COLUMBIA BANKING SYSTEM, INC.
CORPORATE GOVERNANCE POLICY

I. Introduction

The Board of Directors (the "Board") of Columbia Banking System, Inc. (the "Company"), acting on the recommendation of its Corporate Governance and Nominating Committee, has developed and adopted this corporate governance policy to promote the functioning of the Board and its committees and to set forth a common set of expectations as to how the Board should perform its functions.

II. Board Composition

The composition of the Board should balance the following goals:

- The size of the Board should facilitate substantive discussions of the whole Board in which each director can participate meaningfully;
- The composition of the Board should encompass a broad range of skills, expertise, industry knowledge, diversity and contacts relevant to the Company's business; and
- A majority of the Board shall consist of directors who are neither officers nor employees of the Company or its subsidiaries (and have not been officers or employees within the previous three years), do not have a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and are otherwise "Independent Directors" under the rules of the NASDAQ Stock Market.

III. Board Leadership

The Board is free to select its Chairman and the Company's Chief Executive Officer ("CEO") in the manner it considers in the best interests of the Company at any given point in time. The Chairman of the Board shall preside at all meetings of the shareholders and at meetings of the Board. The positions of Chairman of the Board and CEO should be filled by two different individuals.

IV. Selection of Directors

Nominations. The Corporate Governance and Nominating Committee is responsible for recommending for the Board's selection the slate of director nominees for election to the Company's Board and for filling vacancies occurring between annual meetings of shareholders.

Criteria. The Corporate Governance and Nominating Committee shall determine new nominees for the position of independent director who satisfy the requirements of the NASDAQ Stock Market, taking into account:

- A nominee's business experience;
- A nominee's involvement in the communities served by the Company;
- A nominee's special skills that are relevant to the Company and that are complementary to other Board members' skills;
- Diversity with respect to gender, age, race, geography and other characteristics;
- The need for operational, management, financial, technological or other expertise; and
- The fit of the individual's skills and personality with those of other directors in building a Board that is effective and responsive to the needs of the Company.

The Corporate Governance and Nominating Committee will give appropriate consideration to candidates for Board membership proposed by shareholders and will evaluate such candidates in the same manner as other candidates identified by or submitted to the Corporate Governance and Nominating Committee.

Invitation. The invitation to join the Board should be extended by the Board itself via the Chairman of the Board, together with an independent director, when deemed appropriate.

Orientation and Continuing Education. Management, working with the Board, will provide an orientation process for new directors, including background material on the Company, its business plan and its risk profile, and meetings with senior management. Periodically, management should prepare additional educational sessions for directors on matters relevant to the Company, its business plan and risk profile. Directors are encouraged to become familiar with developments in the banking industry that impact the Company.

V. Continuation as a Director

Election Term. Members of the Board are elected for one-year terms.

Retirement. A person who has attained or will attain the age of 75 before the next meeting of shareholders at which directors are to be elected (or has attained that age by the date of the last annual meeting of shareholders, if appointed) may not be elected or appointed as a director.

Majority Voting. In any election of directors that is not a contested election, the candidates elected are those receiving a majority of votes cast, meaning that the number of shares voted "for" a director nominee must exceed the number of shares voted "against" that director nominee. A nominee for director in an election that is not a contested election who does not receive a majority of votes cast, but who was a director at the time of the election, shall continue to serve as a director for a term that shall terminate on the date that is the earlier of: (i) ninety (90) days from the date on which the voting results of the election are determined, (ii) the date on which an individual is selected by the Board to fill the office held by such director or (iii) the date on which the director's resignation is accepted by the Board.

VI. Board Meetings

The Board currently plans four in-person day-long meetings, one strategic retreat, and quarterly telephonic meetings each year. Additional meetings will occur (or action will be taken by unanimous consent) at the discretion of the Board. The four in-person meetings are preceded by a day of committee meetings.

The agenda for each Board meeting will be prepared by the Corporate Secretary with input from executive management. Management will provide to all directors an agenda and appropriate materials in advance of regularly scheduled meetings For other meetings, the Board recognizes that this will not always be consistent with the timing of transactions and the operations of the business, and that in certain cases it may not be possible to have an agenda and materials in advance of such meetings.

Materials presented to the Board or its committees should be concise while still providing the desired information needed for the directors to make an informed judgment.

