cash consideration, the per share stock consideration or the per share mixed consideration, subject to any applicable tax withholding.

Forfeited Restricted Stock Awards

Immediately prior to the effective time of the merger, the forfeited restricted stock awards will be forfeited pursuant to waiver agreements with the forfeited restricted stock award holders.

Stock Options

At least 60 days prior to the business day immediately preceding the closing date of the merger, Intermountain will provide a notice of termination to the holders of outstanding Intermountain stock options. From the date of the notice of termination until the business day immediately preceding the closing date of the merger, all outstanding Intermountain stock options will be fully vested and exercisable. At the effective time of the merger, any outstanding and unexercised options will be cancelled without consideration.

Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration

The conversion of Intermountain common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. As soon as reasonably practicable after the effective time of the merger, the exchange agent will exchange certificates representing shares of Intermountain common stock for merger consideration to be received in the merger pursuant to the terms of the merger agreement.

Election Statement

An election statement is being distributed by the exchange agent which will allow Intermountain shareholders to make a cash election, a stock election or a mixed election, or to make no election with respect to the type of merger consideration they wish to receive.

Holders of Intermountain common stock who wish to elect the type of merger consideration they will receive in the merger should carefully review and follow the instructions set forth in the election statement. Intermountain shareholders who hold their shares in street name should follow their broker's instructions for making an election with respect to such shares. All election statements must be received by the exchange agent by 5:00 p.m., Pacific Time, on the day prior to the fifth business day before the completion of the merger. This date is referred to as the election deadline. Shares of Intermountain common stock as to which the holder has not made a valid election prior to the election deadline will be treated as though they had not made an election.

NOTE: The actual election deadline is not currently known. Columbia and Intermountain will issue a press release announcing the date of the election deadline at least five business days before that deadline. Additionally, Columbia and Intermountain will post the date of the election deadline on their respective websites, also at least five business days before that deadline.

To make an election, a holder of Intermountain common stock must submit a properly completed election statement so that it is actually received by the exchange agent at or prior to the election deadline in accordance with the instructions on the election statement. Neither Intermountain nor Columbia is under any obligation to notify any holder of defects in such holder's election statement.

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Generally, an election may be revoked or changed, but only by written notice received by the exchange agent prior to the election deadline. If an election is revoked and unless a subsequent properly executed election statement is actually received by the exchange agent at or prior to the election deadline, the holder having revoked the election will be deemed to have made no election with respect to his or her shares of Intermountain common stock.

Holders will not be entitled to revoke or change their elections following the election deadline. As a result, holders who have made elections will be unable to revoke their elections.

Shares of Intermountain common stock as to which the holder has not made a valid election prior to the election deadline, including as a result of revocation, will be deemed to have made no election. If it is determined that any purported cash election, stock election or mixed election was not properly made, the purported election will be deemed to be of no force or effect and the holder making the purported election will be deemed not to have made an election for these purposes, unless a proper election is subsequently made on a timely basis.

Letters of Transmittal

Within five business days after the completion of the merger, the exchange agent will send a letter of transmittal and instructions for surrendering certificates or book-entry shares in exchange for the merger consideration, any cash in lieu of fractional shares of Columbia common stock (as described below), and any dividends or distributions to which a holder may be entitled (as described below), to each holder of record of certificates or book-entry shares which, immediately prior to the completion of the merger, represented shares of Intermountain common stock, whose shares were converted into the right to receive the merger consideration.

If a certificate for Intermountain common stock has been lost, stolen or destroyed, the exchange agent will issue the consideration properly payable under the merger agreement upon receipt of an affidavit as to that loss, theft or destruction and, if requested by the exchange agent, the posting of a bond to indemnify the exchange agent against any claim that may be made against it with respect to such certificate.

Cash in Lieu of Fractional Shares

No fractional shares of Columbia common stock will be issued upon the surrender of certificates or book-entry shares for exchange, and no dividend or distribution with respect to Columbia common stock will be payable on or with respect to any fractional share, and such fractional share interests will not entitle the owner thereof to vote or to any other rights of a shareholder of Columbia. In lieu of the issuance of any such fractional share, Columbia will pay to each former shareholder of Intermountain who otherwise would be entitled to receive such fractional share an amount in cash (rounded to the nearest cent) determined by multiplying (i) the purchaser average closing price by (ii) the fraction of a share (after taking into account all shares of Intermountain common stock held by such holder at the effective time of the merger and rounded to the nearest thousandth when expressed in decimal form) of Columbia common stock which such holder would otherwise be entitled to receive.

Dividends and Distributions

Until certificates or book-entry shares representing shares of Intermountain common stock are surrendered for exchange, any dividends or other distributions with a record date after the effective time of the merger with respect to Columbia common stock into which such shares of Intermountain common stock may have been converted will not be paid. Following surrender of any such certificates or book-entry shares, the record holder thereof will be entitled to receive, without interest, any dividends or other distributions with a record date after the effective time of the merger payable with respect to the whole shares of Columbia common stock represented by such certificates or book-entry

shares and paid prior to the surrender date, and at the appropriate payment date, the amount of dividends or other distributions payable with respect to shares of Columbia common stock

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represented by such certificates or book-entry shares with a record date after the effective time of the merger but before the surrender date and with a payment date after the issuance of Columbia common stock issuable with respect to such certificates or book-entry shares.

After the effective time of the merger, there will be no transfers on the stock transfer books of Intermountain of any shares of Intermountain common stock. If certificates representing such shares are presented for transfer after the completion of the merger, they will be cancelled and exchanged for the merger consideration into which the shares represented by that certificate have been converted.

Dissenting Shares

Under Title 30, Chapter 1, Part 13 of the Idaho Business Corporation Act, which we refer to as the IBCA, Intermountain shareholders may be entitled to have the right to dissent from the merger and to receive payment in cash for the fair value of their shares of Intermountain common stock.

Intermountain shareholders electing to exercise dissenters' rights must comply with the provisions of the Idaho appraisal laws in order to perfect their rights. The following is intended as a brief summary of the material provisions of the procedures that an Intermountain shareholder must follow in order to dissent from the merger and perfect dissenters' rights. **This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to the Idaho appraisal laws, the full text of which is set forth in Appendix D to this document. Intermountain shareholders are urged to read Title 30, Chapter 1, Part 13 of the IBCA.**

A shareholder who wishes to assert dissenters' rights must:

(1) deliver to Intermountain before the special meeting written notice of the shareholder's intent to demand payment for the shareholder's shares if the merger is completed, and

(2) not vote the shares in favor of the merger.

A shareholder wishing to deliver a notice asserting dissenters' rights should hand deliver or mail the notice to the following address:

Intermountain Community Bancorp

PO Box 967

Sandpoint, ID 83864

Attention: Curt Hecker, Chief Executive Officer

A shareholder who wishes to exercise dissenters' rights generally must dissent with respect to all of the shares the shareholder owns or over which the shareholder has the power to direct the vote. However, if a record shareholder is a nominee for several beneficial shareholders, some of whom wish to dissent and some of whom do not, then the record holder may dissent with respect to all the shares beneficially owned by any one person by notifying Intermountain in writing of the name and address of each person on whose behalf the record shareholder asserts dissenters' rights. A beneficial shareholder may assert dissenters' rights directly by submitting to Intermountain the record shareholder's written consent and by dissenting with respect to all the shares of which the shareholder is the beneficial shareholder or over which the shareholder has power to direct the vote.

A shareholder who does not, prior to the special shareholders meeting, deliver to Intermountain a written notice of the shareholder's intent to demand payment for the fair value of the shares will lose the right to exercise dissenters' rights. In addition, any shareholder electing to exercise dissenters' rights must either vote against the merger or abstain from voting.

