

The Changing Bank Landscape In the Pacific Northwest

September 11, 2014



D|A|DAVIDSON
INVESTMENT BANKING

Information & Limitations

This presentation, and any oral or video presentation that supplements it, have been developed by and are proprietary to D.A. Davidson & Co. and were prepared exclusively for the benefit and use of the recipient. Neither the printed presentation nor any oral or video presentation that supplements it, nor any of their contents, may be reproduced, distributed or used for any other purpose without the prior written consent of D.A. Davidson & Co.

The analyses contained herein rely upon information obtained from the recipient or from public sources, the accuracy of which has not been verified, and cannot be assured, by D.A. Davidson & Co. Moreover, many of the projections and financial analyses herein are based on estimated financial performance prepared by or in consultation with the recipient and are intended only to suggest reasonable ranges of results. Finally, the printed presentation is incomplete without any oral or video presentation that supplements it.

This material is protected under applicable copyright laws and does not carry any rights of publication or disclosure.

Leading Diversified Independent Financial Institution

- Nationwide financial services capabilities with a powerful retail distribution network
- Acquired Crowell, Weedon & Co. in August 2013, which makes D.A. Davidson & Co. the largest full-service independent broker-dealer headquartered in the Western U.S.*

Equity Capital Markets

Institutional Research

- Proprietary research on over 240 companies
- 13 senior research analysts
- Coverage across 5 broad macro sectors

Investment Banking

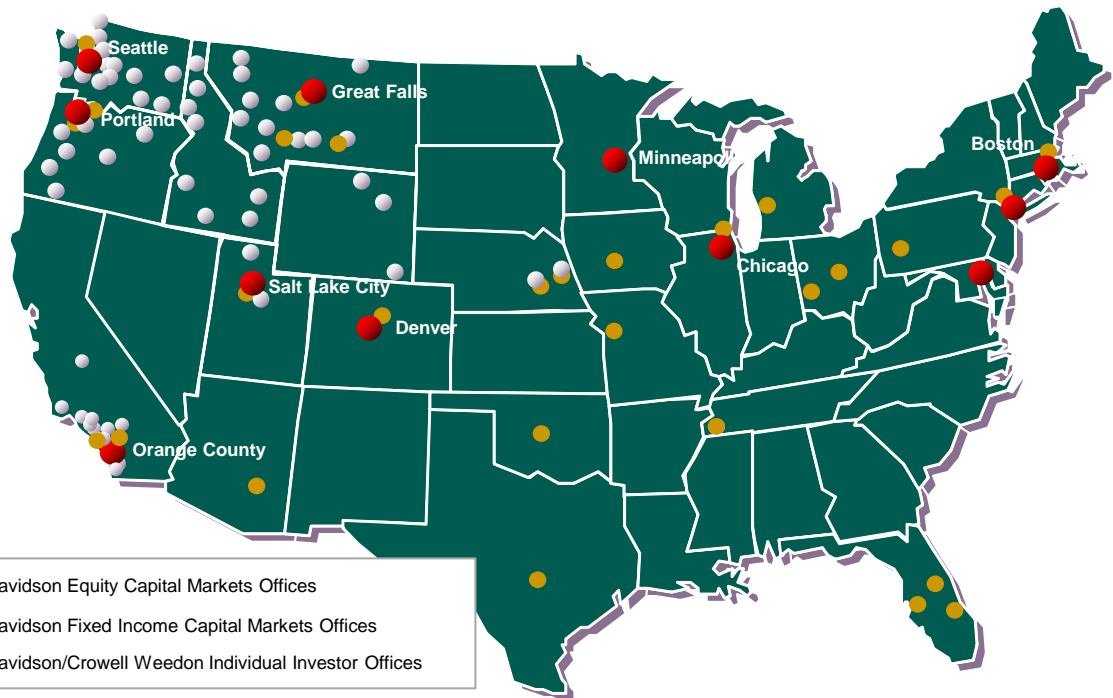
- Public offerings
- Private placements
- Mergers & acquisitions
- Fairness opinions
- Restructurings
- Board advisory

Institutional Sales & Trading

- Market maker in over 500 stocks
- Coverage of over 700 institutions
- Commitment to corporate access (250+ non-deal roadshow meetings per year)

Individual Investor Group

- Manages \$37 billion for individual investors at Davidson Companies
- 400+ financial consultants and 750+ associates
- Extensive branch network of 64 locations
- Appetite for proprietary syndicate product
- Securities transactions
- Investment advisory
- Wealth management
- Financial planning



Fixed Income Capital Markets

- Institutional fixed income sales & trading
- Municipal sales & trading
- Public finance advisory

* Based on total number of financial consultants

FIG Investment Banking Overview



Investment Banking – Financial Institutions Group

- Extensive deal experience - senior management attention
- Focused on developing long-term relationships with clients
- FIG practice includes a dedicated team of senior-level bankers focused solely on community banks and thrifts
- Davidson has strong FIG investment banking presence throughout the West and Midwest

Davidson is the #1 most-active middle-market bank M&A advisor in the western U.S. during the last 12 months*

In the first half of 2014, Davidson ranks among the Top 5 bank M&A advisors nationally*

*Based on number of announced transactions having a deal value below \$1 billion, according to SNL Financial
Source: SNL Financial, as of 8/28/2014

Full Range of Services:

Public and private offerings

- Common equity
- Preferred equity
- Senior debt
- Subordinated debt

Rights offering (structure agent)

M&A advisory

- Whole bank
- Divestitures
- Branch / asset
- FDIC-assisted
- Fairness / reasonableness opinions
- Financial services - Non-Bank

Other Services

- Restructuring
- Going private or subchapter S transactions
- 3rd party valuations

D.A. Davidson's Recent FIG M&A Advisory

June 2014



Has Agreed to Acquire



1ST ENTERPRISE BANK

\$775.9M Assets

Sell-Side Advisor

May 2014



Has Agreed to Acquire

Bank of Palatine

\$50.7M Assets

Sell-Side Advisor

May 2014



Has Acquired



\$571.6M Assets

Sell-Side Advisor

May 2014



Has Agreed to Acquire



\$166.7M Assets

Sell-Side Advisor

May 2013



Has Acquired



\$343.2M Assets

Sell-Side Advisor

February 2014



Has Acquired Six Branches from



Buy-Side Advisor

February 2014



Has Acquired



\$646.6M Assets

Sell-Side Advisor

January 2014



Has Divested Three Branches to



and



Sell-Side Advisor

October 2013



Has Acquired



\$1.6B Assets

Buy-Side Advisor

October 2013



Has Acquired



\$447.0M Assets

Sell-Side Advisor

September 2013



Has Divested Two Branches to



GREAT PLAINS NATIONAL BANK

Sell-Side Advisor

August 2013



Has Acquired



\$202.2M Assets
FDIC-Assisted Deal

Buy-Side Advisor

July 2013



Has Acquired



YAKIMANATIONALBANK

\$125.1M Assets

Sell-Side Advisor

July 2013



Has Acquired Five Branches From



Buy-Side Advisor

June 2013



Has Acquired



\$252.1M Assets

Buy-Side Advisor

Note: Assets of the target bank or deposits of branches acquired as of the most recent quarter prior to announcement

Table of Contents

- I. Pacific Northwest Banking Landscape
- II. Public Market Information
- III. Bank M&A Update
- IV. Merger-of-Equals Transactions
- V. Bank M&A Going Forward

Pacific Northwest Banking Landscape

Section I

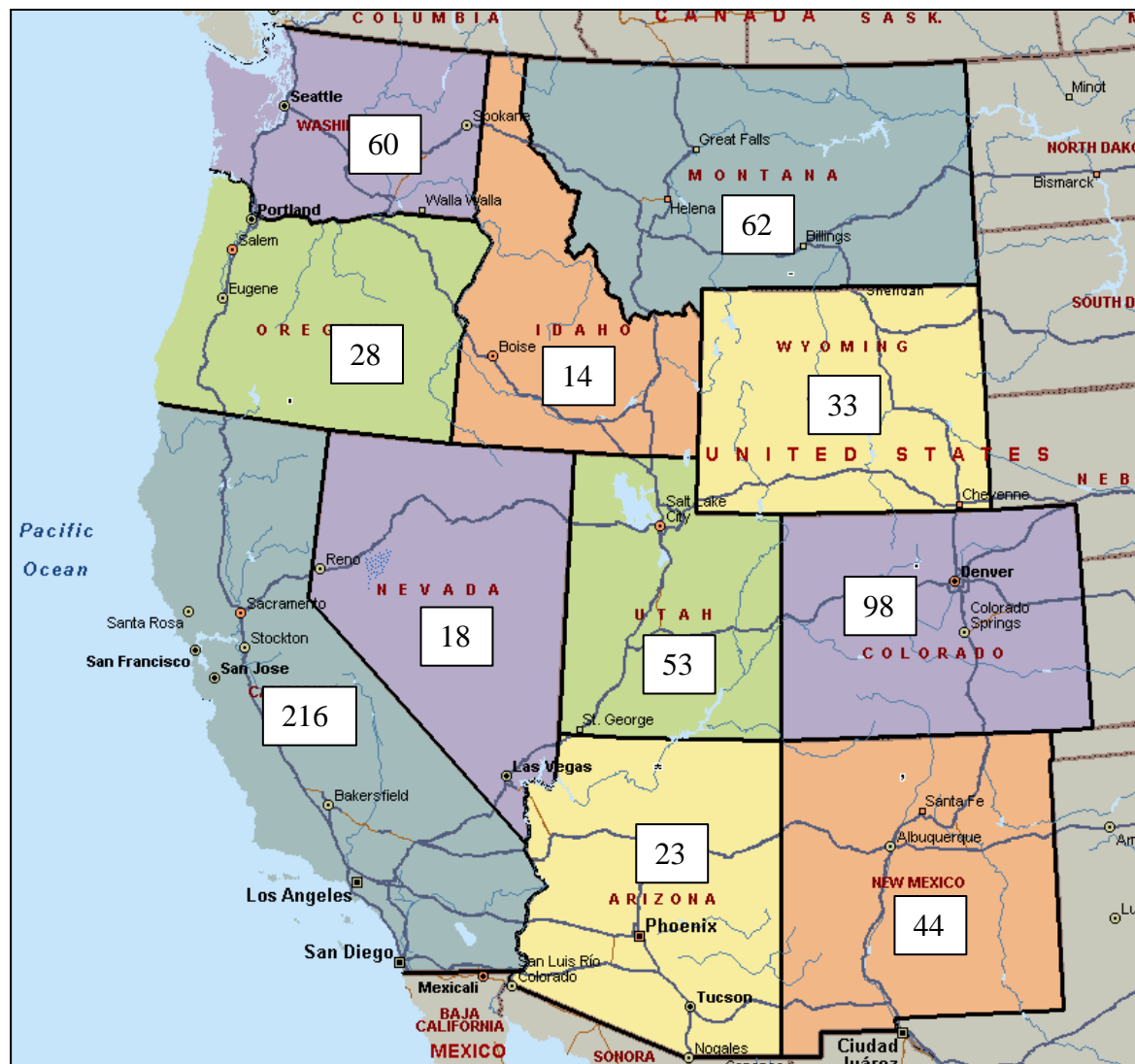
Consolidating Industry

Total banks in West

State	# of Banks
Arizona	23
California	216
Colorado	98
Idaho	14
Montana	62
Nevada	18
New Mexico	44
Oregon	28
Utah	53
Washington	60
Wyoming	33
Total	649