VII. Executive Sessions

To ensure free and open discussion and communication among the independent directors of the Board, the independent directors will meet in at least two regularly scheduled executive sessions each year, and more frequently as necessary or desirable, in conjunction with regularly scheduled meetings of the Board, at which only independent directors are present. The Chairman of the Board shall preside at the executive sessions.

VIII. The Committees of the Board

The Company shall have at least the committees required by the NASDAQ rules. Currently the Audit Committee and the Personnel and Compensation Committee are required. In addition, our Corporate Governance and Nominating Committee must conform to the requirements of NASDAQ rules. Each of these committees must have a written charter satisfying NASDAQ rules. The Audit Committee must also satisfy the requirements of Rule 10A-3 of the Securities and Exchange Commission ("SEC").

All directors, whether members of a committee or not, are invited to make suggestions to a committee chair for additions to the agenda of his or her committee or to request that an item from a committee agenda be considered by the Board. Each committee chair will give a periodic report of his or her committee's activities to the Board.

Except as permitted by NASDAQ Rule 5605, each of the Corporate Governance and Nominating Committee, the Audit Committee and the Personnel and Compensation Committee shall be composed of directors who are not officers or employees of the Company or its subsidiaries (and have not been officers or employees within the previous three years), who do not have relationships which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and who are otherwise "Independent Directors" under NASDAQ rules, any applicable rules of the SEC and any applicable rules of any banking agencies. Audit Committee members must satisfy the additional eligibility requirements of SEC Rule 10A-3, and Personnel and Compensation Committee members must satisfy the additional eligibility requirements imposed by NASDAQ rules. The required qualifications for the members of each committee shall be set out in the respective committee's charter. A director may serve on more than one committee for which he or she qualifies.

All directors are encouraged to consult with one another informally from time to time on given matters of interest to the Board and the Company, and the Company recognizes the benefit of such informal dialogue in promoting collegiality and efficiency. Notwithstanding the foregoing, any decision requiring Board approval should only be made by an established (*i.e.*, not "ad hoc") committee of the Board in accordance with the Company's Bylaws.

IX. Management Succession

At least annually, the Board shall review and concur in a succession plan, developed by management, addressing the policies and principles for selecting a successor to the CEO, both in an emergency situation and in the ordinary course of business. The succession plan should include an assessment of the experience, performance, skills and planned career paths for possible successors to the CEO.

X. Executive Compensation

1. *Evaluating and Approving Salary for the CEO*. The Board, acting through the Personnel and Compensation Committee, evaluates the performance of the CEO and the Company against the Company's goals and objectives and recommends to the Board for its approval the compensation level of the CEO.

2. *Evaluating and Approving the Compensation of Management.* The Personnel and Compensation Committee evaluates and approves the overall compensation policies applicable to executive officers and, with input and recommendations from the CEO, approves the compensation of such executive officers.

XI. Board Compensation

The Board, acting through the Corporate Governance and Nominating Committee, should conduct a review annually of the components and amount of Board compensation in relation to other similarly situated companies. Board compensation should be consistent with market practices.

XII. Expectations for Directors

The business and affairs of the Company shall be managed by or under the direction of the Board in accordance with Washington law. In performing their duties, the primary responsibility of the directors is to exercise their business judgment in a manner that the directors believe is in the best interests of the Company. Directors are expected to focus on policy matters and the overall performance of the Company and management. Among the principal functions of the Board are the following:

- Reviewing, approving and overseeing management's creation and implementation of the Company's strategic plans and objectives;
- Monitoring the Company's financial performance and condition;
- Evaluating the performance of and determining the compensation for the CEO;
- Reviewing the Company's compensation and benefits plans and programs applicable to executive officers;
- Nominating directors and evaluating the effectiveness of the governance policies under which the Board operates; and
- Providing advice to management regarding the achievement of the Company's goals and objectives.

The Board has developed a number of specific expectations of directors to promote the discharge of their responsibilities and the efficient conduct of the Board's business.

1. *Commitment and Attendance.* All independent and management directors should make every effort to attend in person meetings of the Board and meetings of committees of which they are members. Members may, in consultation with the Chairman of the Board, attend by telephone or video conference to mitigate conflicts. It is expected that each director will attend not less than 75% of the total number of meetings of the Board and committees on which such director serves, in each case, during the period that such director serves on the Board or any such committees.