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If the merger is completed, Columbia (as the surviving corporation) will, within 10 days after the effective date of the merger, deliver a written notice to all Intermountain shareholders who properly gave notice of their intent to exercise dissenters' rights. The notice will, among other things:

state where the payment demand must be sent and when certificates for shares must be deposited;

supply a form for demanding payment;

set a date by which Columbia must receive the payment demand, which date will be between 40 and 60 days after notice is delivered;

state Columbia's estimate of the fair value for the shares and the date by which any notice to withdraw (discussed below) must be received; and

state that within 10 days of the date by which demands for payment are due, if requested in writing, Columbia will provide to the requesting shareholder the number of shareholders who returned forms demanding payment and the total number of shares owned by such shareholders.

A shareholder wishing to exercise dissenters' rights must at that time file the payment demand and deliver share certificates as required in the notice. Failure to do so will cause that person to lose their dissenters' rights.

A shareholder who has complied with the requirements summarized in the previous paragraph may nevertheless decline to exercise dissenters' rights and withdraw from the appraisal process by notifying Columbia by the date set forth in the written notice provided by Columbia following consummation of the merger. If the shareholder does not withdraw from the appraisal process by the specified date, he or she may not do so thereafter unless Columbia consents to such withdrawal in writing.

Within 30 days after the merger occurs or receipt of the payment demand, whichever is later, Columbia will pay each dissenter with properly perfected dissenters' rights Columbia's estimate of the fair value of the shareholder's shares, plus accrued interest from the effective date of the merger. With respect to a dissenter who did not beneficially own shares of Intermountain prior to the public announcement of the merger, Columbia is not required to make the payment until the dissenter has agreed to accept the payment in full satisfaction of the dissenter's demands. Fair value means the value of the shares immediately before the effective date of the merger. The rate of interest is required to be the rate on judgments in the state of Idaho.

Within 30 days of Columbia's payment (or offer of payment in the case of shares acquired after public announcement of the merger) to a dissenting shareholder, a dissenter dissatisfied with Columbia's estimate of the fair value may notify Intermountain of the dissenter's own estimate of the fair value and demand payment of that amount. If Intermountain does not accept the dissenter's estimate and the parties do not otherwise settle on a fair value, then Columbia must, within 60 days of receiving the estimate and demand, petition a court to determine the fair value.

In view of the complexity of the Idaho statutes governing dissenters' rights of appraisal, Intermountain shareholders who wish to dissent from the merger and pursue appraisal rights should consult their legal advisors.

The failure of an Intermountain shareholder to comply strictly with the Idaho statutory requirements will result in a loss of dissenters' rights. A copy of the relevant statutory provisions are attached as Appendix D. You should refer to this appendix for a complete statement concerning dissenters' rights and the foregoing summary of such rights is qualified in its entirety by reference to that appendix.

Regulatory Approvals Required for the Merger

Each of Columbia and Intermountain has agreed to use its reasonable best efforts to obtain all regulatory approvals required to complete the merger and the other transactions contemplated by the merger agreement. These approvals include approval from the FDIC, Idaho Department of Finance and the Washington State

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Department of Financial Institutions, among others. As of the date of this proxy statement/prospectus, Columbia and Intermountain have submitted applications and notifications to obtain the required regulatory approvals.

Federal Deposit Insurance Corporation. The prior approval of the FDIC will be required under Section 18(c) of the Federal Deposit Insurance Act, which we refer to as the Bank Merger Act, to merge Panhandle State Bank with and into Columbia State Bank. In evaluating an application filed under the Bank Merger Act, the FDIC generally considers: (1) the competitive impact of the transaction, (2) financial and managerial resources of the banks party to the bank merger, (3) the banks' effectiveness in combating money-laundering activities and (4) the extent to which the bank merger or mergers would result in greater or more concentrated risks to the stability of the U.S. banking or financial system. The FDIC also reviews the performance records of the relevant depository institutions under the Community Reinvestment Act of 1997, which we refer to as CRA, including their CRA ratings. In connection with its review under the Bank Merger Act, the FDIC will provide an opportunity for public comment on the application for the bank merger, and is authorized to hold a public meeting or other proceeding if it determines that would be appropriate.

Transactions approved by the FDIC generally may not be completed until 30 days after the approval of the FDIC is received, during which time the Department of Justice, which we refer to as the DOJ, may challenge the transaction on antitrust grounds. With the approval of the FDIC and the concurrence of the DOJ, the waiting period may be reduced to no less than 15 days. The commencement of an antitrust action would stay the effectiveness of such an approval unless a court specifically ordered otherwise. In reviewing the merger, the DOJ could analyze the merger's effect on competition differently than the FDIC, and thus it is possible that the DOJ could reach a different conclusion than the FDIC does regarding the merger's effects on competition. A determination by the DOJ not to object to the merger may not prevent the filing of antitrust actions by private persons or state attorneys general.

Federal Reserve Board. Columbia is a bank holding company under Section 3 of the Bank Holding Company Act of 1956, as amended, which we refer to as the BHC Act. Columbia will be requesting confirmation from the Federal Reserve that no application is required to the Federal Reserve under Section 3 of the BHC Act for the transactions contemplated by the merger agreement. Columbia expects such confirmation will be obtained, but if that were not the case, Columbia will need to obtain prior approval of the transactions contemplated by the merger agreement from the Federal Reserve. In considering the approval of a transaction such as the merger, the BHC Act requires the Federal Reserve Board to review, with respect to the bank holding companies and the banks concerned: (1) the competitive impact of the transaction, (2) the financial condition and future prospects, including capital positions and managerial resources, (3) the convenience and needs of the communities to be served and the record of the insured depository institution subsidiaries of the bank holding companies under the CRA, (4) the effectiveness of the companies' and the depository institutions' concerned in combating money laundering activities and (5) the extent to which the proposal would result in greater or more concentrated risks to the stability of the United States banking or financial system. In connection with such a review, the Federal Reserve Board will provide an opportunity for public comment on the application and is authorized to hold a public meeting or other proceeding if it determines such meeting or other proceeding would be appropriate.

Additional Regulatory Approvals and Notices. The transactions contemplated by the merger agreement are also subject to approval by the Idaho Department of Finance and the Washington State Department of Financial Institutions and notifications may be filed with various other regulatory agencies.

There can be no assurances that such approvals will be received on a timely basis, or as to the ability of Columbia and Intermountain to obtain the approvals on satisfactory terms or the absence of litigation challenging such approvals. There can likewise be no assurances that U.S. or state regulatory authorities will not attempt to challenge the merger on antitrust grounds or for other reasons, or, if such a challenge is made, as to the result of such challenge. The parties

obligations to complete the transactions contemplated by the merger agreement are subject to a number of conditions, including the receipt of all requisite regulatory approvals.

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Accounting Treatment

In accordance with current accounting guidance, the merger will be accounted for using the business combination method. The result of this is that the recorded assets and liabilities of Columbia will be carried forward at their recorded amounts, the historical operating results will be unchanged for the prior periods being reported on and that the assets and liabilities of Intermountain will be adjusted to fair value at the date of the merger. In addition, all identified intangibles will be recorded at fair value and included as part of the net assets acquired. To the extent that the purchase price, consisting of cash plus the number of shares of Columbia common stock to be issued to former Intermountain shareholders at fair value, exceeds the fair value of the net assets including identifiable intangibles of Intermountain at the merger date, that amount will be reported as goodwill. In accordance with current accounting guidance, goodwill will not be amortized but, in general, will be evaluated for impairment annually. Identified intangibles will be amortized over their estimated lives. Further, the business combination method of accounting results in the operating results of Intermountain being included in the operating results of Columbia beginning from the date of completion of the merger.

Public Trading Markets

Columbia common stock is listed on the Nasdaq Global Select Market under the symbol COLB. Intermountain common stock is listed on the Nasdaq Capital Market under the symbol IMCB. Upon completion of the merger, Intermountain common stock will be delisted from the Nasdaq Capital Market and thereafter will be deregistered under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. The Columbia common stock issuable in the merger will be listed on the Nasdaq Global Select Market.