Pending mergers in West

State	# of Pending Mergers
California	7
Colorado	3
Idaho	2
New Mexico	1
Oregon	1
Washington	1
Wyoming	1
Total	16



Largest Banks in the Pacific Northwest

Largest 30 Banks in Washington, Oregon and Idaho

Rank	Company Name	State	Assets		Δ Assets Since 2007	
			Q2 2014	Q4 2007	Balance	% Growth
1	Washington Federal, Inc.	WA	\$14,790	\$10,577	\$ 4,213	40%
2	Umpqua Holdings Corporation	OR	\$22,042	\$ 8,340	\$ 13,702	164%
3	Columbia Banking System, Inc.*	WA	\$ 8,218	\$ 3,179	\$ 5,039	159%
4	Banner Corporation*	WA	\$ 5,105	\$ 4,493	\$ 613	14%
5	W.T.B. Financial Corporation	WA	\$ 4,484	\$ 3,718	\$ 766	21%
6	SKBHC Holdings LLC	WA	\$ 4,054	\$ 2,120	\$ 1,934	91%
7	HomeStreet, Inc.	WA	\$ 3,236	\$ 2,774	\$ 462	17%
8	Heritage Financial Corporation	WA	\$ 3,392	\$ 886	\$ 2,506	283%
9	Pacific Continental Corporation	OR	\$ 1,499	\$ 949	\$ 549	58%
10	Cascade Bancorp	OR	\$ 2,288	\$ 2,394	\$ (106)	-4%
11	Peoples Bancorp	WA	\$ 1,318	\$ 929	\$ 389	42%
12	Cashmere Valley Bank	WA	\$ 1,305	\$ 893	\$ 412	46%
13	D.L. Evans Bancorp	ID	\$ 1,023	\$ 764	\$ 258	34%
14	Bank of Commerce	ID	\$ 957	\$ 742	\$ 214	29%
15	Olympic Bancorp, Inc.	WA	\$ 961	\$ 771	\$ 190	25%
16	First Financial Northwest, Inc.	WA	\$ 899	\$ 1,141	\$ (242)	-21%
17	Riverview Bancorp, Inc.	WA	\$ 825	\$ 844	\$ (19)	-2%
18	Skagit Bancorp, Inc.	WA	\$ 782	\$ 593	\$ 189	32%
19	Timberland Bancorp, Inc.	WA	\$ 728	\$ 647	\$ 81	13%
20	Pacific Financial Corporation	WA	\$ 719	\$ 566	\$ 154	27%
21	Baker Boyer Bancorp	WA	\$ 553	\$ 392	\$ 161	41%
22	Citizens Bank	OR	\$ 548	\$ 361	\$ 187	52%
23	Coastal Community Bank	WA	\$ 489	\$ 210	\$ 279	133%
24	Idaho Independent Bank	ID	\$ 487	\$ 626	\$ (139)	-22%
25	Sound Community Bank	WA	\$ 469	\$ 237	\$ 232	98%
26	Farmers National Bank of Buhl	ID	\$ 413	\$ 388	\$ 25	6%
27	Northwest Bancorporation, Inc.	WA	\$ 408	\$ 344	\$ 65	19%
28	Anchor Bancorp	WA	\$ 389	\$ 629	\$ (240)	-38%
29	Foundation Bank	WA	\$ 383	\$ 318	\$ 65	20%
30	Pioneer Trust Bank, NA	OR	\$ 374	\$ 250	\$ 124	50%
Median			\$ 928	\$ 768	\$ 202	30%
Average			\$ 2,771	\$ 1,702	\$ 1,069	47%
Minimum			\$ 374	\$ 210	\$ (242)	-38%
Maximum			\$22,042	\$10,577	\$ 13,702	283%

Market Disruption in Washington

- 11 companies with \$26.5 billion of deposits that had change-in-control in Washington as the result of mergers and bank failures

Washington Market Share 6/2013

Deposit Market Share in Washington (Top 30) - 2013

Rank	PNW		Number of Branches	Deposits in Market	Market Share
	Total	HQ			
1	-	Bank of America Corp. (NC)	189	\$ 24,532,682	20.84%
2	-	Wells Fargo & Co. (CA)	158	\$ 13,550,440	11.51%
3	-	U.S. Bancorp (MN)	188	\$ 12,841,179	10.91%
4	-	JPMorgan Chase & Co. (NY)	211	\$ 11,122,022	9.45%
5	-	KeyCorp (OH)	162	\$ 8,556,094	7.27%
6	1	Washington Federal Inc. (WA)	82	\$ 5,040,962	4.28%
7	2	Umpqua Holdings Corp. (OR)	114	\$ 4,486,124	3.81%
8	3	Columbia Banking System Inc. (WA)	78	\$ 3,542,818	3.01%
9	-	Mitsubishi UFJ Finl Grp Inc.	42	\$ 3,078,558	2.62%
10	4	W.T.B. Financial Corp. (WA)	27	\$ 3,062,066	2.60%
11	5	Heritage Financial Corp. (WA)	68	\$ 2,819,236	2.40%
12	6	Banner Corp. (WA)	65	\$ 2,661,099	2.26%
13	7	HomeStreet Inc. (WA)	28	\$ 1,734,645	1.47%
14	8	Yakima FS&LA (WA)	10	\$ 1,402,048	1.19%
15	9	Peoples Bancorp (WA)	24	\$ 1,119,301	0.95%
16	10	Cashmere Valley Bank (WA)	11	\$ 1,094,353	0.93%
17	11	SKBHC Holdings LLC (WA)	35	\$ 1,082,053	0.92%
18	-	Opus Bank (CA)	24	\$ 968,148	0.82%
19	-	East West Bancorp Inc. (CA)	4	\$ 924,708	0.79%
20	12	Olympic Bancorp Inc. (WA)	19	\$ 807,112	0.69%
21	-	Zions Bancorp. (UT)	1	\$ 720,176	0.61%
22	-	HSBC	4	\$ 711,769	0.60%
23	13	Skagit Bancorp Inc. (WA)	11	\$ 666,659	0.57%
24	14	First Financial Northwest Inc (WA)	1	\$ 642,130	0.55%
25	15	First FS&LA of Port Angeles (WA)	10	\$ 598,820	0.51%
26	16	Timberland Bancorp Inc. (WA)	22	\$ 596,187	0.51%
27	17	Riverview Bancorp Inc. (WA)	14	\$ 591,822	0.50%
28	18	Pacific Financial Corp. (WA)	16	\$ 558,316	0.47%
29	19	Olympia FS&LA (WA)	7	\$ 464,913	0.39%
30	20	Baker Boyer Bancorp (WA)	7	\$ 422,896	0.36%
<i>Total For Institutions In Market</i>			<i>1,826</i>	<i>\$ 117,713,190</i>	

Source: SNL Financial, deposit data as of 6/30/2013

Note: All dollars in thousands

Note: Banks highlighted blue have announced mergers or no longer exist as independent entities as the result of mergers and bank failures

Washington Market Share 6/2007

Deposit Market Share in Washington (Top 30) - 2007

Rank	PNW		Number of Branches	Deposits in Market	Market Share
	Total	HQ			
1	-	Bank of America Corporation (NC)	236	\$ 23,628,875	22.36%
2	1	Washington Mutual, Inc. (WA)	187	\$ 13,001,669	12.30%
3	-	U.S. Bancorp (MN)	185	\$ 8,224,688	7.78%
4	-	KeyCorp (OH)	153	\$ 8,040,155	7.61%
5	-	Wells Fargo & Company (CA)	158	\$ 7,412,044	7.01%
6	2	Sterling Financial Corporation (WA)	70	\$ 3,844,756	3.64%
7	3	Banner Corporation (WA)	60	\$ 2,862,795	2.71%
8	4	Frontier Financial Corporation (WA)	46	\$ 2,834,046	2.68%
9	5	Washington Federal, Inc. (WA)	44	\$ 2,600,418	2.46%
10	6	W.T.B. Financial Corporation (WA)	24	\$ 2,408,237	2.28%
11	7	Columbia Banking System, Inc. (WA)	36	\$ 1,955,114	1.85%
12	8	HomeStreet, Inc. (WA)	15	\$ 1,255,566	1.19%
13	9	Yakima FS&LA (WA)	10	\$ 1,052,405	1.00%
14	10	Horizon Financial Corp. (WA)	20	\$ 987,836	0.93%
15	11	AmericanWest Bancorporation (WA)	37	\$ 955,714	0.90%
16	12	Cascade Financial Corporation (WA)	20	\$ 901,659	0.85%
17	13	First Financial Northwest, Inc. (WA)	1	\$ 874,354	0.83%
18	14	Venture Financial Group, Inc. (WA)	20	\$ 838,925	0.79%
19	15	City Bank (WA)	8	\$ 809,984	0.77%
20	16	First Indep. Invmt. Group, Inc. (WA)	22	\$ 800,157	0.76%
21	17	Peoples Bancorp (WA)	25	\$ 797,063	0.75%
22	18	Cashmere Valley Financial Corp. (WA)	10	\$ 785,246	0.74%
23	19	Heritage Financial Corporation (WA)	21	\$ 774,494	0.73%
24	20	First Mutual Bancshares, Inc. (WA)	12	\$ 764,925	0.72%
25	21	Washington Banking Company (WA)	20	\$ 732,940	0.69%
26	22	Olympic Bancorp, Inc. (WA)	25	\$ 623,773	0.59%
27	23	Riverview Bancorp, Inc. (WA)	14	\$ 608,459	0.58%
28	24	Seattle Financial Group, Inc. (WA)	6	\$ 607,404	0.57%
29	-	Zions Bancorp. (UT)	1	\$ 557,179	0.53%
30	25	First FS&LA of Port Angeles (WA)	8	\$ 483,323	0.46%
<i>Total For Institutions In Market</i>			<i>1,903</i>	<i>\$ 105,673,251</i>	
<i>Total Disruption (11 Companies)</i>			<i>462</i>	<i>\$ 26,472,611</i>	<i>25.05%</i>
<i>Total Disruption, Excluding WaMu</i>			<i>275</i>	<i>\$ 13,470,942</i>	<i>12.75%</i>

