Economic Outlook and Revenue Assessment Committee

January 8, 2016
Boise, Idaho

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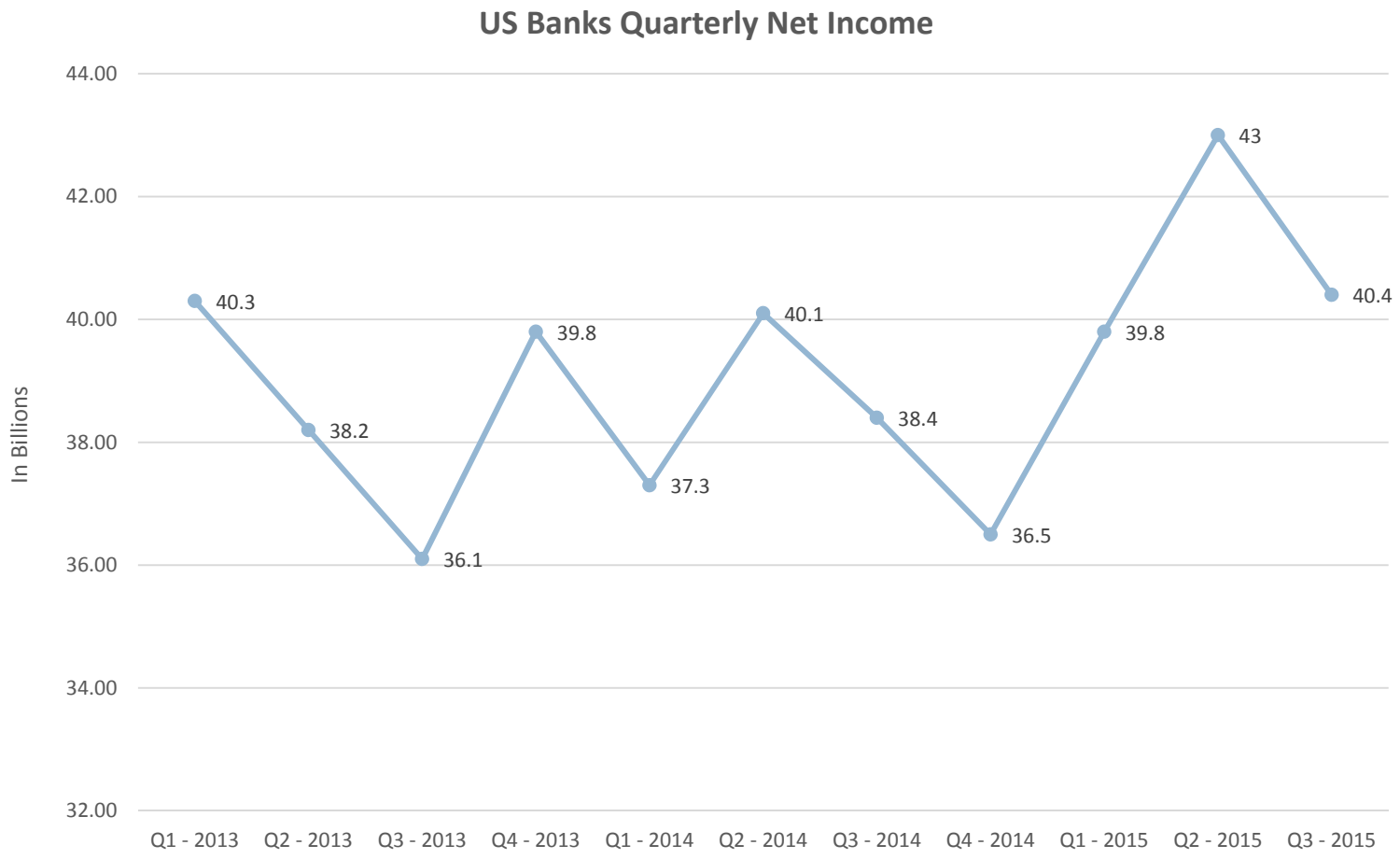
Columbia Bank
COLUMBIA STATE BANK