Resale of Columbia Common Stock

All shares of Columbia common stock received by Intermountain shareholders in the merger will be freely tradable for purposes of the Securities Act of 1933, as amended, which we refer to as the Securities Act, and the Exchange Act, except for shares of Columbia common stock received by any such holder who becomes an affiliate of Columbia after completion of the merger. This document does not cover resales of shares of Columbia common stock received by any person upon completion of the merger, and no person is authorized to make any use of this document in connection with any resale.

Background of the Merger

Since 2011, Intermountain has successfully improved asset quality and returned to profitability. Given moderate organic growth projections and continued narrow margins, Intermountain's board of directors directed management to explore strategic alternatives including acquisitions of smaller institutions in order to attain growth and increase profitability.

Since then, management of Intermountain has from time to time explored and assessed, and has discussed with the Intermountain board of directors, various strategic options potentially available to Intermountain. These strategic discussions have focused on, among other things, the business environment facing financial institutions generally and Intermountain in particular, as well as conditions and ongoing consolidation in the financial services industry.

Columbia's management and board of directors also regularly review the financial services industry environment, including the trend towards consolidation in the industry, and periodically discuss ways in which to enhance Columbia's competitive position, including through the acquisition of other financial institutions.

Over the years, the Chief Executive Officers of Intermountain and Columbia have engaged in discussions concerning developments and trends in the Pacific Northwest banking industry and other matters, and have previously attended industry conferences together.

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In September 2013, Intermountain's board of directors and executive management team conducted a strategic planning session in which they assessed various alternatives. These included expanding through organic growth, purchasing other financial institutions, and merging into other financial institutions. At this meeting, the board and executive management team discussed valuation of Intermountain under various scenarios. Based on the discussion, Curt Hecker, Chief Executive Officer of Intermountain, was directed to further investigate the various alternatives.

In October 2013, the board of directors formally established a Merger and Acquisition Subcommittee, which we refer to as the M&A Subcommittee, to more deeply evaluate potential strategic combinations. The M&A Subcommittee met several times in December to review the universe of potential acquirers, targets and strategic partners for Intermountain. The M&A Subcommittee also reviewed valuations relating to strategic combinations and received updates from Mr. Hecker on discussions with several investment bankers.

In November 2013, Intermountain redeemed its outstanding Capital Purchase Program, which we refer to as CPP, preferred shares, thereby ending any related restrictions imposed by the CPP.

Consistent with Intermountain's board of directors' direction, in late 2013 and early 2014, Mr. Hecker discussed with executives from several financial institutions, among other things, a potential merger transaction with Intermountain. One of these conversations was with Melanie Dressel, the President and Chief Executive Officer of Columbia, regarding general industry matters and the potential for a transaction between the two companies.

Intermountain's management team continued to actively evaluate several options to acquire other institutions. In January 2014, Intermountain, with the assistance of Sandler O'Neill & Partners, L.P., which we refer to as Sandler O'Neill, presented a preliminary non-binding proposal to a potential strategic partner outlining a proposed combination with Intermountain to the Chief Executive Officer and key board members of such potential strategic partner. The preliminary proposal was not acceptable to the potential strategic partner and conversations between the two companies were put on hold indefinitely. Intermountain's management team continued to discuss and analyze opportunities to acquire other institutions but it was determined that, at that time, none of the identified potential opportunities were achievable on terms that would be financially attractive to Intermountain. During this time, Mr. Hecker also continued discussions with both investment bankers and executives of larger companies interested in proposed transactions involving Intermountain. Based on feedback from Mr. Hecker, the board indicated its receptivity to entertaining formal proposals from certain interested parties. In February 2014, the M&A Subcommittee reviewed preliminary modeling on Columbia and another interested financial institution, which was larger than Intermountain. Based on this analysis, the M&A Subcommittee directed Mr. Hecker to pursue further discussions with Columbia and this second interested party and to continue reviewing other potential options. In late February, the M&A Subcommittee informed the board of current activity.

In March 2014, after executing confidentiality agreements with Columbia and the second potential party, Intermountain received preliminary non-binding proposals from Columbia and the second potential party, providing basic terms of a potential combination. In addition, Mr. Hecker and the board Chairman, Mr. Elsaesser, met personally with Ms. Dressel and the board Chairman of Columbia and the Chief Executive Officer and board Chairman of the second potential party. The M&A Subcommittee was apprised of these developments and directed Mr. Hecker to proceed to negotiate on a non-exclusive basis to improve the terms of the preliminary non-binding proposals from Columbia and the second potential party.

In early April 2014, executive management reconfirmed its financial forecasts for the board based on year-to-date results and provided additional comparative analyses of the various alternatives available to Intermountain, specifically a review of financial analysis and discussions with potential targets and strategic partners along with the preliminary non-binding proposals from Columbia and the second potential party. The Intermountain board directed

Mr. Hecker to continue discussions with potential acquirers, including Columbia

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and the second potential party. During the month of April, Columbia and the second potential party were granted additional access to Intermountain information to allow them to refine the terms of their respective, initial preliminary proposals. In late April and early May, Columbia and the second potential party presented Intermountain with updated non-binding proposals indicating general terms of a potential merger.

In late April, the M&A Subcommittee directed Mr. Hecker to engage Sandler O'Neill to serve as financial advisor to assist Intermountain in evaluating its potential strategic alternatives. On May 1, 2014, Intermountain and Sandler O'Neill entered into an engagement letter. Also in late April 2014, Intermountain was contacted by a representative of a third potential party.

The M&A Subcommittee met on May 1, 2014 to discuss current activity. At the meeting, Sandler O'Neill provided the committee with a preliminary overview of strategic alternatives including a preliminary analysis of the non-binding proposals received from Columbia and the second potential party. In addition to Columbia and the second identified potential party, other potential parties were also discussed. Intermountain instructed Sandler O'Neill to contact the third potential party and determine its level of interest and ability to pursue an acquisition of Intermountain.

The M&A Subcommittee met again on May 8, 2014 to review additional information provided by Sandler O'Neill regarding the various options available, including the financial and strategic characteristics of other potential parties. The M&A Subcommittee directed Sandler O'Neill to assist management in negotiating improved proposals from Columbia and the second potential party and solicit a non-binding proposal from the third potential party.

On May 13, 2014, after a series of discussions with Intermountain management and Sandler O'Neill, the third potential party expressed that it was not prepared to proceed with an acquisition of Intermountain at that time.

On May 14, 2014, Intermountain management, the M&A Subcommittee and Sandler O'Neill updated the full board on discussions with Columbia and the second potential party as well as the other companies executive management had explored regarding a potential acquisition of Intermountain. Sandler O'Neill presented an updated financial analysis comparing the various strategic alternatives available to Intermountain.

In mid-May, Intermountain received updated non-binding proposals from Columbia and the second potential party. On May 21, 2014, the Intermountain board met to review the revised non-binding proposals. Sandler O'Neill presented an overview of the process and revised non-binding proposals received from Columbia and the second potential party. When comparing the non-binding proposals, the Intermountain board noted, among other things, the Columbia non-binding proposal included increased consideration for Intermountain's shareholders. After evaluating the revised non-binding proposals from Columbia and the second potential party, the Intermountain board directed Mr. Hecker and Sandler O'Neill to pursue further negotiations with Columbia on specific deal points, including increased merger consideration. This led to a further revised non-binding proposal from Columbia received by Intermountain on May 29, 2014.

