

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► COLUMBIA AND INTERMOUNTAIN HAVE STRUCTURED THE MERGERS, TAKEN TOGETHER, TO QUALIFY AS A REORGANIZATION WITHIN THE MEANING OF SECTION 368(a) OF THE INTERNAL REVENUE CODE, AS AMENDED. RELEVANT INTERNAL REVENUE CODE PROVISIONS INCLUDE SECTIONS 302, 356, 358, AND 368.

18 Can any resulting loss be recognized? ► SEE ATTACHMENT B

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► THE HOLDING PERIOD OF THE COLUMBIA COMMON STOCK RECEIVED AS A RESULT OF THE EXCHANGE WILL INCLUDE THE HOLDING PERIOD OF THE INTERMOUNTAIN COMMON STOCK THE HOLDER SURRENDERED IN THE MERGER. IF THE HOLDER RECEIVED CASH IN THE MERGER INSTEAD OF A FRACTIONAL SHARE INTEREST IN COLUMBIA COMMON STOCK, THE HOLDER WILL BE TREATED AS HAVING RECEIVED SUCH FRACTIONAL SHARE IN THE MERGER, AND THEN AS HAVING RECEIVED CASH IN EXCHANGE FOR SUCH FRACTIONAL SHARE. GAIN OR LOSS WOULD BE RECOGNIZED IN AN AMOUNT EQUAL TO THE DIFFERENCE BETWEEN THE AMOUNT OF CASH RECEIVED RECEIVED AND THE HOLDER'S ADJUSTED TAX BASIS ALLOCABLE TO SUCH FRACTIONAL SHARE. THIS GAIN OR LOSS WILL GENERALLY BE A CAPITAL GAIN OR LOSS, AND WILL BE LONG-TERM CAPITAL GAIN OR LOSS IF, AS OF THE EFFECTIVE DATE OF THE MERGER, THE HOLDER HELD HIS OR HER SHARES OF INTERMOUNTAIN COMMON STOCK FOR MORE THAN ONE YEAR.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ►  Date ► 12-9-14

Print your name ► CLINT STEIN Title ► EVP, CFO

Paid Preparer Use Only	Print/Type preparer's name <u>RACHEL ROSS</u>	Preparer's signature 	Date <u>12/9/14</u>	Check <input type="checkbox"/> if self-employed	PTIN <u>P00854321</u>
	Firm's name ► <u>DELOITTE TAX LLP</u>			Firm's EIN ► <u>86-1065772</u>	
	Firm's address ► <u>925 FOURTH AVENUE, SUITE 3300 SEATTLE, WA 98104-1126</u>			Phone no. <u>206-716-7000</u>	

FORM 8937
INTERMOUNTAIN COMMUNITY BANCORP
82-0499463
DATE OF ACTION: 11/01/2014

ATTACHMENT A

QUESTION 15:

THE MERGER OF INTERMOUNTAIN INTO COLUMBIA QUALIFIES AS A TAX FREE REORGANIZATION WITHIN THE MEANING OF SECTION 368(a) OF THE INTERNAL REVENUE CODE, AS AMENDED. THE AGGREGATE TAX BASIS OF THE COLUMBIA COMMON STOCK RECEIVED AS A RESULT OF THE MERGER (INCLUDING ANY FRACTIONAL SHARES OF COLUMBIA COMMON STOCK DEEMED RECEIVED) WILL BE THE SAME AS THE HOLDER'S AGGREGATE TAX BASIS IN INTERMOUNTAIN COMMON STOCK SURRENDERED IN THE MERGER, DECREASED BY THE AMOUNT OF CASH THE HOLDER RECEIVED THAT WAS TREATED AS RECEIVED IN EXCHANGE FOR INTERMOUNTAIN COMMON STOCK (EXCLUDING ANY CASH RECEIVED IN LIEU OF A FRACTIONAL SHARE OF COLUMBIA COMMON STOCK) AND INCREASED BY THE AMOUNT OF GAIN, IF ANY, THE HOLDER RECOGNIZED IN THE EXCHANGE (EXCLUDING ANY GAIN RESULTING FROM CASH RECEIVED IN LIEU OF A FRACTIONAL SHARE OF COLUMBIA COMMON STOCK).

IF A HOLDER ACQUIRED DIFFERENT BLOCKS OF INTERMOUNTAIN COMMON STOCK AT DIFFERENT TIMES OR AT DIFFERENT PRICES, HE OR SHE SHOULD CONSULT HIS OR HER INDIVIDUAL TAX ADVISOR REGARDING THE MANNER IN WHICH GAIN OR LOSS SHOULD BE DETERMINED.

FORM 8937
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ATTACHMENT B

QUESTION 18:

PURSUANT TO THE MERGER AGREEMENT, HOLDERS EXCHANGING SHARES OF INTERMOUNTAIN COMMON STOCK FOR SOLELY COLUMBIA COMMON STOCK (AND CASH INSTEAD OF FRACTIONAL SHARES OF COLUMBIA COMMON STOCK) WILL GENERALLY NOT RECOGNIZE GAIN OR LOSS, EXCEPT WITH RESPECT TO CASH RECEIVED INSTEAD OF FRACTIONAL SHARES OF COLUMBIA COMMON STOCK.

PURSUANT TO THE MERGER AGREEMENT, HOLDERS EXCHANGING SHARES OF INTERMOUNTAIN COMMON STOCK FOR SOLELY CASH WILL GENERALLY RECOGNIZE GAIN OR LOSS EQUAL TO THE DIFFERENCE BETWEEN THE AMOUNT OF CASH RECEIVED BY A HOLDER OF INTERMOUNTAIN COMMON STOCK AND SUCH HOLDER'S COST BASIS IN HIS OR HER INTERMOUNTAIN COMMON STOCK.

PURSUANT TO THE MERGER AGREEMENT, HOLDERS EXCHANGING SHARES OF INTERMOUNTAIN COMMON STOCK FOR A COMBINATION OF COLUMBIA COMMON STOCK AND CASH WILL GENERALLY RECOGNIZE GAIN (BUT NOT LOSS) IN AN AMOUNT EQUAL TO THE LESSER OF: (1) THE AMOUNT OF CASH TREATED AS RECEIVED IN EXCHANGE FOR INTERMOUNTAIN COMMON STOCK IN THE MERGER (EXCLUDING ANY CASH RECEIVED IN LIEU OF FRACTIONAL SHARES OF COLUMBIA COMMON STOCK) AND (2) THE EXCESS, IF ANY, OF (A) THE SUM OF THE AMOUNT OF CASH TREATED AS RECEIVED IN EXCHANGE FOR INTERMOUNTAIN COMMON STOCK IN THE MERGER (EXCLUDING ANY CASH RECEIVED IN LIEU OF FRACTIONAL SHARES OF COLUMBIA COMMON STOCK) PLUS THE FAIR MARKET VALUE OF COLUMBIA COMMON STOCK (INCLUDING THE FAIR MARKET VALUE OF ANY FRACTIONAL SHARE) RECEIVED IN THE MERGER, OVER (B) SUCH HOLDER'S BASIS IN THE INTERMOUNTAIN COMMON STOCK EXCHANGED.