Market Disruption in Oregon

- 10 companies with \$12.5 billion of deposits that had change-in-control in Oregon as the result of mergers and bank failures

Oregon Market Share 6/2013

Deposit Market Share in Oregon (Top 30) - 2013

Rank	PNW		Number of Branches	Deposits in Market	Market Share
	Total	HQ Institution (State)			
1	-	U.S. Bancorp (MN)	197	\$ 12,071,085	20.60%
2	-	Wells Fargo & Co. (CA)	123	\$ 9,434,782	16.10%
3	-	Bank of America Corp. (NC)	69	\$ 8,844,892	15.09%
4	1	Umpqua Holdings Corp. (OR)	129	\$ 5,987,423	10.22%
5	-	JPMorgan Chase & Co. (NY)	116	\$ 4,516,040	7.71%
6	-	KeyCorp (OH)	75	\$ 3,249,570	5.55%
7	2	Columbia Banking System Inc. (WA)	64	\$ 2,374,167	4.05%
8	3	Washington Federal Inc. (WA)	49	\$ 2,088,320	3.56%
9	4	Cascade Bancorp (OR)	31	\$ 1,264,972	2.16%
10	-	BNP Paribas	26	\$ 1,099,102	1.88%
11	5	Pacific Continental Corp. (OR)	11	\$ 870,897	1.49%
12	6	Banner Corp. (WA)	21	\$ 833,313	1.42%
13	7	SKBHC Holdings LLC (WA)	15	\$ 408,377	0.70%
14	8	Citizens Bancorp (OR)	16	\$ 404,324	0.69%
15	-	Mitsubishi UFJ Finl Grp Inc.	3	\$ 395,982	0.68%
16	9	Evergreen FS&LA (OR)	6	\$ 335,918	0.57%
17	10	Siuslaw Financial Group (OR)	10	\$ 303,680	0.52%
18	11	First FS&LA of McMinnville (OR)	8	\$ 298,038	0.51%
19	12	Community Bancshares Inc. (OR)	11	\$ 287,876	0.49%
20	13	PTB Corp. (OR)	2	\$ 282,145	0.48%
21	-	First Repub Bank (CA)	1	\$ 265,192	0.45%
22	14	BEO Bancorp (OR)	11	\$ 253,618	0.43%
23	15	Premier Commercial Bancorp (OR)	4	\$ 228,308	0.39%
24	16	Capital Pacific Bancorp (OR)	1	\$ 184,143	0.31%
25	17	Oregon Coast Bancshares Inc. (OR)	5	\$ 151,171	0.26%
26	18	Merchants Bancorp (OR)	5	\$ 149,957	0.26%
27	19	HomeStreet Inc. (WA)	2	\$ 149,745	0.26%
28	20	People's Bank of Commerce (OR)	5	\$ 143,562	0.24%
29	21	Oregon Pacific Bancorp (OR)	5	\$ 137,524	0.23%
30	22	CCB Financial Corporation (OR)	4	\$ 137,443	0.23%
<i>Total For Institutions In Market</i>			<i>1,068</i>	<i>\$ 58,598,884</i>	

Source: SNL Financial, deposit data as of 6/30/2013

Note: All dollars in thousands

Note: Banks highlighted blue have announced mergers or no longer exist as independent entities as the result of mergers and bank failures

Oregon Market Share 6/2007

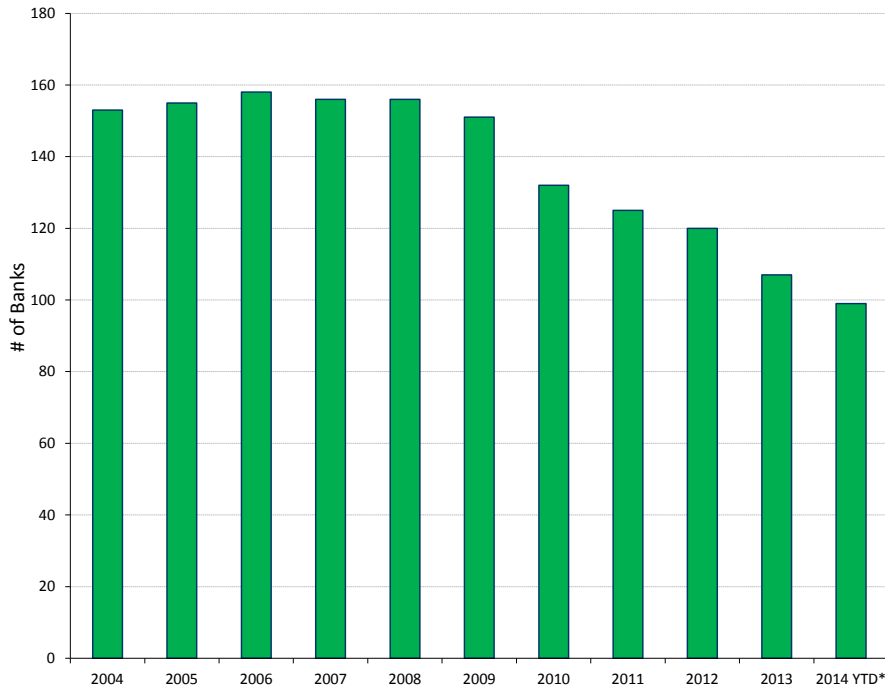
Deposit Market Share in Oregon (Top 30) - 2007

Rank	PNW		Number of Branches	Deposits in Market	Market Share
	Total	HQ Institution (State)			
1	-	U.S. Bancorp (MN)	190	\$ 8,880,707	18.52%
2	-	Wells Fargo & Company (CA)	127	\$ 5,946,346	12.40%
3	1	Washington Mutual, Inc. (WA)	105	\$ 5,696,173	11.88%
4	-	Bank of America Corporation (NC)	89	\$ 5,552,890	11.58%
5	2	Umpqua Holdings Corporation (OR)	70	\$ 3,466,114	7.23%
6	-	KeyCorp (OH)	64	\$ 3,209,002	6.69%
7	3	Sterling Financial Corporation (WA)	68	\$ 2,024,244	4.22%
8	4	West Coast Bancorp (OR)	51	\$ 1,607,396	3.35%
9	5	Cascade Bancorp (OR)	21	\$ 1,232,565	2.57%
10	6	Washington Federal, Inc. (WA)	26	\$ 1,051,773	2.19%
11	7	Liberty Financial Group, Inc. (OR)	15	\$ 771,145	1.61%
12	8	Columbia Bancorp (OR)	20	\$ 764,893	1.60%
13	-	BNP Paribas SA	32	\$ 747,486	1.56%
14	9	PremierWest Bancorp (OR)	23	\$ 618,471	1.29%
15	10	Pacific Continental Corporation (OR)	11	\$ 611,177	1.27%
16	11	South Valley Bancorp, Inc. (OR)	14	\$ 494,810	1.03%
17	12	Banner Corporation (WA)	13	\$ 493,940	1.03%
18	13	Community Bancshares, Inc. (OR)	12	\$ 297,524	0.62%
19	14	Citizens Bancorp (OR)	11	\$ 271,144	0.57%
20	15	First FS and LA of McMinnville (OR)	7	\$ 253,735	0.53%
21	16	Evergreen FS and LA (OR)	7	\$ 251,511	0.52%
22	17	Siuslaw Financial Group, Inc. (OR)	10	\$ 229,404	0.48%
23	18	Premier Commercial Bancorp (OR)	4	\$ 219,487	0.46%
24	19	PTB Corporation (OR)	2	\$ 209,168	0.44%
25	20	Merchants Bancorp (OR)	5	\$ 207,767	0.43%
26	21	Bank of Salem (OR)	3	\$ 178,168	0.37%
27	22	Home Valley Bancorp, Inc. (OR)	4	\$ 170,103	0.35%
28	23	BEO Bancorp (OR)	11	\$ 168,945	0.35%
29	24	Columbia Banking System, Inc. (WA)	5	\$ 164,313	0.34%
30	25	Prineville Bancorporation (OR)	6	\$ 151,044	0.32%
<i>Total For Institutions In Market</i>			<i>1,088</i>	<i>\$ 47,943,926</i>	
<i>Total Disruption (10 Companies)</i>			<i>309</i>	<i>\$ 12,476,447</i>	<i>26.02%</i>

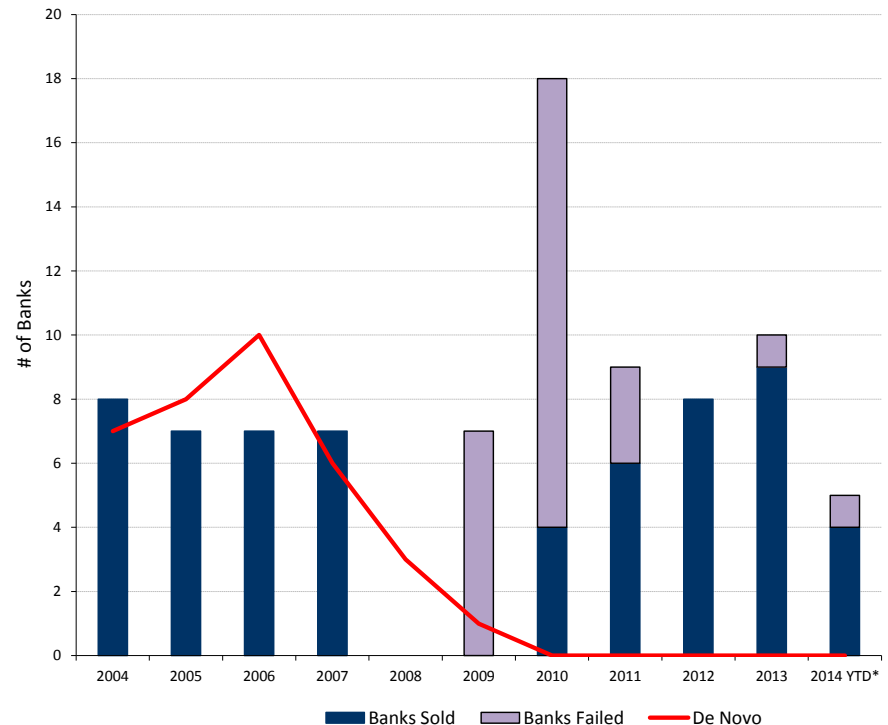
Pacific Northwest Bank Trends

- The total number of banks in the Pacific Northwest has declined by 59 since the end of 2007 (37% decrease)
- De novo activity has ceased nationwide with only true de novo bank over the last 3 years