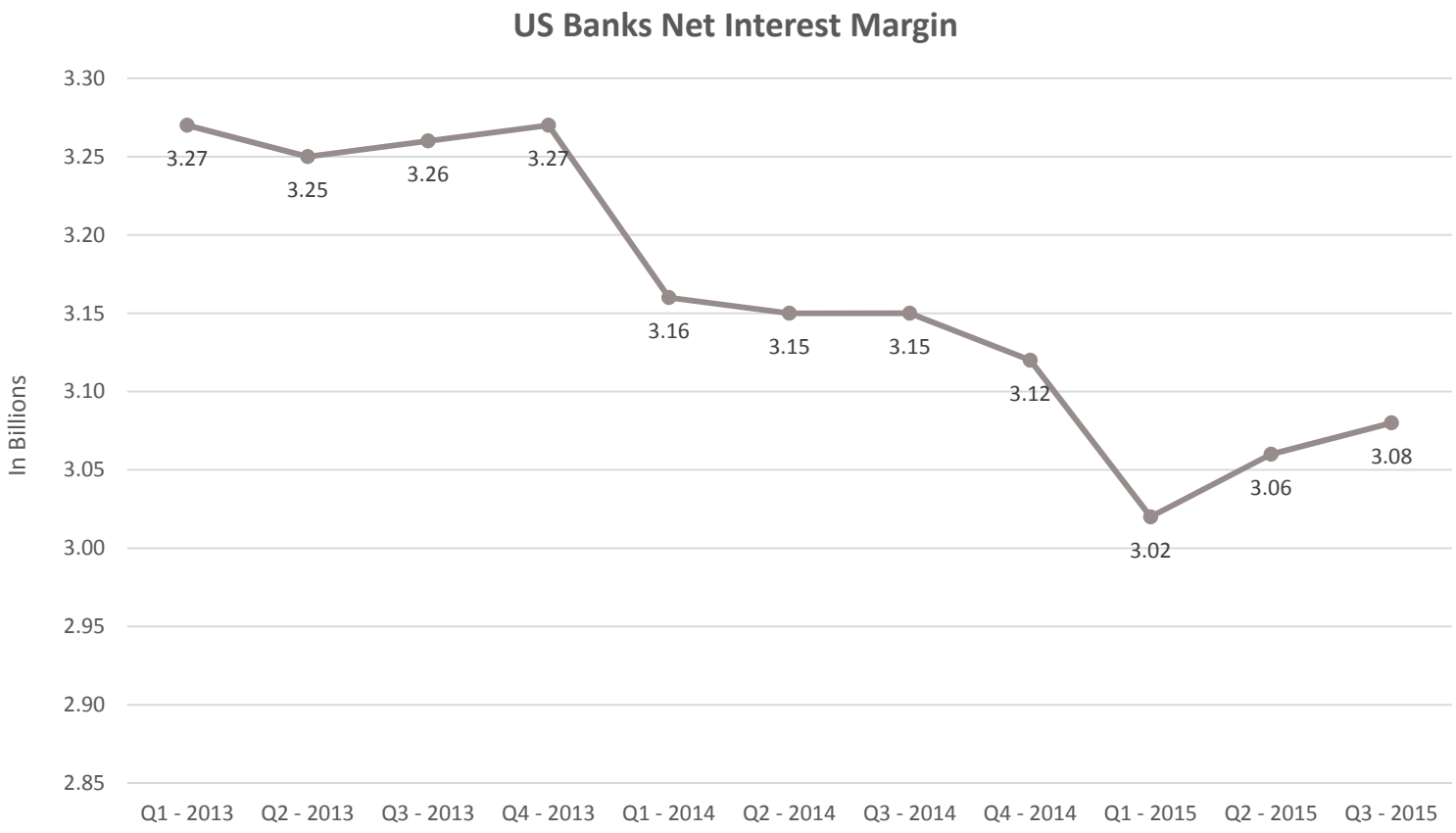
National Banking Statistics

- Earnings are up from one year ago
- Loan portfolios grew
- Asset quality improved
- Continued consolidations
- Warning signs by regulators
  - Interest Rate Risk
  - Credit Quality Risk