On May 30, 2014, the Intermountain board met to consider Columbia's revised non-binding proposal. At this meeting, Sandler O'Neill highlighted the revisions to the non-binding proposal and the board authorized Mr. Hecker to execute a Letter of Intent, which was completed on June 2, 2014 and included aggregate consideration for all Intermountain common shares and common share equivalents (including the outstanding Intermountain warrants, but excluding the TARP warrant (as defined below in the section entitled "The Merger Agreement Covenants and Agreements")) consisting of approximately 4.6 million shares of Columbia common stock and \$20.6 million in cash. This letter allowed each company to conduct more in-depth due diligence involving senior executives from both companies as well as their outside legal and financial advisors to further refine the offer. It also included an exclusivity period of 45 days, during which Intermountain would not solicit or consider other proposals.

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Over the next several weeks, the companies continued to discuss the transaction and conducted additional due diligence with respect to each other.

On June 27, 2014, Sullivan & Cromwell LLP, counsel to Columbia, which we refer to as Sullivan & Cromwell, provided Graham & Dunn, PC, counsel to Intermountain, which we refer to as Graham & Dunn, with the first draft of the merger agreement.

In late June, Columbia informed Intermountain that based on the results of Columbia's due diligence related to the value of certain fixed assets, estimated cost saves, and future earnings projections, it had determined to make a downward adjustment to the consideration described in the Letter of Intent dated June 2, 2014. On July 1, 2014, representatives of Columbia including Columbia's financial advisor Keefe Bruyette & Woods, which we refer to as KBW, and representatives of Intermountain and Sandler O'Neill met in person to have a detailed discussion of Columbia's diligence findings.

Following a meeting and at the direction of its board of directors, on July 7, 2014 Columbia provided Intermountain with a revised offer for aggregate consideration for all Intermountain common shares and common share equivalents (including the Intermountain warrants, but excluding the TARP warrant) consisting of approximately 4.2 million shares of Columbia common stock and approximately \$16.5 million in cash. As part of the proposal, Columbia's executive management indicated that the agreement was contingent upon the execution of voting and support agreements by the principal shareholders, as well as Intermountain directors. Columbia indicated that, if Intermountain elected to proceed with the revised terms that a definitive agreement could be negotiated and signed by July 23, 2014.

On July 9, 2014 the Intermountain board met to consider Columbia's revised terms. Sandler O'Neill provided the Intermountain board with updated analysis related to Columbia's revised terms, an overview of the terms of the non-binding proposal last received from the second potential party and an overview of other potential acquirers. The Intermountain board carefully considered the analysis and discussed in detail Columbia's diligence findings. After considerable discussion and questions, the Intermountain board elected to proceed with Columbia on the basis of their revised terms and instructed Mr. Hecker to enter into a revised Letter of Intent with an exclusivity period to last until July 23, 2014.

On July 11, 2014, Sullivan & Cromwell provided Graham & Dunn with drafts of voting agreements for certain shareholders and directors. Between July 11, 2014 and July 23, 2014, representatives of Graham & Dunn and Sullivan & Cromwell negotiated the terms of the draft merger agreement and the shareholder and director agreements.

On July 23, 2014, the board of directors of Intermountain met to consider the proposed transaction, together with representatives of management, Sandler O'Neill, and Graham & Dunn corporate counsel to Intermountain. During the meeting, Intermountain management detailed the reports of the company's due diligence review of Columbia. Sandler O'Neill reviewed with the board of directors additional information, including the financial terms of the proposed transaction, information regarding peer companies and comparable transactions, and a net present value analysis of Intermountain and Columbia. Sandler O'Neill rendered to the Intermountain board of directors its oral opinion (subsequently confirmed in writing), as described under Opinion of Intermountain's Financial Advisor, that, as of July 23, 2014, and based on the qualifications and assumptions set forth in its opinion, the merger consideration was fair to the holders of Intermountain common stock from a financial point of view.

Representatives of Graham & Dunn discussed with the Intermountain board of directors the legal standards applicable to its decisions and actions with respect to its evaluation of Columbia's merger proposal, and reviewed the proposed merger agreement and the related agreements, including the various voting and support agreements to be entered into

by the directors of Intermountain, and the principal shareholders (as described under The Merger Agreement Related Agreements).

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Following these discussions, and review and discussion among the members of the Intermountain board of directors, including consideration of the factors described under Recommendation of the Intermountain Board of Directors and Reasons for the Merger, the Intermountain board of directors determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable for, fair to and in the best interests of Intermountain and its shareholders, and the directors voted to adopt the merger agreement, on a nine-to-one vote. The one dissenting vote was based on the director's belief that the current time was too soon for Intermountain to sell.

On July 23, 2014, Columbia's board of directors met with members of Columbia's executive management and Columbia's legal and financial advisors to consider the proposed transaction. Columbia's management provided information regarding operational and financial considerations relating to the proposed consolidation of the businesses of Columbia and Intermountain, and provided a review of Intermountain's loans and loan policies based on Columbia's due diligence review as well as a review conducted by an outside consulting firm.

Sullivan & Cromwell reviewed the fiduciary duties and responsibilities of the board of directors in considering the proposed transaction, provided the board of directors with an overview of the legal due diligence conducted by it, and summarized the merger agreement and related agreements. KBW reviewed certain financial aspects of the proposed transaction.

Following discussion with management and Columbia's legal and financial advisors, Columbia's board of directors determined that it is in the best interest of Columbia and its shareholders to proceed with the merger, and unanimously approved the merger agreement and the transactions contemplated by the merger agreement.

Following completion of the July 23, 2014 board meetings, the merger agreement and related agreements were executed and delivered and the transaction was announced in the evening of July 23, 2014 in a press release issued jointly by Columbia and Intermountain.

Recommendation of the Intermountain Board of Directors and Reasons for the Merger

In reaching its decision to adopt and approve the merger agreement and recommend that Intermountain shareholders approve the merger agreement, the Intermountain board of directors consulted with Intermountain's management, as well as its legal and financial advisors, and considered a number of factors, including:

its knowledge of Intermountain's business, operations, financial condition, asset quality, earnings and prospects, and of Columbia's business, operations, financial condition, asset quality, earnings and prospects, taking into account the presentations made by Columbia officers, the results of Intermountain's due diligence review of Columbia, and information provided by Intermountain's financial advisor;

its knowledge of the current environment in the financial services industry, including national, regional and local economic conditions and the interest rate environment, continued consolidation, increased operating costs resulting from regulatory initiatives and compliance mandates, increasing nationwide and global competition, the current environment for community banks, particularly in Idaho and the Pacific Northwest, and current financial market conditions and the likely effects of these factors on the companies' potential growth, development, productivity and strategic options, and the historical market prices, cash dividends and trading liquidity of Intermountain and Columbia common stock;

its belief that combining the two companies would create a larger and more diversified financial institution that is both better equipped to respond to economic and industry developments and better positioned to develop and build on its strong market share in Idaho, Oregon, Washington, and the Pacific Northwest;

the complementary aspects of Intermountain's and Columbia's businesses, including customer focus, geographic coverage, business orientation and compatibility of the companies' management and operating styles;

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its understanding of Columbia's commitment to enhancing its strategic position in the Pacific Northwest;

the potential expense-saving and revenue-enhancing opportunities in connection with the merger, the related potential impact on the combined company's earnings and the fact that the nature of the merger consideration would give former Intermountain shareholders the opportunity to participate as Columbia shareholders in the benefits of such savings opportunities and the future performance of the combined company generally;

Columbia's stock trading liquidity and history of regular and special cash dividends;