Total Number of Banks



Banks Sold/Failed vs. De Novo Banks

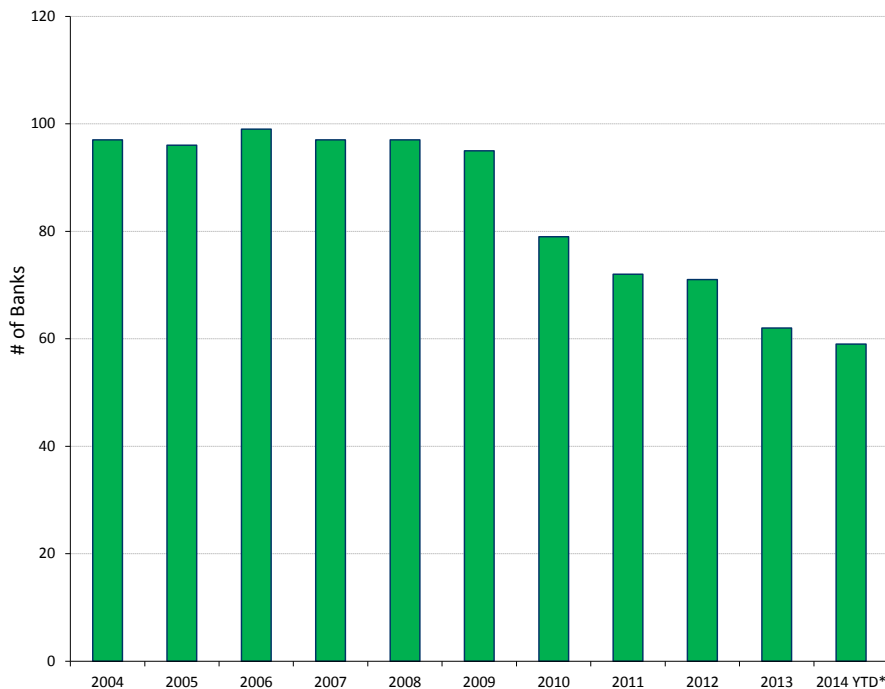


* Includes pending mergers
Source: SNL Financial as of 8/28/2014

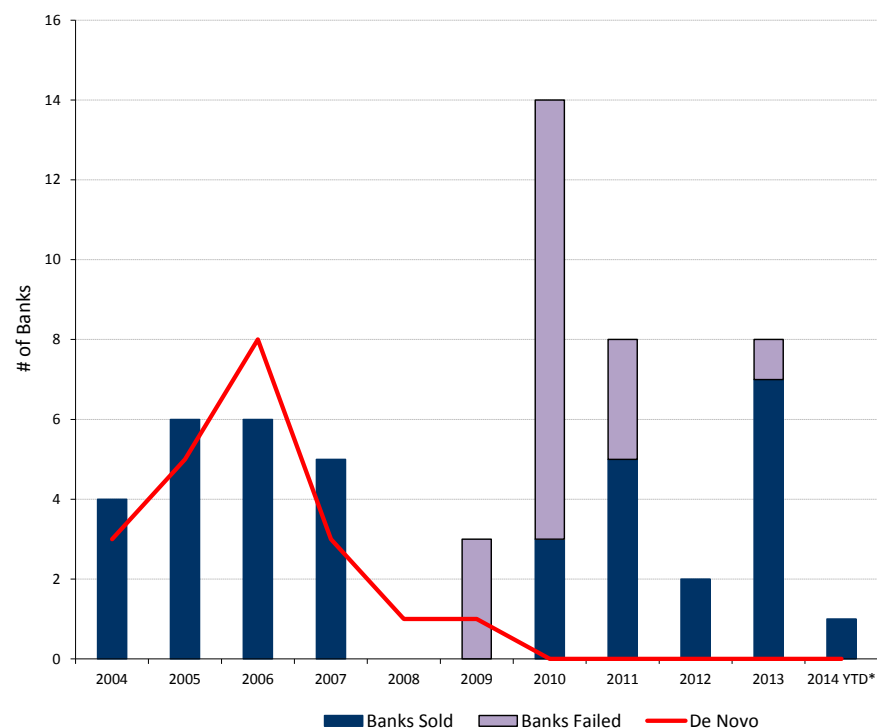
Washington Bank Trends

- Washington trends match the Pacific NW trends overall
- Shrinking number of local banks provides growth opportunity for survivors

Total Number of Banks



Banks Sold/Failed vs. De Novo Banks

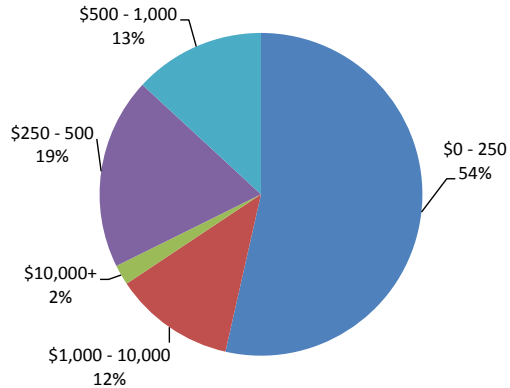


* Includes pending mergers
Source: SNL Financial as of 8/28/2014

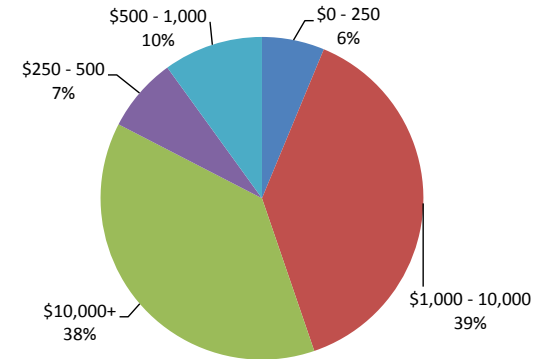
Size Distribution of Regional Banks

Pacific Northwest

of Banks

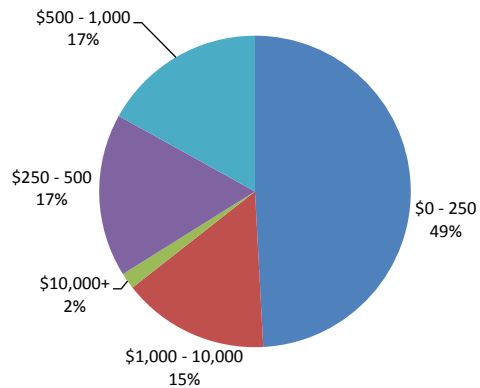


% of Assets

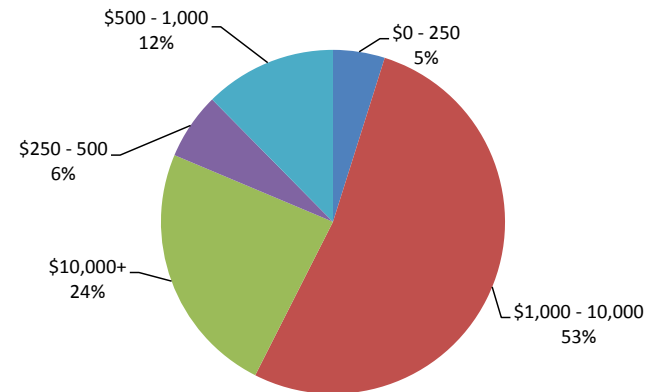


Washington

of Banks



% of Assets



Public Market Information

Section II

Balance Sheet

- Limited quality loan demand/competition for good deals
- Importance of a focused approach to investment portfolio
 - Growing as a % of total assets
 - Regulators focus on interest rate risk
- Greatly improved asset quality/solid reserves
- Ready availability of low cost core deposits/more rational CD pricing
- Industry is building higher capital ratios in the face of uncertain regulations

Operating Statement

- Declining loan and investment yields/declining Net Interest Margin (NIM)
- Temptation to stretch on credit or interest rate risk
- Lower problem asset and provision costs
 - Banks running out of benefits on negative loan loss provisioning
- Increased attention to non-interest income/alternative business lines
 - Many banks seeking opportunities to diversify away from entire reliance on spread income
- Focus on offsetting revenue contraction with expense efficiencies
- Reduced market expectations for Return on Equity (ROE) / Return on Assets (ROA)

Other

- Changed market/investor focus from balance sheet (asset quality and capital) to income statement (NIM trends, core earnings, return metrics, growth in earnings)
- Increased regulatory costs/scrutiny
- Evolving technology/customer expectations
- Smaller banks treading water / experiencing business and regulatory fatigue
- Increasing signs of/need for consolidation
- Increased importance of diversification