- Profitability was flat



- Net Interest Margin



Rates

- Short term rates
  - First rate hike in 10.5 years
  - Prediction
    - Rate hikes in 2016
    - Yield Curve

Agriculture

- Water
  - At this time looks good
  - Next 60 days are key
- Commodities
  - Outlook

Job Growth Update October 2015 Data

Year over Year Change

47 States Up

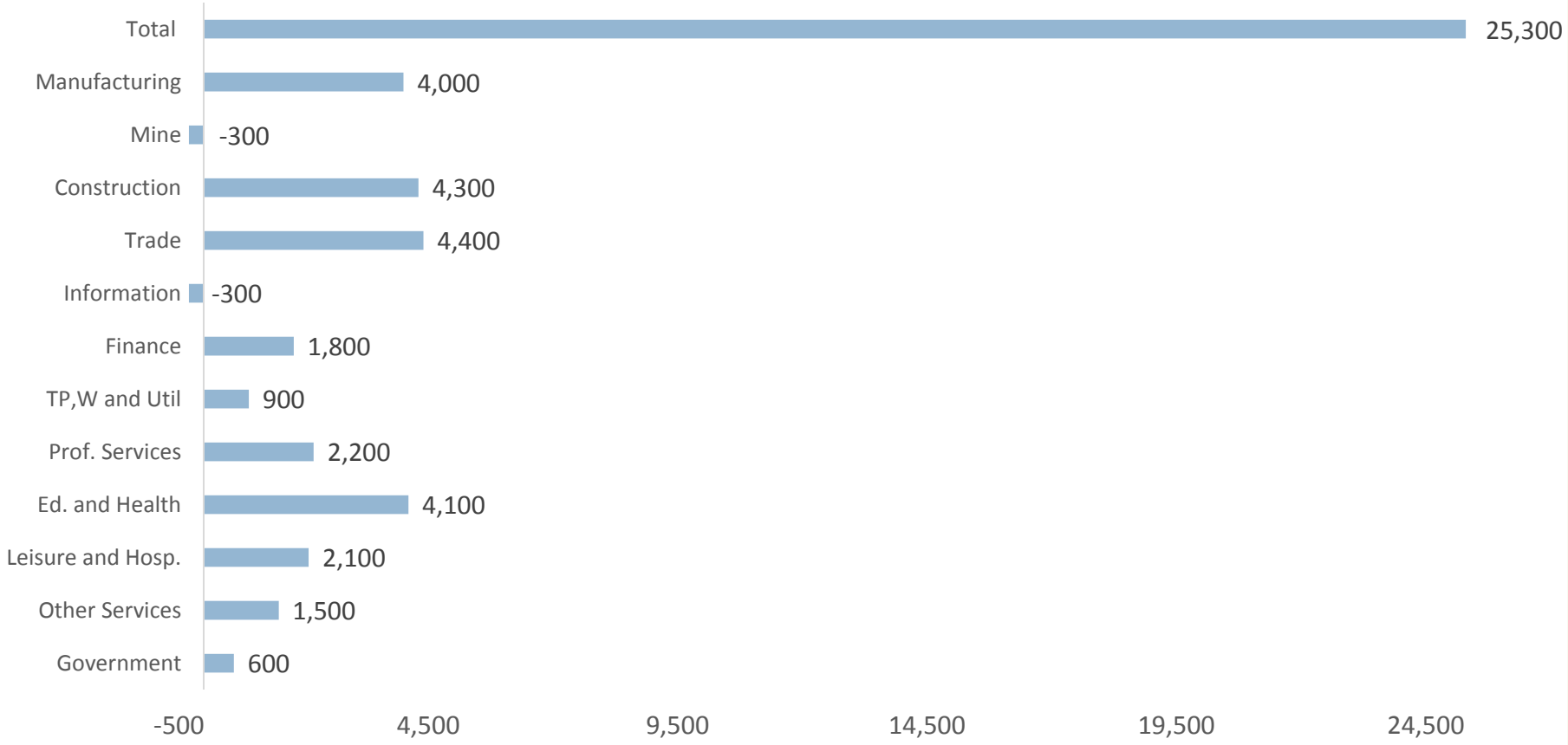
Top 10

- **IDAHO 1**
- Utah 2
- Nevada 3
- Florida 4
- Washington 5
- California 6
- South Carolina 7
- Oregon 8
- Massachusetts 9
- Arizona 10