Columbia's successful operating and acquisition track record, specifically Columbia's history of efficiently closing and integrating acquisitions, and Intermountain's board of directors' belief that the combined enterprise would benefit from Columbia's ability to take advantage of economies of scale and grow in the current economic environment, making Columbia an attractive partner for Intermountain;

its assessment of the likelihood that the merger would be completed in a timely manner and that the management team of the combined company would be able to successfully integrate and operate the businesses of the combined company after the merger;

the financial analyses presented by Sandler O'Neill to the Intermountain board of directors, and the opinion dated as of July 23, 2014, delivered to Intermountain by Sandler O'Neill to the effect that, as of that date, and subject to and based on the qualifications and assumptions set forth in the opinion, the consideration to be received by the holders of common stock of Intermountain in the merger was fair, from a financial point of view, to such shareholders;

the financial terms of the merger, including the fact that, based on the closing price on the Nasdaq Global Select Market of Columbia common stock on July 22, 2014 (the last trading day prior to the execution and announcement of the merger agreement), and based on the right of Intermountain shareholders to elect (subject to proration) to receive cash or Columbia common stock or a unit comprised of a mix of cash and Columbia common stock, the per share merger consideration as of July 22, 2014, represented an approximate 12.2 percent premium over the closing price of Intermountain shares on the Nasdaq Capital Market as of that date, a premium to tangible book value per share of 119 percent and a multiple to last twelve months earnings per share (assuming a normalized tax rate of 30%) of 31.7¹;

the structure of the merger and the terms of the merger agreement, including: the fact that Intermountain shareholders would have the right to elect to receive the merger consideration either in cash, Columbia common stock, or a unit comprised of a mix of cash and Columbia common stock (of which all-cash and all-stock elections are subject to adjustment), the no-solicitation and shareholder approval covenants, the termination fee provisions, and the ability of the Intermountain board of directors, under certain circumstances, to withdraw or materially and adversely modify its recommendation to Intermountain shareholders under certain circumstances, and to terminate the merger agreement in order to enter into a definitive agreement with respect to a superior proposal (subject to payment of a \$5.5 million termination

fee);

the expectation that the merger would qualify as a reorganization for U.S. federal income tax purposes;

the regulatory and other approvals required in connection with the merger and the likelihood that such approvals would be received in a timely manner and without unacceptable conditions;

¹ For the last twelve months ended June 30, 2014, Intermountain's reported earnings per share included a non-recurring tax benefit of \$5.2 million related to the reversal of a valuation allowance against its deferred tax assets. Adjusted last twelve months earnings per share is calculated using Intermountain's June 30, 2014 adjusted last twelve months net income of \$3.8 million, which is equal to Intermountain's June 30, 2014 last twelve months pre-tax earnings of \$5.4 million taxed at a normalized tax rate of 30%.

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the potential risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the merger; and

the fact that the interests of some of the directors and officers of Intermountain may be different from those of Intermountain shareholders, and directors and officers of Intermountain may be participants in arrangements that are different from, or are in addition to, those of Intermountain shareholders. See the section of this document entitled *Interests of Intermountain Directors and Executive Officers in the Merger*. The foregoing discussion of the factors considered by the Intermountain board of directors is not intended to be exhaustive, but, rather, includes the material factors considered by the Intermountain board of directors. In reaching its decision to adopt and approve the merger agreement, and the other transactions contemplated by the merger agreement, the Intermountain board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The Intermountain board of directors considered all these factors as a whole, including discussions with, and questioning of, Intermountain's management and Intermountain's financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination. The Intermountain board of directors also relied on the experience of Sandler O'Neill, its financial advisor, for analyses of the financial terms of the merger and for its opinion as to the fairness from a financial point of view of the consideration in the merger to Intermountain's shareholders.

For the reasons set forth above, the Intermountain board of directors determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of Intermountain and its shareholders, and approved and adopted the merger agreement. The Intermountain board of directors recommends that the Intermountain shareholders vote FOR the Merger proposal, FOR the Merger-Related Named Executive Officer Compensation proposal, and FOR the Adjournment proposal.

Opinion of Intermountain's Financial Advisor

By letter dated May 1, 2014, Intermountain retained Sandler O'Neill & Partners, L.P., which we refer to as Sandler O'Neill, to act as financial advisor to Intermountain's board of directors in connection with the board's review of potential strategic alternatives, including as to a possible business combination with potential counterparties. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor to the Intermountain board of directors in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of the merger agreement. At the July 23, 2014 meeting at which Intermountain's board of directors considered and approved the merger agreement, Sandler O'Neill delivered to the board its oral opinion, which was subsequently confirmed in writing, that, as of such date, the merger consideration was fair to the holders of Intermountain common stock from a financial point of view. **The full text of Sandler O'Neill's opinion is attached as Appendix B to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of Intermountain common stock are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to Intermountain's board and is directed only to the fairness of the merger consideration to the holders of Intermountain common

stock from a financial point of view. It does not address the underlying business

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decision of Intermountain to engage in the merger or any other aspect of the merger and is not a recommendation to any holder of Intermountain common stock as to how such holder of Intermountain common stock should vote at the special meeting with respect to the merger or any other matter. Sandler O'Neill did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by Intermountain's officers, directors, or employees, or class of such persons, relative to the per share consideration to be received by Intermountain's shareholders.

In connection with rendering its opinion dated July 23, 2014, Sandler O'Neill reviewed and considered, among other things:

the merger agreement;

certain financial statements and other historical financial information of Intermountain that Sandler O'Neill deemed relevant;

certain financial statements and other historical financial information of Columbia that Sandler O'Neill deemed relevant;

internal financial estimates for Intermountain's earnings per share for the years ending December 31, 2014 and December 31, 2015 as provided by senior management of Intermountain and an estimated long-term annual earnings per share growth rate for the years ending December 31, 2016 through December 31, 2018 as provided by senior management of Intermountain;

publicly available mean analyst earnings estimates for Columbia for the years ending December 31, 2014 and December 31, 2015 and an estimated long-term annual earnings per share growth rate for the years ending December 31, 2016 through December 31, 2018 as discussed with senior management of Columbia;

the pro forma financial impact of the merger on Columbia based on assumptions relating to transaction expenses, purchase accounting adjustments, accounting treatment, cost savings and other synergies as determined by the senior management of Columbia;

a comparison of certain financial and other information for Intermountain and Columbia with similar publicly available information for certain other banking institutions, the securities of which are publicly traded;

the terms and structures of other recent merger and acquisition transactions in the banking sector;

the current market environment generally and in the banking sector in particular; and

such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O Neill considered relevant.

Sandler O Neill also discussed with certain members of the senior management of Intermountain the business, financial condition, results of operations and prospects of Intermountain and held similar discussions with the senior management of Columbia regarding the business, financial condition, results of operations and prospects of Columbia.

In performing its reviews and analyses and in rendering its opinion, Sandler O Neill relied upon the accuracy and completeness of all of the financial and other information that was available to Sandler O Neill from public sources, that was provided to Sandler O Neill by Intermountain or Columbia or their respective representatives or that was otherwise reviewed by Sandler O Neill and Sandler O Neill assumed such accuracy and completeness for purposes of rendering its opinion. Sandler O Neill further relied on the assurances of the senior management of each of Intermountain and Columbia that they were not aware of any facts or circumstances that would make any of such information inaccurate or misleading in any material respect. Sandler O Neill was not asked to undertake, and did not undertake an independent verification of any of such information and Sandler O Neill assumes no responsibility or liability for the accuracy or completeness thereof. Sandler

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O'Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Intermountain or Columbia or any of their subsidiaries. Sandler O'Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of Intermountain and Columbia and Sandler O'Neill did not review any individual credit files relating to Intermountain or Columbia. Sandler O'Neill assumed that the respective allowances for loan losses for Intermountain and Columbia are adequate to cover such losses and will be adequate on a pro forma basis.