Public Bank Landscape



Note: Excludes targets of announced mergers

Pac NW Publicly-Traded Landscape

	Price / TBV		Assets (\$000s)	
	12/31/2007	Today	12/31/2007	6/30/2014
Washington				
Sterling Financial Corporation	128.4%	Sold	\$ 12,149,775	Sold
Washington Federal, Inc.	152.4%	128.2%	\$ 10,285,417	\$ 14,789,955
Banner Corporation*	159.6%	137.3%	\$ 4,492,658	\$ 5,105,263
Frontier Financial Corporation	229.1%	Failed	\$ 3,995,689	Failed
Columbia Banking System, Inc.*	232.4%	187.9%	\$ 3,178,713	\$ 8,217,620
HomeStreet, Inc.	Not Public	99.0%	\$ 2,793,935	\$ 3,235,676
AmericanWest Bancorporation	215.1%	Private	\$ 1,655,553	Private
Cascade Financial Corporation	174.7%	Sold	\$ 1,417,588	Sold
Horizon Financial Corp.	165.8%	Failed	\$ 1,270,327	Failed
City Bank	162.2%	Failed	\$ 1,239,033	Failed
First Financial Northwest, Inc.	Not Public	93.4%	\$ 1,140,888	\$ 898,831
Heritage Financial Corporation	189.7%	154.7%	\$ 886,055	\$ 3,391,579
Washington Banking Company	206.9%	Sold	\$ 882,289	Sold
Rainier Pacific Financial Group	109.6%	Failed	\$ 878,864	Failed
Riverview Bancorp, Inc.	191.3%	115.7%	\$ 820,348	\$ 824,642
Timberland Bancorp, Inc.	125.1%	99.2%	\$ 644,848	\$ 727,631
Anchor Bancorp	Not Public	92.2%	\$ 608,696	\$ 389,128
Cowlitz Bancorporation	107.4%	Failed	\$ 514,180	Failed
WSB Financial Group	57.7%	Failed	\$ 489,333	Failed
FS Bancorp, Inc.	Not Public	89.4%	\$ 263,066	\$ 436,021
Sound Financial Bancorp, Inc.	Not Public	98.0%	\$ 236,965	\$ 468,940
Oregon				
Umpqua Holdings Corporation	197.1%	199.9%	\$ 8,340,053	\$ 22,042,229
West Coast Bancorp	142.0%	Sold	\$ 2,646,614	Sold
Cascade Bancorp	232.0%	164.6%	\$ 2,394,492	\$ 2,288,373
PremierWest Bancorp	209.1%	Sold	\$ 1,157,961	Sold
Columbia Bancorp	180.9%	Failed	\$ 1,042,708	Failed
Pacific Continental Corporation	182.9%	151.3%	\$ 949,271	\$ 1,498,763
Idaho				
Intermountain Community Bancorp	167.9%	Merger Target	\$ 1,048,659	Merger Target
Home Federal Bancorp, Inc.	154.2%	Sold	\$ 709,954	Sold
Median	171.3%	122.0%	\$ 1,140,888	\$ 1,893,568

*Pro forma for pending acquisitions
Source: SNL Financial as of 8/28/2014

Regional NASDAQ & NYSE Bank & Thrifts



Selection Criteria

- Select banks headquartered in Idaho, Oregon, Montana and Washington
- Includes companies listed on the NASDAQ/NYSE exchanges
- Excludes targets of announced mergers
- Includes 17 companies
- Sorted by total assets

Company Name	Ticker	State	Market Data										Operating Data										
			Stock Price	Mkt. Cap.	Price Change		Price / EPS				Price / TBV	Div. Yield	Avg. Daily Vol. (3 mo.)	Total Assets	Loans / Deposits	LLR / NPAs / Assets	Texas Ratio*	TCE Ratio	NIM	Effic.			
					LTM	YTD	MRQ	LTM	2014E	2015E										Ratio	Ratio	ROATCE	ROAA
Regional NASDAQ & NYSE Banks																							
Umpqua Holdings Corporation	UMPQ	OR	\$17.37	\$ 3,772.4	5.2%	-9.3%	NM	NM	16.1x	13.4x	199.9%	3.46%	1,521,356	\$ 22,042.2	92.7%	0.69%	0.64%	7.4%	9.34%	5.01%	59.7%	3.72%	0.34%
Washington Federal, Inc.	WAFD	WA	\$21.57	\$ 2,146.0	1.1%	-7.4%	14.6x	13.9x	14.1x	13.4x	128.2%	2.04%	730,299	\$ 14,790.0	77.0%	1.40%	3.54%	29.1%	11.64%	3.05%	46.9%	9.17%	1.04%
Glacier Bancorp, Inc.	GBCI	MT	\$26.75	\$ 1,992.0	12.6%	-10.2%	17.6x	18.4x	17.2x	15.5x	228.4%	2.54%	214,051	\$ 7,890.1	73.2%	3.07%	2.22%	17.6%	11.25%	3.99%	53.3%	13.44%	1.47%
First Interstate BancSystem, Inc.	FIBK	MT	\$26.64	\$ 1,215.7	16.7%	-6.1%	14.2x	13.6x	14.9x	12.9x	181.1%	2.40%	98,195	\$ 7,651.4	72.0%	1.74%	1.56%	16.5%	8.72%	3.54%	63.1%	13.27%	1.12%
Columbia Banking System, Inc.	COLB	WA	\$25.82	\$ 1,359.5	9.6%	-6.1%	16.1x	18.4x	15.8x	14.2x	187.9%	2.17%	217,753	\$ 7,297.5	78.8%	1.47%	0.79%	7.3%	10.43%	4.86%	60.8%	12.27%	1.17%
Banner Corporation	BANR	WA	\$39.24	\$ 768.0	14.8%	-12.4%	11.1x	15.0x	14.8x	14.7x	137.3%	1.83%	77,036	\$ 4,745.3	95.8%	1.97%	1.22%	9.7%	11.79%	4.06%	65.6%	12.54%	1.50%
Heritage Financial Corporation	HFWA	WA	\$16.36	\$ 496.5	7.8%	-4.3%	NM	NM	19.4x	12.3x	154.7%	2.20%	65,597	\$ 3,391.6	77.8%	1.27%	1.15%	11.3%	9.80%	4.55%	63.0%	6.13%	0.59%
Cascade Bancorp	CACB	OR	\$ 5.08	\$ 366.9	-14.2%	-2.9%	NM	NM	NM	18.5x	164.6%	0.00%	186,631	\$ 2,288.4	71.7%	1.46%	1.77%	16.9%	10.11%	3.98%	95.8%	-9.05%	-1.04%
Pacific Continental Corporation	PCBK	OR	\$13.44	\$ 238.5	4.9%	-15.7%	14.6x	15.6x	14.6x	13.3x	151.3%	2.98%	36,588	\$ 1,498.8	90.9%	1.52%	1.44%	12.4%	10.75%	4.34%	57.7%	10.55%	1.13%
Sound Financial Bancorp, Inc.	SFBC	WA	\$18.55	\$ 46.7	23.7%	9.8%	9.9x	11.5x	NA	NA	98.0%	1.08%	1,258	\$ 468.9	108.0%	1.03%	1.54%	14.2%	10.17%	4.40%	63.6%	10.35%	1.09%
Median			\$ 991.9	8.7%	-6.8%	14.6x	15.0x	15.4x	13.4x	159.6%	2.18%	142,413	\$ 6,021.4	78.3%	1.47%	1.49%	13.3%	10.30%	4.20%	61.9%	10.45%	1.10%	
Average			\$ 1,240.2	8.2%	-6.5%	14.0x	15.2x	15.9x	14.2x	163.1%	2.07%	314,876	\$ 7,206.4	83.8%	1.56%	1.59%	14.2%	10.40%	4.18%	62.9%	8.24%	0.84%	
Minimum			\$ 46.7	-14.2%	-15.7%	9.9x	11.5x	14.1x	12.3x	98.0%	0.00%	1,258	\$ 468.9	71.7%	0.69%	0.64%	7.3%	8.72%	3.05%	46.9%	-9.05%	-1.04%	
Maximum			\$ 3,772.4	23.7%	9.8%	17.6x	18.4x	19.4x	18.5x	228.4%	3.46%	1,521,356	\$ 22,042.2	108.0%	3.07%	3.54%	29.1%	11.79%	5.01%	95.8%	13.44%	1.50%	
Regional NASDAQ & NYSE Thrifts																							
HomeStreet, Inc.	HMST	WA	\$18.24	\$ 270.9	-8.2%	-8.8%	7.2x	22.0x	12.7x	6.8x	99.0%	0.00%	46,795	\$ 3,235.7	75.9%	0.92%	3.39%	37.1%	8.49%	3.48%	80.7%	13.87%	1.22%
First Financial Northwest, Inc.	FFNW	WA	\$10.84	\$ 170.5	2.0%	4.5%	16.9x	14.6x	NA	NA	93.4%	1.85%	47,913	\$ 898.8	119.7%	1.74%	7.70%	35.6%	20.30%	3.86%	54.3%	5.08%	1.05%
Riverview Bancorp, Inc.	RVSB	WA	\$ 3.80	\$ 85.4	41.8%	31.0%	NM	NM	NM	23.8x	115.7%	0.00%	25,756	\$ 824.6	79.7%	2.24%	3.88%	37.2%	9.23%	3.46%	83.1%	3.97%	0.36%
Timberland Bancorp, Inc.	TSBK	WA	\$10.65	\$ 75.0	21.2%	10.7%	13.3x	16.1x	13.7x	11.8x	99.2%	1.88%	6,592	\$ 727.6	94.7%	1.86%	5.63%	47.7%	10.48%	3.86%	72.0%	7.75%	0.79%
Eagle Bancorp Montana, Inc.	EBMT	MT	\$10.85	\$ 42.5	-3.9%	-0.9%	12.9x	20.5x	NM	18.1x	96.7%	2.76%	5,438	\$ 539.1	64.7%	0.72%	0.18%	2.1%	8.27%	3.32%	89.2%	8.69%	0.65%
FS Bancorp, Inc.	FSBW	WA	\$17.35	\$ 56.1	3.6%	1.2%	13.1x	15.1x	NA	NA	89.4%	1.38%	3,383	\$ 436.0	94.1%	1.60%	0.27%	1.7%	14.40%	5.08%	75.2%	6.27%	0.91%
Anchor Bancorp	ANCB	WA	\$19.40	\$ 49.5	24.0%	6.1%	NM	NM	NM	NM	92.2%	0.00%	4,431	\$ 389.1	92.0%	1.62%	4.85%	32.4%	13.79%	3.93%	97.9%	2.24%	0.30%
Median			\$ 75.0	3.6%	4.5%	13.1x	16.1x	13.2x	15.0x	96.7%	1.38%	6,592	\$ 727.6	92.0%	1.62%	3.88%	35.6%	10.48%	3.86%	80.7%	6.27%	0.79%	
Average			\$ 107.1	11.5%	6.3%	12.7x	17.7x	13.2x	15.1x	98.0%	1.12%	20,044	\$ 1,007.3	88.7%	1.53%	3.70%	27.7%	12.14%	3.86%	78.9%	6.84%	0.76%	
Minimum			\$ 42.5	-8.2%	-8.8%	7.2x	14.6x	12.7x	6.8x	89.4%	0.00%	3,383	\$ 389.1	64.7%	0.72%	0.18%	1.7%	8.27%	3.32%	54.3%	2.24%	0.30%	
Maximum			\$ 270.9	41.8%	31.0%	16.9x	22.0x	13.7x	23.8x	115.7%	2.76%	47,913	\$ 3,235.7	119.7%	2.24%	7.70%	47.7%	20.30%	5.08%	97.9%	13.87%	1.22%	