Bottom 10

- Pennsylvania 41
- Kansas 42
- Mississippi 43
- Alaska 44
- New Mexico 45
- Wyoming 46
- Oklahoma 47
- Louisiana 48
- West Virginia 49
- North Dakota 50

Idaho Job Growth
Year to October 2015 (3.8%)
Source: Dept. of Labor



Banking in Idaho

- Net Income
  - Expected to remain flat
  - Rising rates
  - Competition
  - Fixed costs
- Deposits
  - Total deposits $27.2 billion

Deposit Market Share Comparison

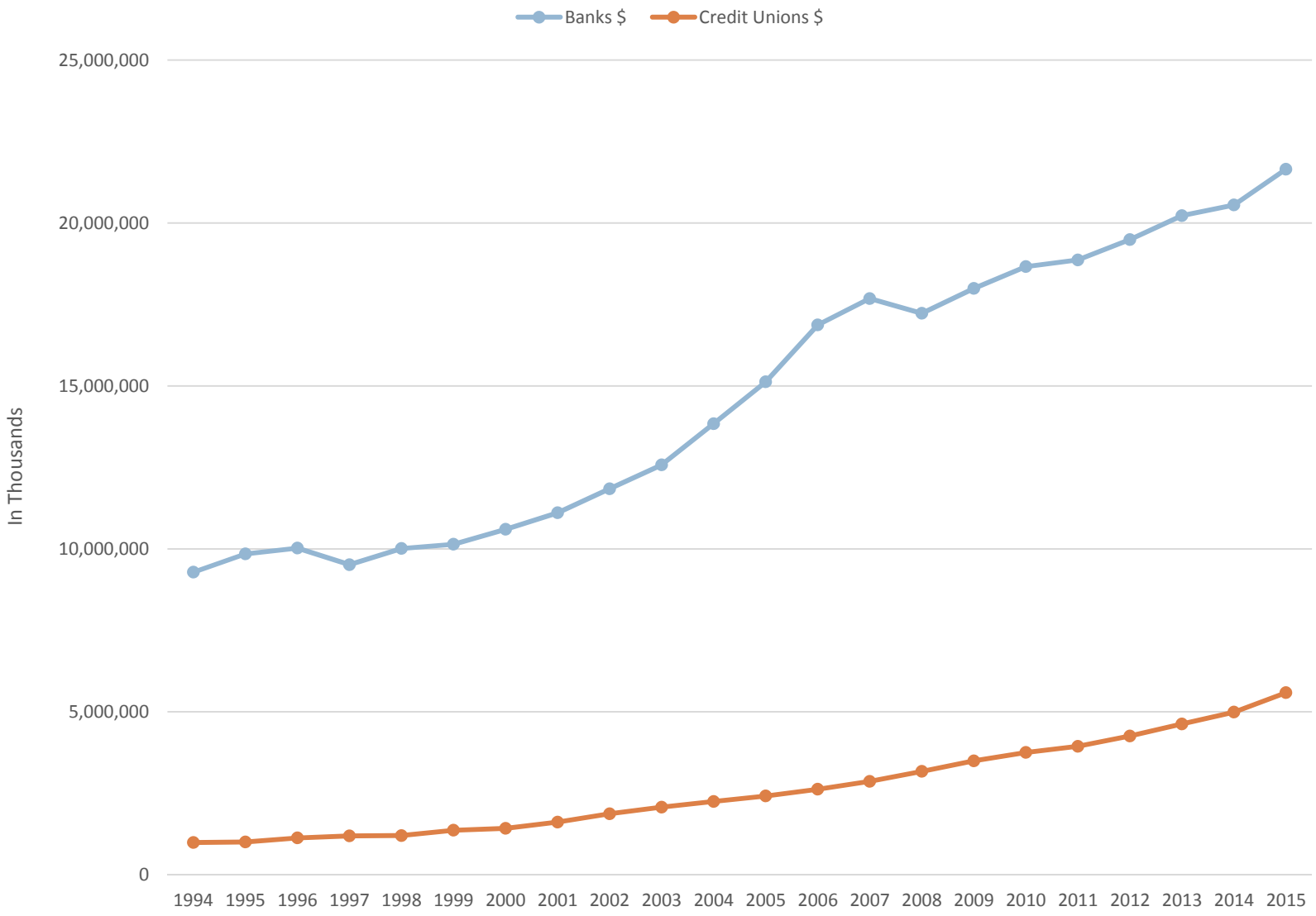
Banks and Credit Unions in Idaho

As of June 30, 2015

(in 000s)

Year	Banks $	Banks Share %	Banks Growth %	Credit Unions $	Credit Unions Share %	Credit Unions Growth %	TOTAL	Growth %
1994	9,284,641	90.37%		989,061	9.63%		10,273,702	
1995	9,845,408	90.73%	6.04%	1,005,891	9.27%	1.70%	10,851,299	5.62%
1996	10,023,976	89.87%	1.81%	1,129,960	10.13%	12.33%	11,153,936	2.79%
1997	9,515,190	88.88%	-5.08%	1,190,898	11.12%	5.39%	10,706,088	-4.02%
1998	10,010,872	89.28%	5.21%	1,202,514	10.72%	0.98%	11,213,386	4.74%
1999	10,141,667	88.13%	1.31%	1,365,603	11.87%	13.56%	11,507,270	2.62%
2000	10,599,159	88.16%	4.51%	1,422,820	11.84%	4.19%	12,021,979	4.47%