With respect to internal financial projections and a long-term earnings growth rate provided by senior management of Intermountain and publicly available mean earnings per share estimates and an estimated long-term annual earnings per share growth rate for Columbia used by Sandler O'Neill in its analyses, the senior managements of Intermountain and Columbia confirmed to Sandler O'Neill that those projections reflected the best currently available estimates and judgments of such respective managements of the respective future financial performances of Intermountain and Columbia. With respect to the purchase accounting adjustments, accounting treatment, cost savings and other synergies determined by the senior management of Columbia, such management confirmed that they reflected the best currently available estimates. Sandler O'Neill expresses no opinion as to such financial projections or estimates or the assumptions on which they are based. Sandler O'Neill has also assumed that there has been no material change in the assets, financial condition, results of operations, business or prospects of Intermountain and Columbia since the date of the most recent financial data made available to Sandler O'Neill. Sandler O'Neill assumed in all respects material to its analysis that Intermountain and Columbia would remain as going concerns for all periods relevant to Sandler O'Neill's analyses. Finally, Sandler O'Neill has expressed no opinion as to any legal, accounting and tax matters relating to the Merger and the other transactions contemplated by the merger agreement.

Sandler O'Neill's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Sandler O'Neill as of, the date of its opinion. Events occurring after the date thereof could materially affect its opinion. Sandler O'Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date of its opinion. Sandler O'Neill expressed no opinion as to the prices at which the common stock of Intermountain or Columbia may trade at any time or the impact of the change in price of Columbia common stock on the per share consideration. Sandler O'Neill was not asked to and did not contact any additional potential merger partners related to this transaction.

In rendering its opinion dated July 23, 2014, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but is not a complete description of all the analyses underlying Sandler O'Neill's opinion. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to Intermountain or Columbia and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of Intermountain and Columbia and the companies to which they are being compared.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted

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and are beyond the control of Intermountain, Columbia and Sandler O'Neill. The analysis performed by Sandler O'Neill is not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the Intermountain board of directors at the board of directors July 23, 2014 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analyses do not necessarily reflect the value of Intermountain's common stock or the prices at which Intermountain's common stock may be sold at any time. The analyses of Sandler O'Neill and its opinion were among a number of factors taken into consideration by Intermountain's board of directors in making its determination to approve Intermountain's entry into the merger agreement and the analyses described below should not be viewed as determinative of the decision made by Intermountain's board of directors or management with respect to the fairness of the merger.

In arriving at its opinion, Sandler O'Neill did not attribute any particular weight to any analysis or factor that it considered. Rather, it made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler O'Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinions; rather, Sandler O'Neill made its determination as to the fairness of the merger consideration on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole.

Summary of Proposal.

Sandler O'Neill reviewed the financial terms of the proposed transaction. As described in the merger agreement, Intermountain shareholders will receive, subject to allocation procedures, in exchange for each share of Intermountain stock either: (i) 0.6426 of a share of Columbia common stock plus \$2.2930 in cash; (ii) an amount of cash equal to the per share consideration or (iii) a number of Columbia shares equal to the per share stock consideration. Based upon 6,540,902 shares of Intermountain common stock outstanding, 170,000 in-the-money Intermountain warrants outstanding with a weighted average strike price of \$10.00 per share, 160,000 unvested restricted stock awards assumed to vest upon change in control, and a Columbia trading price of \$24.79 as of July 22, 2014, Sandler O'Neill calculated a per share consideration of \$18.22 and aggregate consideration of approximately \$123.5 million. Based upon financial information as or for the twelve month period ended June 30, 2014, Sandler O'Neill calculated the following transaction ratios:

Transaction Value Per Share / Tangible Book Value Per Share:	119%
Transaction Value Per Share / Adjusted Tangible Book Value Per Share ⁽¹⁾ :	132%
Transaction Value Per Share / Last Twelve Months Earnings Per Share ⁽²⁾ :	31.7x
Tangible Book Premium to Core Deposits ⁽³⁾ :	3.0%
Adjusted Tangible Book Premium to Core Deposits ^{(1),(3)} :	4.5%
Transaction Value Per Share / Intermountain Stock Price (July 22, 2014):	12.1%

(1) Tangible book value per share adjusted to reflect market value of owned facilities, negative pre-tax mark of \$13.7 million

(2) For the last twelve months ended June 30, 2014, Intermountain's reported earnings per share included a non-recurring tax benefit of \$5.2 million related to the reversal of a valuation allowance against its deferred tax assets. Adjusted last twelve months earnings per share is calculated using Intermountain's June 30, 2014 adjusted

last twelve months net income of \$3.8 million, which is equal to Intermountain's June 30, 2014 last twelve months pre-tax earnings of \$5.4 million taxed at a normalized tax rate of 30%

(3) Core deposits equals total deposits less time deposits >\$100,000

Table of Contents***Intermountain Comparable Company Analysis.***

Sandler O'Neill used publicly available information to compare selected financial information for Intermountain and a group of financial institutions as selected by Sandler O'Neill. The Intermountain peer group consisted of NYSE and NASDAQ-traded western region headquartered banks with assets as of March 31, 2014 unless otherwise noted, between \$600 million and \$1.75 billion. The group excluded thrifts and merger targets.

Bank of Commerce Holdings	Oak Valley Bancorp ⁽¹⁾
Bridge Capital Holdings	Pacific Continental Corporation
Central Valley Community Bancorp ⁽¹⁾	Pacific Mercantile Bancorp
Heritage Commerce Corporation	Pacific Premier Bancorp
Heritage Oaks Bancorp	Sierra Bancorp ⁽¹⁾
Northrim Bancorp	United Security Bancshares ⁽¹⁾

⁽¹⁾ Financial information based on GAAP or regulatory financial data as of June 30, 2014

The analysis compared publicly available financial information for Intermountain and the mean and median financial and market trading data for the Intermountain peer group as of or for the period ended March 31, 2014 unless otherwise noted above, with pricing data as of July 22, 2014. The table below sets forth the data for Intermountain and the median data for the Intermountain peer group.

Comparable Company Analysis

	Intermountain ⁽¹⁾	Comparable Group Median	Comparable Group Mean
Total Assets (in millions)	\$ 920	\$ 1,337	\$ 1,265
Market Capitalization (in millions)	\$ 109	\$ 188	\$ 183
Price / Tangible Book Value	107%	129%	137%
Price / Last Twelve Months Earnings Per Share	28.3x	16.4x	17.4x
Price / Estimated 2014 Earnings Per Share	NA	15.6x	15.4x
Dividend Yield	0.0%	1.45%	1.24%
One-Year Total Stock Return	18.2%	8.4%	14.2%
Last Twelve Months Net Interest Margin	3.51%	4.12%	4.09%
Last Twelve Months Efficiency Ratio	86%	67%	70%
Last Twelve Months Return on Average Assets	0.41%	0.87%	0.75%
Tangible Common Equity / Tangible Assets	10.8%	10.4%	10.3%

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Loans / Deposits	76.4%	76.2%	78.1%
Non-Performing Assets / Total Assets	0.77%	1.03%	1.81%

- (1) For the last twelve months ended June 30, 2014, Intermountain's reported earnings per share included a non-recurring tax benefit of \$5.2 million related to the reversal of a valuation allowance against its deferred tax assets. Adjusted last twelve months earnings per share is calculated using Intermountain's June 30, 2014 adjusted last twelve months net income of \$3.8 million, which is equal to Intermountain's June 30, 2014 last twelve months pre-tax earnings of \$5.4 million taxed at a normalized tax rate of 30%

Table of Contents***Columbia Comparable Company Analysis.***

Sandler O Neill used publicly available information to compare selected financial information for Columbia and a group of financial institutions as selected by Sandler O Neill. The Columbia peer group consisted of NYSE and NASDAQ-traded western region headquartered banks with assets as of March 31, 2014, unless otherwise noted, between \$4.25 billion and \$12 billion. The group excluded thrifts and merger targets.