2. *Participation in Meetings*. Each director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, regulatory requirements, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each committee on which he or she serves. Upon request, management will make appropriate personnel available to answer any questions a director may have about any aspect of the Company's business. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its committees and should arrive prepared to discuss the issues presented.

3. *Loyalty and Ethics*. In their roles as directors, all directors owe a duty of loyalty to the Company. This duty of loyalty mandates that the directors discharge their duties in a manner that they reasonably believe to be in the best interests of the Company.

A "conflict of interest" occurs when an individual's private interest interferes or appears to interfere with the interests of the Company. A conflict of interest can arise when a director takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. For example, a conflict of interest would arise if a director, or a member or his or her family, receives improper personal benefits as a result of his or her position in the Company. Any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest should be discussed with the Board, the Audit Committee, or other properly authorized committee (or in the absence thereof, with the independent directors on the Board), who may consult with legal counsel.

Service to the Company should never be subordinated to personal gain or advantage. Conflicts of interest should, wherever possible, be avoided.

In particular, clear conflict of interest situations involving directors may include the following:

- any significant ownership interest in any client or customer;
- any consulting or employment relationship with any client, customer or competitor;
- any outside business activity that detracts from an individual's ability to devote appropriate time and attention to his or her responsibilities with the Company;
- the receipt of non-nominal gifts or excessive entertainment from any company with which the Company has current or prospective business dealings;
- being in the position of supervising, reviewing or having any influence on the job evaluation, pay or benefit of any immediate family member; and
- selling anything to the Company or buying anything from the Company, except on the same terms and conditions as unrelated third parties are permitted to so purchase or sell.

The Company has also adopted an Insider Trading Policy, which deals with directors' and employees' transactions in the securities of the Company. Directors should be familiar with the Insider Trading Policy's provisions in these areas and should consult with the Company's counsel in the event of any issues.

4. *Corporate Opportunities*. Directors owe a duty to the Company to advance the Company's business interests when the opportunity to do so arises. Directors are

prohibited from taking (or directing to a third party) a business opportunity that is discovered through the use of corporate property, information or position, unless the Company has already been offered the opportunity and turned it down. More generally, directors are prohibited from using corporate property, information or position for personal gain and from competing with the Company.

Sometimes the line between personal and Company benefits is difficult to draw, and sometimes there are both personal and Company benefits in certain activities. Directors who intend to make use of Company property or services in a manner not solely for the benefit of the Company should consult beforehand with the Company's counsel.

5. *Protection and Proper Use of Company Assets*. Directors should protect the Company's assets and ensure their efficient use. All Company assets should be used only for legitimate business purposes.

6. *Other Directorships.* The Company values the experience directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a director's time and availability and may present conflicts or legal issues. Directors should advise the Chair of the Corporate Governance and Nominating Committee and the Chairman of the Board before accepting membership on other boards of directors or other significant commitments involving affiliation with other businesses or governmental entities.

7. *Contact with Management.* All directors are invited to contact the CEO at any time to discuss any aspect of the Company's business. Directors also have complete access to other members of management. The Board expects that there will be frequent opportunities for directors to meet with the CEO and other members of management in Board and committee meetings and in other formal or informal settings.

Further, the Board encourages management to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement and substantial knowledge in those areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

8. *Contact with Other Constituencies.* It is important that the Company speak to employees and outside constituencies with a single voice, and that management serve as the primary spokesperson.

9. *Relationships with Regulators.* The Company is in a highly regulated industry, and directors are expected to help foster a healthy relationship with the Company's regulators where applicable.

10. *Confidentiality.* The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

XIII. Evaluating Board Performance

The Corporate Governance and Nominating Committee shall recommend to the entire Board, at least annually, a process for evaluating the performance of the Board. The Corporate Governance and Nominating Committee should periodically consider the mix of skills and experience that directors bring to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively.

Each committee of the Board should conduct a self-evaluation at least annually and report the results to the Board. Each committee's evaluation must compare the performance of the committee with the requirements of its written charter, if any.

XIV. Reliance on Management and Outside Advice

In performing its functions, the Board is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data prepared or presented by officers or employees of the Company, legal counsel, public accountants, and other professionals or experts. The Board shall have the authority to retain and approve the fees and retention terms of its outside advisors.