2001	11,106,724	87.29%	4.79%	1,616,766	12.71%	13.63%	12,723,490	5.84%
2002	11,843,713	86.36%	6.64%	1,871,266	13.64%	15.74%	13,714,979	7.79%
2003	12,576,592	85.84%	6.19%	2,075,338	14.16%	10.91%	14,651,930	6.83%
2004	13,840,260	86.02%	10.05%	2,249,749	13.98%	8.40%	16,090,009	9.81%
2005	15,124,679	86.22%	9.28%	2,417,301	13.78%	7.45%	17,541,980	9.02%
2006	16,870,266	86.54%	11.54%	2,624,467	13.46%	8.57%	19,494,733	11.13%
2007	17,679,815	86.05%	4.80%	2,865,032	13.95%	9.17%	20,544,847	5.39%
2008	17,227,536	84.45%	-2.56%	3,173,108	15.55%	10.75%	20,400,644	-0.70%
2009	17,991,515	83.73%	4.43%	3,494,774	16.27%	10.14%	21,486,289	5.32%
2010	18,661,265	83.25%	3.72%	3,753,831	16.75%	7.41%	22,415,096	4.32%
2011	18,866,487	82.72%	1.10%	3,942,190	17.28%	5.02%	22,808,677	1.76%
2012	19,490,175	82.07%	3.31%	4,258,857	17.93%	8.03%	23,749,032	4.12%
2013	20,225,254	81.38%	3.77%	4,626,826	18.62%	8.64%	24,852,080	4.64%
2014	20,551,233	80.46%	1.61%	4,991,717	19.54%	7.89%	25,542,950	2.78%
2015	21,649,552	79.49%	5.34%	5,587,531	20.51%	11.94%	27,237,083	6.63%

