

**CPP ANNUAL USE OF CAPITAL SURVEY - 2010**

**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

Columbia Banking System, Inc. / Columbia State Bank

Person to be contacted regarding this report:	Gary Schminkey, EVP & CFO	RSSD: (For Bank Holding Companies)	2078816
UST Sequence Number:	66	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	76,898,000	FDIC Certificate Number: (For Depository Institutions)	33826
CPP/CDCI Funds Repaid to Date:	76,898,000	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	11/21/2008	City:	Tacoma
Date Repaid <sup>1</sup> :	08/11/2010	State:	Washington

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	As in 2009, we continue to look for opportunities to provide loans to our community and help stimulate our local economy. It is impossible to prove in hindsight given the circumstances, but this capital allowed us to continue making loans subject to inherently lower demand.
<input type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Security purchases (not including those retained during acquisitions) totaled \$179MM. Of those, \$151MM were mortgage backed securities, while \$28MM were state and municipal obligations.

<input checked="" type="checkbox"/>	Make other investments	We experienced new branch growth (exclusive of acquisition growth), and also brought on new banking and lending teams in some of our newer markets.
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	We assumed the assets (\$912.9MM) and insured deposits (\$893.4MM) of Columbia River Bank and the assets (\$307.8MM) and insured non-brokered deposits (\$254.0MM) of American Marine Bank in FDIC-assisted deals in January 2010.
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Columbia Banking System held the TARP CPP capital as a non-leveraged increase to total capital. It represented an increase in overall liquidity and was invested into agency MBS/CMO's.

What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

No specific actions were avoided as a result of receiving CPP funds. However, we were able to avoid the possibility of a reduction of lending activities.

What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

We completed a highly successful Stock Offering in May 2010.

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

The repayment of the CPP & redemption of all outstanding warrants was completed in 2010.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.