Banner Corporation	First Interstate BancSystem ⁽¹⁾
BBCN Bancorp ⁽¹⁾	Glacier Bancorp
Cathay General Bancorp	Westamerica Bancorporation ⁽¹⁾
Central Pacific Financial Corp.	Western Alliance Bancorporation ⁽¹⁾
CVB Financial Corporation	

⁽¹⁾ Financials based on GAAP or regulatory financial data as of June 30, 2014

The analysis compared publicly available financial information for Columbia and the mean and median financial and market trading data for the Columbia peer group as of or for the period ended March 31, 2014 unless otherwise noted, with pricing data as of July 22, 2014. The table below sets forth the data for Columbia and the median data for the Columbia peer group.

Comparable Company Analysis

	Columbia ⁽¹⁾	Comparable Group Median	Comparable Group Mean
Total Assets (in millions)	\$ 7,297	\$ 6,903	\$ 7,231
Market Capitalization (in millions)	\$ 1,304	\$ 1,268	\$ 1,423
Price / Tangible Book Value	179%	180%	200%
Price / Last Twelve Months Earnings Per Share	14.9x	18.5x	18.8x
Price / Estimated 2014 Earnings Per Share	14.9x	16.3x	16.4x
Price / Estimated 2015 Earnings Per Share	13.8x	15.1x	15.0x
Dividend Yield	3.87%	1.97%	1.93%
One-Year Total Return	-1.5%	8.2%	8.8%
Last Twelve Months Net Interest Margin	4.86%	3.69%	3.80%
Last Twelve Months Efficiency Ratio	64%	50%	56%
Last Twelve Months Return on Average Assets	1.25%	1.19%	1.14%
Tangible Common Equity / Tangible Assets	10.4%	11.0%	10.4%

Loans / Deposits	78.8%	72.7%	78.3%
Non-Performing Assets / Total Assets	0.63%	1.59%	1.65%

- (1) Last twelve months earnings per share adjusted to exclude acquisition-related expenses associated with non-interest expense

Intermountain Stock Price Performance

Sandler O'Neill reviewed the history of the publicly reported trading prices of Intermountain's common stock in a very limited trading market for the one-year and three-year periods ended July 22, 2014. Sandler O'Neill then compared the relationship between the movements in the price of Intermountain's common stock against the movements in the prices of Intermountain's peer group (as described on page []), S&P 500 Index and NASDAQ Index.

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Intermountain's One-Year Stock Performance

	Beginning Index Value July 22, 2013	Ending Index Value July 22, 2014
Intermountain	100%	118%
Intermountain Peer Group	100%	107%
S&P 500 Index	100%	117%
NASDAQ Index	100%	124%

Intermountain's Three-Year Stock Performance

	Beginning Index Value July 22, 2011	Ending Index Value July 22, 2014
Intermountain	100%	145%
Intermountain Peer Group	100%	157%
S&P 500 Index	100%	148%
NASDAQ Index	100%	157%

Columbia Stock Price Performance

Sandler O'Neill reviewed the history of the publicly reported trading prices of Columbia's common stock for the one-year and three-year periods ended July 22, 2014. Sandler O'Neill then compared the relationship between the movements in the price of Columbia's common stock against the movements in the prices of Columbia's peer group (as described on page []), S&P 500 Index and NASDAQ Index.

Columbia's One Year Stock Performance

	Beginning Index Value July 22, 2013	Ending Index Value July 22, 2014
Columbia	100%	99%
Columbia Peer Group	100%	109%
S&P 500 Index	100%	117%
NASDAQ Index	100%	124%

Columbia's Three Year Stock Performance

	Beginning Index Value July 22, 2011	Ending Index Value July 22, 2014
Columbia	100%	140%
Columbia Peer Group	100%	170%
S&P 500 Index	100%	148%

NASDAQ Index

100%

157%

Intermountain Net Present Value Analysis.

Sandler O'Neill performed an analysis that estimated the net present value per share of Intermountain common stock under various circumstances. The analysis assumed that Intermountain performed in accordance to internal financial estimates for earnings per share provided by Intermountain's senior management for the years ending December 31, 2014 and December 31, 2015 and the estimated long-term annual earnings per share growth rate for the years ending December 31, 2016 through December 31, 2018 as well as assumptions for annual common dividend payments, in each case as discussed with, and confirmed by, senior management of Intermountain. To approximate the terminal value of Intermountain common stock at December 31, 2018,

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Sandler O'Neill applied price to earnings multiples ranging from 12.0x to 22.0x and multiples of tangible book value ranging from 100% to 150%. The terminal values were then discounted to present values using different discount rates ranging from 10.0% to 16.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Intermountain's common stock.

During the Intermountain board of directors meeting on July 23, 2014, Sandler O'Neill noted that the terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

As illustrated in the following tables, the analysis indicates an imputed range of values per share of Intermountain common stock of \$7.84 to \$17.57 when applying multiples of earnings to the applicable amounts indicated in the Intermountain projections and \$9.84 to \$18.33 when applying multiples of tangible book value to the applicable amounts indicated in the Intermountain projections.

Earnings Per Share Multiples

Discount Rate	12.0x	14.0x	16.0x	18.0x	20.0x	22.0x
10.0%	\$ 9.93	\$ 11.46	\$ 12.99	\$ 14.51	\$ 16.04	\$ 17.57
12.0%	\$ 9.16	\$ 10.57	\$ 11.98	\$ 13.39	\$ 14.80	\$ 16.21
14.0%	\$ 8.47	\$ 9.77	\$ 11.07	\$ 12.37	\$ 13.67	\$ 14.97
16.0%	\$ 7.84	\$ 9.04	\$ 10.24	\$ 11.44	\$ 12.65	\$ 13.85

Tangible Book Value Multiples

Discount Rate	100%	110%	120%	130%	140%	150%
10.0%	\$ 12.48	\$ 13.65	\$ 14.82	\$ 15.99	\$ 17.16	\$ 18.33
12.0%	\$ 11.52	\$ 12.59	\$ 13.67	\$ 14.75	\$ 15.83	\$ 16.91
14.0%	\$ 10.64	\$ 11.64	\$ 12.63	\$ 13.63	\$ 14.62	\$ 15.62
16.0%	\$ 9.84	\$ 10.77	\$ 11.69	\$ 12.61	\$ 13.53	\$ 14.45

Sandler O'Neill also considered and discussed with the Intermountain board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O'Neill performed a similar analysis assuming Intermountain's net income varied from 20% above projections to 20% below projections. This analysis resulted in the following range of per share values for Intermountain common stock, using the same price to earnings multiples of 12.0x to 22.0x and a discount rate of 12.87%.

Earnings Per Share Multiples

Annual Budget Variance	12.0x	14.0x	16.0x	18.0x	20.0x	22.0x
(20.0%)	\$ 7.22	\$ 8.31	\$ 9.40	\$ 10.49	\$ 11.57	\$ 12.66
(10.0%)	\$ 8.04	\$ 9.26	\$ 10.49	\$ 11.71	\$ 12.93	\$ 14.16

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0.0%	\$ 8.85	\$ 10.21	\$ 11.57	\$ 12.93	\$ 14.29	\$ 15.66
10.0%	\$ 9.67	\$ 11.17	\$ 12.66	\$ 14.16	\$ 15.66	\$ 17.15
20.0%	\$ 10.49	\$ 12.12	\$ 13.75	\$ 15.38	\$ 17.02	\$ 18.65

The following table describes a discount rate calculation for Intermountain prepared by Sandler O'Neill. The discount rate equals the sum of the risk free rate, the equity risk premium and the size premium.

Risk Free Rate	4.00%	Normalized 20yr UST
Equity Risk Premium	5.00%	Duff & Phelps
Size Premium	3.87%	Duff & Phelps
Discount Rate	12.87%	

Table of Contents***Columbia Net Present Value Analysis.***

Sandler O Neill also performed an analysis that estimated the net present value per share of Columbia common stock under various circumstances. The analysis assumed that Columbia performed in accordance with publicly available analyst earnings estimates for the years ending December 31, 2014 and December 31, 2015 and an estimated long-term annual growth rate for the years ending December 31, 2016 through December 31, 2018 as well as assumptions for annual common dividend payments, in each case as discussed with senior management of Columbia.