Deposit Market Share
Banks and Credit Unions in Idaho
As of June 30, 2015

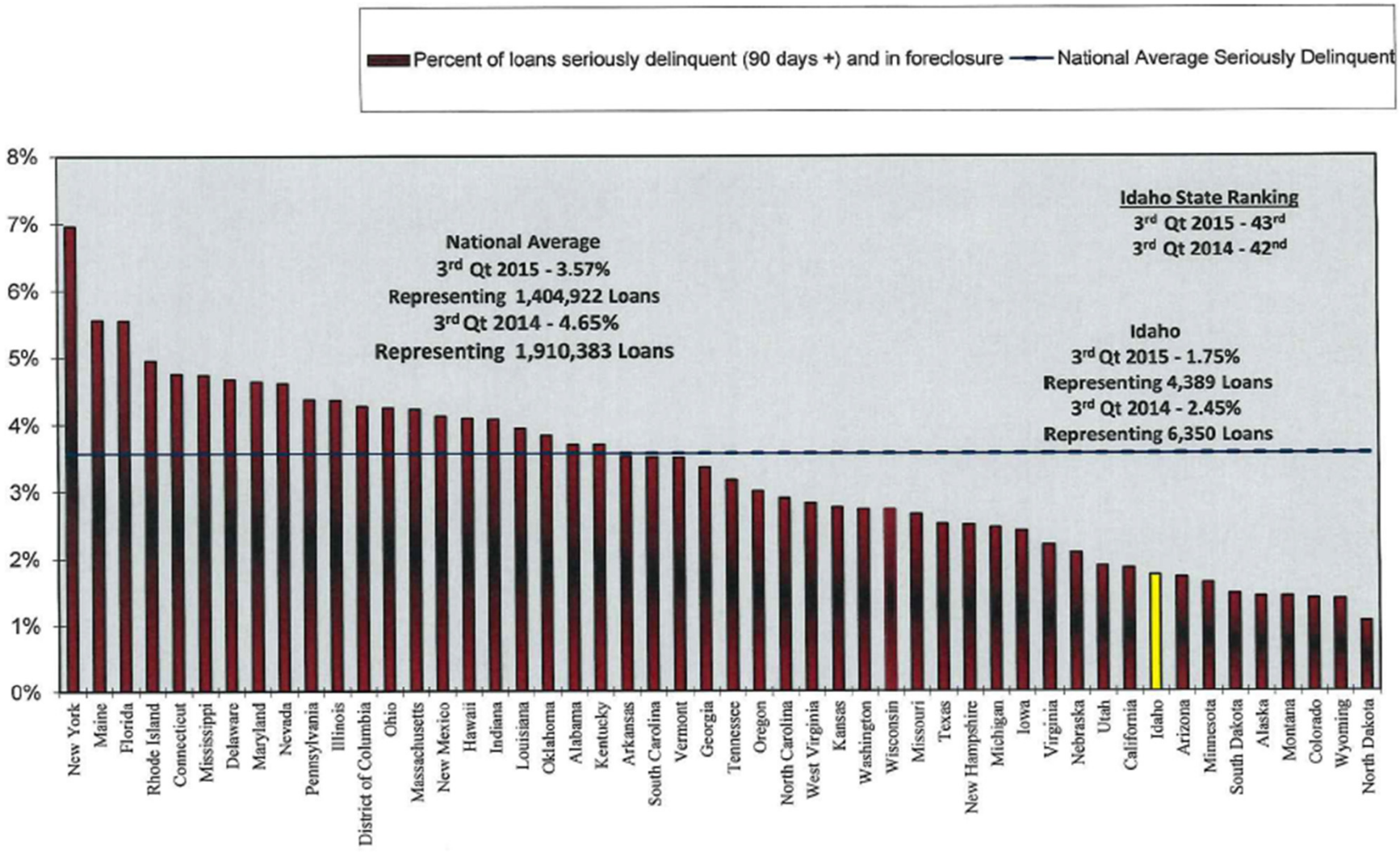


Banking in Idaho Continued

- Loans
  - Expected to grow
    - Construction and Development
    - Ag LOC
    - Medical
    - Multi Family and Single Family housing
- Credit Quality