Source: SNL Financial for most recent quarter. Market data as of 8/28/2014. EPS estimates for based on Street average estimates

Note: All dollars in millions, except per share

*Texas ratio = (non-performing assets + loans 90 days or more past due) / (tangible common equity + loan loss reserves)

Regional OTC Banks



Selection Criteria

- Select banks headquartered in Idaho, Montana, Oregon and Washington
- Includes companies listed on the OTCQB exchanges
- Includes 30 companies
- Excludes targets of announced mergers
- Sorted by total assets

Company Name	Ticker	State	Market Data									Operating Data										
			Stock Price	Mkt. Cap.	Price Change		Price / EPS		Price / TBV	Div. Yield	Avg. Daily Vol. (3 mo.)	Total Assets	Loans / Deposits	LLR / Loans	NPAs / Assets	Texas Ratio*	TCE Ratio	Effic. NIM	Ratio	ROATCE	ROAE	ROAA
					LTM	YTD	MRQ	LTM														
W.T.B. Financial Corporation	WTBFB	WA	\$175.00	\$ 453.5	12.9%	4.8%	9.4x	11.8x	107.8%	1.37%	39	\$ 4,483.9	85.4%	2.56%	1.16%	10.8%	9.26%	3.69%	64.3%	11.60%	10.55%	1.07%
Cashmere Valley Bank	CSHX	WA	\$ 33.00	\$ 133.7	13.0%	11.9%	8.3x	8.8x	104.4%	2.42%	1,292	\$ 1,305.0	63.5%	1.62%	0.69%	6.4%	9.86%	3.07%	56.9%	12.93%	12.25%	1.24%
Pacific Financial Corporation	PFLC	WA	\$ 6.10	\$ 62.4	-12.7%	-4.7%	10.9x	14.9x	108.6%	3.28%	2,080	\$ 719.5	88.4%	1.50%	1.39%	15.3%	8.11%	4.28%	75.9%	10.01%	8.02%	0.78%
Baker Boyer Bancorp	BBBK	WA	\$ 74.00	\$ 97.2	1.4%	0.0%	21.3x	17.1x	204.9%	3.95%	8	\$ 553.0	57.9%	2.21%	1.05%	11.0%	8.50%	3.17%	78.0%	9.49%	9.49%	0.81%
Citizens Bancorp	CZBC	OR	\$ 11.26	\$ 59.1	5.4%	12.1%	13.1x	15.6x	98.3%	3.23%	179	\$ 548.2	74.3%	1.08%	1.08%	9.2%	11.08%	3.79%	69.9%	6.70%	6.49%	0.75%
Idaho Independent Bank	IIBK	ID	\$ 7.10	\$ 58.1	37.9%	1.3%	NM	19.7x	105.1%	0.00%	5,027	\$ 486.6	61.6%	2.51%	1.44%	11.4%	11.36%	3.31%	93.9%	2.23%	2.23%	0.26%
Northwest Bancorporation, Inc.	NBCT	WA	\$ 8.00	\$ 32.9	14.3%	7.4%	11.1x	12.1x	89.8%	0.00%	873	\$ 408.5	94.8%	1.85%	2.00%	19.2%	8.98%	4.11%	75.2%	8.37%	8.37%	0.75%
Foundation Bancorp, Inc.	FDNB	WA	\$ 8.25	\$ 29.1	29.9%	4.4%	20.6x	NM	85.2%	0.00%	399	\$ 383.3	82.5%	1.80%	5.91%	66.9%	8.91%	3.69%	86.1%	4.15%	4.15%	0.37%
Puget Sound Bank	PUGB	WA	\$ 13.95	\$ 41.3	2.6%	3.3%	16.9x	17.4x	120.8%	0.00%	1,876	\$ 357.3	98.4%	1.27%	0.29%	2.7%	9.63%	4.19%	63.8%	7.72%	5.82%	0.78%
Premier Commercial Bancorp	PRCB	OR	\$ 4.25	\$ 23.5	0.0%	-8.6%	NM	23.6x	79.4%	0.00%	2,382	\$ 335.7	106.2%	2.17%	3.55%	34.0%	8.82%	3.43%	87.0%	3.40%	3.40%	0.30%
BEO Bancorp	BEOB	OR	\$ 23.00	\$ 27.5	7.0%	0.0%	9.1x	9.3x	110.4%	2.39%	63	\$ 307.4	97.4%	1.22%	1.55%	17.0%	8.09%	5.31%	67.7%	9.62%	12.02%	0.95%
Capital Pacific Bancorp	CPBO	OR	\$ 9.50	\$ 24.3	22.6%	24.0%	11.3x	11.6x	107.7%	0.00%	490	\$ 237.6	92.2%	1.43%	1.55%	14.5%	9.50%	4.01%	63.5%	9.82%	9.82%	0.93%
People's Bank of Commerce	PBCO	OR	\$ 9.50	\$ 18.4	0.3%	4.9%	14.8x	14.7x	85.6%	0.00%	111	\$ 202.9	76.7%	1.22%	2.84%	24.8%	10.60%	4.10%	82.0%	5.69%	5.65%	0.61%
Oregon Pacific Bancorp	ORPB	OR	\$ 2.80	\$ 11.1	-13.8%	-13.8%	NM	NM	74.6%	0.00%	1,164	\$ 177.8	77.1%	1.38%	4.21%	45.4%	8.39%	3.21%	94.9%	-10.43%	-10.43%	-0.88%
Summit Bank	SBKO	OR	\$ 10.40	\$ 22.4	60.0%	34.2%	8.4x	10.6x	144.3%	0.00%	1,128	\$ 169.2	89.5%	1.56%	1.00%	9.6%	9.16%	5.21%	53.0%	18.02%	18.02%	1.62%
Merchants Bancorp	MBNC	OR	\$ 0.86	\$ 8.2	160.6%	22.9%	5.4x	NM	133.6%	0.00%	2,283	\$ 167.3	87.2%	2.16%	0.02%	0.4%	3.66%	4.56%	58.1%	31.17%	31.17%	1.06%
Lewis & Clark Bank	LWCL	OR	\$ 16.15	\$ 12.7	7.7%	5.6%	12.9x	13.7x	82.5%	0.00%	30	\$ 130.4	95.7%	1.71%	3.00%	22.7%	11.81%	4.77%	73.5%	6.46%	6.46%	0.76%
Prime Pacific Financial Services	PPFS	WA	\$ 1.85	\$ 9.1	362.5%	164.3%	6.0x	8.5x	146.5%	0.00%	70	\$ 126.0	83.5%	1.82%	2.04%	32.6%	4.92%	4.44%	78.2%	22.86%	22.86%	1.10%
Centerpointe Community Bank	CENP	OR	\$ 7.49	\$ 9.1	9.2%	4.8%	13.8x	19.3x	88.4%	0.00%	767	\$ 124.7	61.6%	1.08%	0.00%	0.0%	8.24%	3.80%	76.1%	6.46%	6.46%	0.54%
Washington Bancorp, Inc.	WGTB	WA	\$ 2.45	\$ 10.0	-18.3%	45.8%	NA	NA	62.5%	0.00%	368	\$ 122.5	84.8%	3.06%	4.83%	32.0%	12.95%	3.92%	89.2%	3.89%	3.89%	0.44%
Oregon Bancorp, Inc.	ORBN	OR	\$ 10.55	\$ 11.0	-11.7%	-5.9%	NA	NA	76.9%	0.00%	528	\$ 120.6	92.7%	1.39%	3.37%	25.6%	12.06%	4.25%	91.0%	5.04%	5.04%	0.62%
Willamette Community Bank	WMCB	OR	\$ 6.75	\$ 6.5	-0.8%	6.1%	NA	NA	68.8%	0.00%	219	\$ 101.5	73.5%	1.54%	0.55%	5.4%	9.27%	4.01%	87.7%	-1.77%	-1.96%	-0.19%
Idaho First Bank	IDFB	ID	\$ 1.00	\$ 17.8	122.2%	122.2%	9.6x	9.1x	166.2%	0.00%	118	\$ 100.9	93.3%	1.28%	2.01%	17.3%	10.58%	4.36%	82.9%	17.79%	17.79%	1.80%
First Sound Bank	FSWA	WA	\$ 0.10	\$ 27.9	-42.9%	-33.3%	NA	NA	282.8%	0.00%	9,308	\$ 97.8	99.6%	1.54%	2.48%	22.3%	10.08%	3.64%	94.6%	1.72%	1.72%	0.17%
Community 1st Bank	CMYF	ID	\$ 11.35	\$ 11.9	3.2%	3.2%	NM	NM	119.8%	0.00%	42	\$ 87.1	71.5%	1.95%	0.15%	1.2%	11.42%	3.41%	90.9%	4.45%	4.45%	0.51%
Plaza Bank	PZBW	WA	\$ 1.05	\$ 7.7	-13.2%	8.2%	NM	NM	84.9%	0.00%	715	\$ 81.5	76.7%	5.57%	2.53%	17.1%	11.10%	3.79%	111.7%	-5.08%	-5.08%	-0.45%
Clatsop Community Bank	CLAT	OR	\$ 7.50	\$ 7.8	42.9%	36.4%	NM	NM	106.9%	0.00%	7	\$ 71.5	69.6%	1.22%	0.83%	7.3%	10.54%	4.07%	82.0%	4.47%	4.47%	0.47%
Treasure State Bank	TRSU	MT	\$ 3.95	\$ 6.9	12.9%	27.4%	12.3x	22.3x	94.2%	0.00%	3	\$ 69.2	80.7%	3.20%	7.08%	55.8%	10.53%	4.13%	80.4%	7.37%	7.37%	0.79%
Pacific West Bank	PWBO	OR	\$ 0.94	\$ 3.9	51.6%	51.6%	NM	NM	118.7%	0.00%	9	\$ 49.7	86.7%	2.20%	1.53%	18.5%	6.57%	4.32%	107.0%	2.17%	2.17%	0.14%
Bank Reale	BKRL	WA	\$ 2.81	\$ 1.5	-31.6%	-32.3%	NM	NM	58.4%	0.00%	19	\$ 41.3	75.1%	2.32%	2.17%	30.2%	6.16%	4.26%	90.6%	-54.98%	-54.98%	-4.25%
Median			\$ 18.1	7.3%	5.2%	11.2x	14.2x	104.8%	0.00%	384	\$ 168.3	84.1%	1.67%	1.55%	17.0%	9.39%	4.04%	81.2%	6.46%	6.14%	0.68%	
Average			\$ 41.5	27.8%	16.9%	12.0x	14.4x	110.6%	0.55%	1,053	\$ 405.6	82.6%	1.91%	2.08%	19.5%	9.34%	4.01%	80.2%	5.38%	5.26%	0.46%	
Minimum			\$ 1.5	-42.9%	-33.3%	5.4x	8.5x	58.4%	0.00%	3	\$ 41.3	57.9%	1.08%	0.00%	0.0%	3.66%	3.07%	53.0%	-54.98%	-54.98%	-4.25%	
Maximum			\$ 453.5	362.5%	164.3%	21.3x	23.6x	282.8%	3.95%	9,308	\$ 4,483.9	106.2%	5.57%	7.08%	66.9%	12.95%	5.31%	111.7%	31.17%	31.17%	1.80%	