To approximate the terminal value of Columbia common stock at December 31, 2018, Sandler O Neill applied price to earnings multiples ranging from 13.0x to 18.0x and multiples of tangible book value ranging from 150% to 250%. The terminal values were then discounted to present values using different discount rates ranging from 8.0% to 12.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Columbia's common stock.

At the July 23, 2014 Intermountain board of directors meeting, Sandler O Neill noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

As illustrated in the following tables, the analysis indicates an imputed range of values per share of Columbia common stock of \$20.25 to \$30.99 when applying earnings multiples to the applicable amounts indicated in the Columbia projections and \$19.55 to \$35.06 when applying multiples of tangible book value to the applicable amounts indicated in the Columbia projections.

Earnings Per Share Multiples

Discount Rate	13.0x	14.0x	15.0x	16.0x	17.0x	18.0x
8.0%	\$ 23.56	\$ 25.04	\$ 26.53	\$ 28.02	\$ 29.50	\$ 30.99
9.0%	\$ 22.67	\$ 24.09	\$ 25.52	\$ 26.95	\$ 28.37	\$ 29.80
10.0%	\$ 21.82	\$ 23.19	\$ 24.56	\$ 25.93	\$ 27.30	\$ 28.67
11.0%	\$ 21.02	\$ 22.33	\$ 23.65	\$ 24.96	\$ 26.27	\$ 27.59
12.0%	\$ 20.25	\$ 21.51	\$ 22.78	\$ 24.04	\$ 25.30	\$ 26.56

Tangible Book Value Multiples

Discount Rate	150%	170%	190%	210%	230%	250%
8.0%	\$ 22.73	\$ 25.20	\$ 27.66	\$ 30.13	\$ 32.60	\$ 35.06
9.0%	\$ 21.88	\$ 24.24	\$ 26.61	\$ 28.98	\$ 31.34	\$ 33.71
10.0%	\$ 21.07	\$ 23.34	\$ 25.61	\$ 27.88	\$ 30.15	\$ 32.42
11.0%	\$ 20.29	\$ 22.47	\$ 24.65	\$ 26.83	\$ 29.01	\$ 31.19
12.0%	\$ 19.55	\$ 21.65	\$ 23.74	\$ 25.83	\$ 27.93	\$ 30.02

Sandler O Neill also considered and discussed with the Intermountain board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O Neill performed a similar analysis assuming Columbia net income varied from 20% above projections to 20% below projections. This analysis resulted in the following range of per share values for Columbia

common stock, using the same price to earnings multiples of 13.0x to 18.0x and a discount rate of 9.95%:

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Annual Budget Variance	13.0x	14.0x	15.0x	16.0x	17.0x	18.0x
(20.0%)	\$ 18.30	\$ 19.40	\$ 20.49	\$ 21.59	\$ 22.69	\$ 23.79
(10.0%)	\$ 20.08	\$ 21.32	\$ 22.55	\$ 23.79	\$ 25.02	\$ 26.25
0.0%	\$ 21.87	\$ 23.24	\$ 24.61	\$ 25.98	\$ 27.35	\$ 28.72
10.0%	\$ 23.65	\$ 25.16	\$ 26.66	\$ 28.17	\$ 29.68	\$ 31.19
20.0%	\$ 25.43	\$ 27.08	\$ 28.72	\$ 30.37	\$ 32.01	\$ 33.66

The following table describes a discount rate calculation for Columbia prepared by Sandler O'Neill. The discount rate equals the product of the two year beta and equity risk premium plus the risk free rate.

Risk Free Rate	4.00%	Normalized 20yr UST
Equity Risk Premium	5.00%	Duff & Phelps
2 Year Beta	1.19	Bloomberg

Discount Rate 9.95%

Analysis of Selected Merger Transactions.

Sandler O'Neill reviewed two groups of comparable merger and acquisition transactions. The groups of merger and acquisition transactions included: (i) five transactions announced between January 1, 2013 and July 22, 2014 involving western region banks with transaction values greater than \$50 million, target assets between \$600 million and \$1.75 billion (excluding MOE transactions); and (ii) 18 transactions announced between July 22, 2013 and July 22, 2014 involving nationwide banks with announced deal values greater than \$50 million, target assets between \$600 million and \$1.75 billion, and tangible common equity to tangible assets greater than 8.0% (excluding MOE transactions). The western region transaction group was composed of the following transactions:

CU Bancorp/1st Enterprise Bank

First Interstate BancSystem, Inc./Mountain West Financial Corporation

TriCo Bancshares/ North Valley Bancorp

Cascade Bancorp/Home Federal Bancorp, Inc.

Heritage Financial Corporation/Washington Banking Company

The nationwide transaction group was composed of the following transactions:

Eagle Bancorp, Inc./Virginia Heritage Bank

National Penn Bancshares, Inc./TF Financial Corporation

Simmons First National Corporation/Liberty Bancshares, Inc.

Valley National Bancorp/1st United Bancorp, Inc.

Southside Bancshares, Inc./OmniAmerican Bancorp, Inc.

Seacoast Banking Corporation of Florida/BANKshares, Inc.

First Interstate BancSystem, Inc./Mountain West Financial Corporation

Bank of the Ozarks, Inc./Summit Bancorp, Inc.

CenterState Banks, Inc./First Southern Bancorp, Inc.

BancorpSouth, Inc./Central Community Corporation

TriCo Bancshares/ North Valley Bancorp

IBERIABANK Corporation/Teche Holding Company

Old National Bancorp/United Bancorp, Inc.

Cascade Bancorp/Home Federal Bancorp, Inc.

Heritage Financial Corporation/Washington Banking Company

Huntington Bancshares Incorporated/Camco Financial Company

East West Bancorp, Inc./MetroCorp Bancshares, Inc.

Old National Bancorp/Tower Financial Corporations

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Sandler O'Neill reviewed the following multiples: transaction price to tangible book value, transaction price to last twelve months earnings per share, tangible book premium to core deposits and transaction price to seller's stock price two days before transaction announcement. As illustrated in the following table, Sandler O'Neill compared the proposed merger multiples to the median and mean multiples of comparable transaction groups.

	Intermountain / Columbia	Median Regional Transactions	Mean Regional Transactions
Transaction Value Per Share /			
Tangible Book Value Per Share:	119%	149%	147%
Adjusted Tangible Book Value Per Share ⁽¹⁾ :	132%	149%	147%
Last Twelve Months Earnings Per Share ⁽²⁾ :	31.7x	17.0x	19.9x
Tangible Book Premium to Core Deposits ⁽³⁾ :	3.0%	7.8%	8.6%
Adjusted Tangible Book Premium to Core Deposits ^{(1),(3)} :	4.5%	7.8%	8.6%
Intermountain Stock Price (July 22, 2014):	12.1%	27.4%	26.9%

- (1) Tangible book value per share adjusted to reflect market value of owned facilities, negative pre-tax mark of \$13.7 million
- (2) For the last twelve months ended June 30, 2014, Intermountain's reported earnings per share included a non-recurring tax benefit of \$5.2 million related to the reversal of a valuation allowance against its deferred tax assets. Adjusted last twelve months earnings per share is calculated using Intermountain's June 30, 2014 adjusted last twelve months net income of \$3.8 million, which is equal to Intermountain's June 30, 2014 last twelve months pre-tax earnings of \$5.4 million taxed at a normalized tax rate of 30%
- (3) Tangible book premium to core deposits calculated as (deal value - tangible equity) / (core deposits) Selected multiples and ratios adjusted for one-time items and tax reversals, where applicable

	Intermountain / Columbia	Median Nationwide Transactions	Mean Nationwide Transactions
Transaction Value Per Share /			