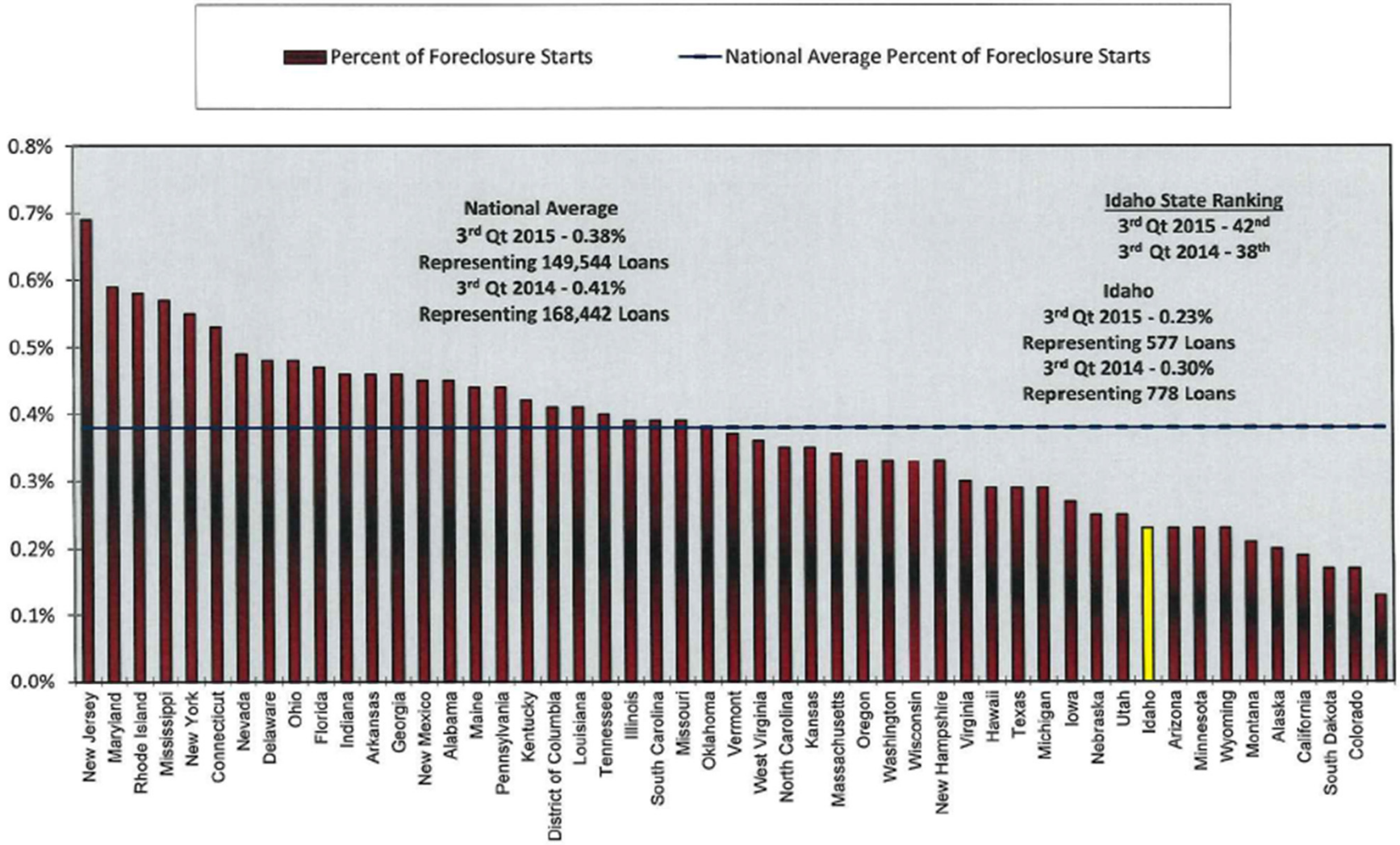
National Delinquency Survey - 3rd Quarter 2015

MBA's National Delinquency Survey covers about 39 million first-lien mortgages on one-to-four unit residential properties - approximately 88% of the outstanding first-lien mortgages in the U.S. Housing Market



Data compiled from Mortgage Bankers Association National Delinquency Survey 3rd Qt 2015

National Delinquency Survey - 3rd Quarter 2015
National Foreclosure Starts by Percentage per State



Data compiled from Mortgage Bankers Association National Delinquency Survey 3rd Quarter 2015

Factors Facing the Banking Industry

- Cyber attacks
- Millennials, a shift in consumer behaviors
- Servicing customers as technology changes
- Regulation
- Human Resources