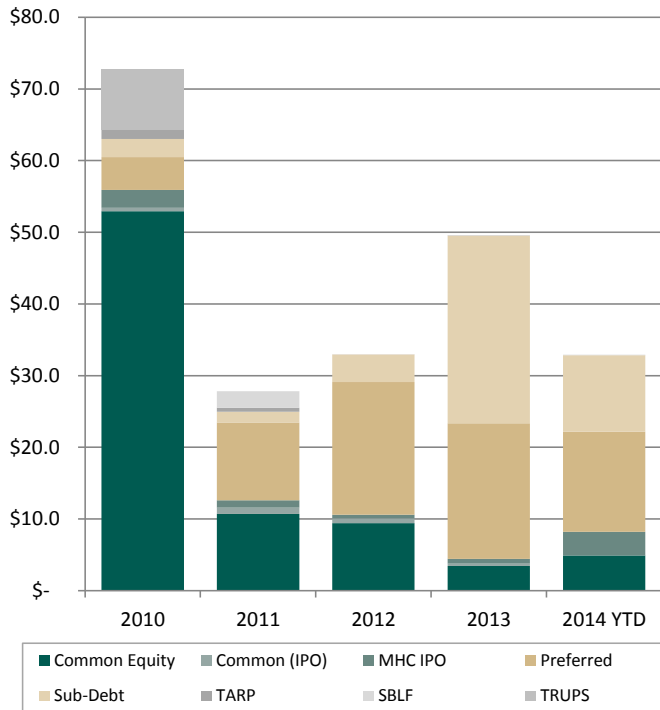
Source: SNL Financial for most recent quarter. Market data as of 8/28/2014. EPS estimates for based on Street average estimates

Note: All dollars in millions, except per share

*Texas ratio = (non-performing assets + loans 90 days or more past due) / (tangible common equity + loan loss reserves)

General Update on Capital Markets

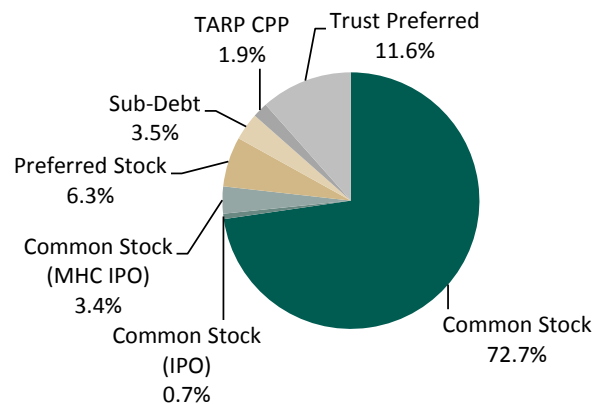
Capital Offering Mix (2010-Present)



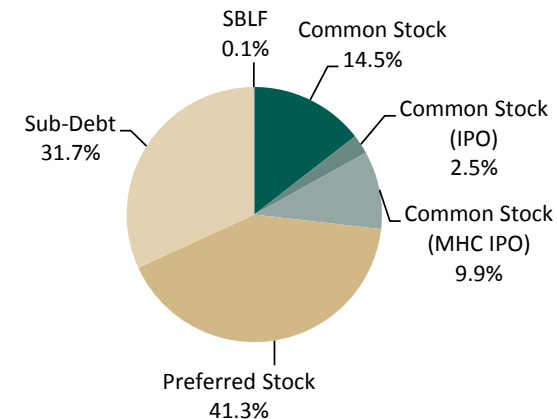
Summary of Capital Offering Mix (in billions)

	2010		2011		2012		2013		2014 YTD	
	\$ Amt.	% of Total	\$ Amt.	% of Total	\$ Amt.	% of Total	\$ Amt.	% of Total	\$ Amt.	% of Total
Common Stock	\$ 52.9	72.7%	\$ 10.7	38.4%	\$ 9.4	28.6%	\$ 3.4	6.9%	\$ 4.9	14.5%
Common Stock (IPO)	\$ 0.5	0.7%	\$ 0.9	3.2%	\$ 0.7	2.0%	\$ 0.3	0.7%	\$ 0.8	2.5%
Common Stock (MHC IPO)	\$ 2.5	3.4%	\$ 1.0	3.6%	\$ 0.5	1.5%	\$ 0.7	1.4%	\$ 3.3	9.9%
Preferred Stock	\$ 4.6	6.3%	\$ 10.9	39.0%	\$ 18.5	56.1%	\$ 18.9	38.2%	\$ 13.9	41.3%
Sub-Debt	\$ 2.5	3.5%	\$ 1.5	5.4%	\$ 3.9	11.8%	\$ 26.2	52.8%	\$ 10.7	31.7%
TARP CPP	\$ 1.4	1.9%	\$ 0.5	2.0%	\$ -	0.0%	\$ 0.0	0.0%	\$ -	0.0%
SBLF	\$ -	0.0%	\$ 2.3	8.4%	\$ 0.0	0.0%	\$ 0.0	0.0%	\$ 0.0	0.1%
Trust Preferred	\$ 8.4	11.6%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Grand Total	\$ 72.8	100.0%	\$ 27.8	100.0%	\$ 33.0	100.0%	\$ 49.5	100.0%	\$ 33.7	100.0%

2010 Capital Offering Mix



2014 YTD Capital Offering Mix



Source: SNL Financial, market data current as of 8/28/2014

Note: Includes offerings for all reporting companies (includes NASDAQ, NYSE, OTCBB, etc.)

Note: Excludes TARP auction preferred stock sales

Note: All dollars in billions

Bank M&A Update

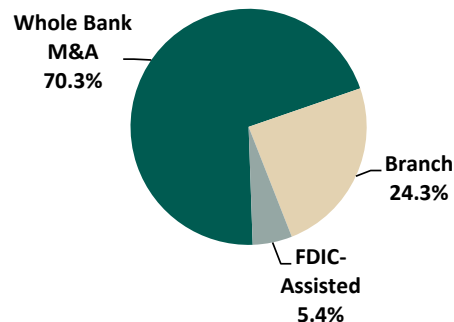
Section III

Summary of Nationwide M&A Deal Activity

Summary of Nationwide M&A Deal Activity

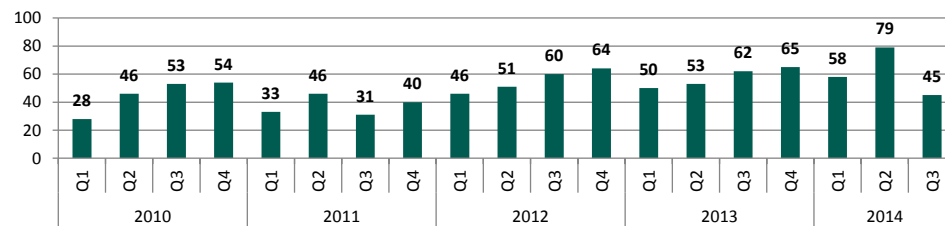
	2010	2011	2012	2013	2014 YTD
Whole-Bank M&A					
Number of Transactions	181	150	221	230	182
Aggregate Deal Value (\$M)	\$ 9,987	\$ 17,004	\$ 12,825	\$ 14,206	\$ 10,795
Price / Tangible Book Value (Median)	119.6%	108.9%	114.0%	124.7%	135.0%
Core Deposit Premium (Median)	2.92%	1.00%	2.61%	3.62%	4.56%
Price / Earnings (Median)	NM	NM	32.2x	22.3x	27.6x
Branch Acquisitions					
Number of Transactions	81	82	94	77	63
Number of Branches	197	413	385	288	348
Total Deposits Transferred (\$M)	\$ 6,370	\$ 20,182	\$ 12,878	\$ 8,686	\$ 14,182
Deposit Premium (Median)	3.45%	2.90%	2.31%	2.30%	2.43%
FDIC-Assisted Acquisitions (1)					
Number of Transactions	147	90	47	23	14
% of Transactions with Loss Share	85.7%	64.4%	42.6%	13.0%	0.0%
Total Assets At Assumption (\$M)	\$ 91,867	\$ 34,808	\$ 10,865	\$ 6,059	\$ 1,934
Total Deposits Transferred (\$M)	\$ 59,425	\$ 28,864	\$ 9,662	\$ 4,933	\$ 1,714
Deposit Premium (Median)	0.00%	0.00%	0.00%	0.00%	0.48%
Discount on Assets (Median)	10.6%	13.5%	12.8%	11.0%	6.9%
Total Transactions					
Number of Transactions	409	322	362	330	259
% Whole-Bank M&A	44.3%	46.6%	61.0%	69.7%	70.3%
% Branch Acquisitions	19.8%	25.5%	26.0%	23.3%	24.3%
% FDIC-Assisted Acquisitions	35.9%	28.0%	13.0%	7.0%	5.4%

Transaction Mix (2014 YTD)

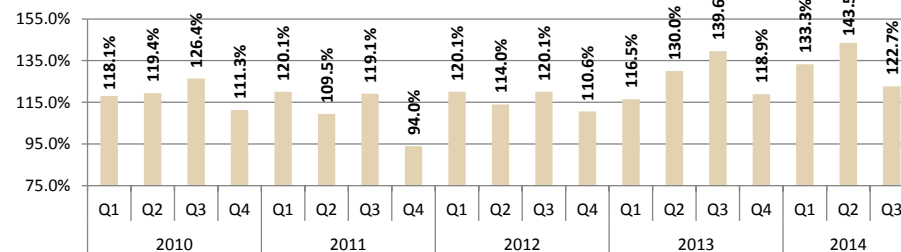


Nationwide Trends on Whole-Bank M&A

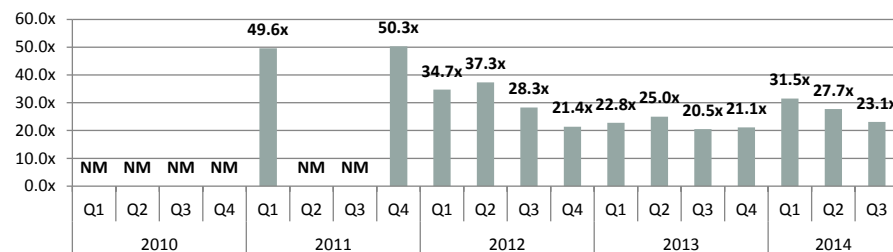
Transaction Volume



Price / Tangible Book Value



Price / LTM Earnings



(1) Multiple subsidiary bank holding companies sold to a single buyer are considered a single transaction. Does not include failed banks that did not have buyers when put into receivership

Source: SNL Financial, includes pending and completed deals (not all deals report complete deal information)

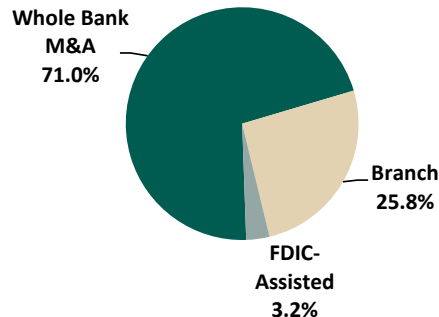
Note: Median data, current as of 8/28/2014

Summary of Western U.S. M&A Deal Activity

Summary of Nationwide M&A Deal Activity

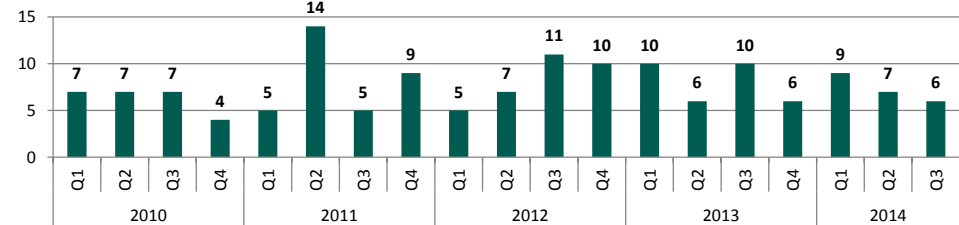
	2010	2011	2012	2013	2014 YTD
Whole-Bank M&A					
Number of Transactions	25	33	33	32	22
Aggregate Deal Value (\$M)	\$ 480	\$ 402	\$ 2,853	\$ 5,429	\$ 4,079
Price / Tangible Book Value (Median)	121.8%	95.4%	110.0%	133.4%	122.3%
Core Deposit Premium (Median)	3.85%	-0.32%	1.67%	5.03%	2.49%
Price / Earnings (Median)	17.3x	NM	NM	19.1x	25.7x
Branch Acquisitions					
Number of Transactions	4	10	10	12	8
Number of Branches	8	16	30	31	38
Total Deposits Transferred (\$M)	\$ 365	\$ 508	\$ 703	\$ 1,048	\$ 1,816
Deposit Premium (Median)	4.45%	1.12%	2.50%	1.81%	3.10%
FDIC-Assisted Acquisitions (1)					
Number of Transactions	33	18	1	5	1
% of Transactions with Loss Share	90.9%	50.0%	0.0%	20.0%	0.0%
Total Assets At Assumption (\$M)	\$ 21,742	\$ 10,031	\$ 130	\$ 401	\$ 153
Total Deposits Transferred (\$M)	\$ 16,547	\$ 8,212	\$ 109	\$ 388	\$ 146
Deposit Premium (Median)	0.50%	0.00%	0.00%	0.00%	0.75%
Discount on Assets (Median)	8.5%	16.0%	24.8%	13.1%	5.7%
Total Transactions					
Number of Transactions	62	61	44	49	31
% Whole-Bank M&A	40.3%	54.1%	75.0%	65.3%	71.0%
% Branch Acquisitions	6.5%	16.4%	22.7%	24.5%	25.8%
% FDIC-Assisted Acquisitions	53.2%	29.5%	2.3%	10.2%	3.2%

Transaction Mix (2014 YTD)

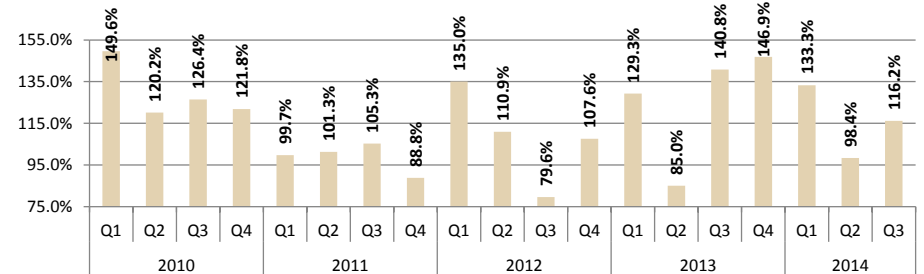


Nationwide Trends on Whole-Bank M&A

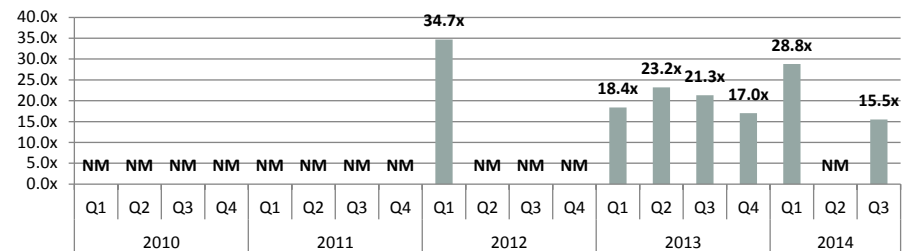
Transaction Volume



Price / Tangible Book Value



Price / LTM Earnings



(1) Multiple subsidiary bank holding companies sold to a single buyer are considered a single transaction. Does not include failed banks that did not have buyers when put into receivership

Source: SNL Financial, includes pending and completed deals (not all deals report complete deal information)

Note: Median data, current as of 8/28/2014

Precedent Transactions in the Pacific Northwest

Selection Criteria

- Select banks and thrifts headquartered in Idaho, Oregon and Washington
- Transactions announced since beginning of 2012
- Includes 21 transactions
- Sorted by announce date

Target Information			Buyer Information			Deal Profile		Valuation		Operating Financials for Target Company									
Announce Date	Name	State	Name	State	Assets (\$M)	Deal Value (\$M)	Cash / Stock Mix	Price / TBV	Price / EPS	Assets (\$M)	ROAA	ROAE	TCE Ratio	Core Dep. %	NIE / Assets	Effic. Ratio	NPAs / Assets	LLR / NPLs	
8/07/2014*	Siuslaw Financial Group, Inc.	OR	Banner Corporation	WA	\$ 4,745.3	\$ 58.1	Mix	151.5%	17.1x	\$ 360.0	0.96%	9.16%	10.63%	96.8%	3.44%	75.1%	4.03%	66.9%	
7/23/2014*	Intermountain Community Bancorp	ID	Columbia Banking System, Inc.	WA	\$ 7,297.5	\$ 127.3	Mix	123.4%	12.0x	\$ 920.2	1.15%	10.32%	10.76%	92.6%	3.53%	84.4%	1.65%	66.9%	
7/11/2014*	Regal Financial Bank	WA	GWY, LLC	WA	\$ 258.0		Other	NA	NA	\$ 98.6	-2.71%	-23.07%	9.92%	54.6%	4.95%	117.9%	14.94%	14.9%	
6/27/2014*	Idaho Banking Company	ID	D.L. Evans Bancorp	ID	\$ 997.4	\$ 10.0	Cash	297.7%	NM	\$ 102.1	0.01%	0.33%	3.29%	88.5%	5.26%	99.7%	14.43%	39.2%	
10/23/2013	Washington Banking Company	WA	Heritage Financial Corporation	WA	\$ 1,674.4	\$ 264.6	Mix	148.7%	16.0x	\$ 1,648.2	1.00%	9.15%	10.72%	89.8%	3.05%	53.2%	2.40%	91.8%	
10/23/2013	Home Federal Bancorp, Inc.	ID	Cascade Bancorp	OR	\$ 1,365.9	\$ 265.8	Mix	153.7%	NM	\$ 1,007.7	0.15%	0.87%	16.72%	92.2%	3.89%	97.1%	1.39%	104.1%	
9/11/2013	Sterling Financial Corporation	WA	Umpqua Holdings Corporation	OR	\$11,392.2	\$1,995.1	Stock	167.1%	19.6x	\$ 9,939.6	1.08%	8.23%	11.65%	89.8%	3.38%	67.5%	1.70%	99.5%	
7/26/2013	Fortune Bank	WA	HomeStreet, Inc.	WA	\$ 2,508.3	\$ 27.1	Cash	142.0%	9.1x	\$ 141.5	2.17%	16.96%	13.62%	65.4%	5.62%	89.7%	4.17%	48.3%	
7/26/2013	YNB Financial Services Corp.	WA	HomeStreet, Inc.	WA	\$ 2,508.3	\$ 10.3	Cash	139.6%	NM	\$ 125.1	0.40%	4.35%	8.22%	71.8%	4.97%	92.2%	0.62%	160.0%	
3/27/2013	North Cascades Bancshares, Inc.	WA	Glacier Bancorp, Inc.	MT	\$ 7,747.4	\$ 29.3	Mix	126.9%	20.4x	\$ 346.0	0.71%	5.97%	10.55%	92.0%	3.20%	77.1%	1.96%	75.7%	
3/22/2013	Core Business Bank	WA	Puget Sound Bank	WA	\$ 268.4	\$ 8.4	Mix	131.7%	NM	\$ 64.0	0.20%	1.93%	10.00%	78.9%	4.20%	93.2%	0.15%	849.5%	
3/12/2013	Valley Community Bancshares, Inc	OR	Heritage Financial Corporation	WA	\$ 1,345.5	\$ 44.0	Mix	146.1%	24.3x	\$ 242.2	0.78%	6.57%	11.72%	87.6%	2.91%	69.8%	1.00%	91.9%	
1/30/2013	Albina Community Bank	OR	One PacificCoast Foundation	CA	\$ 291.2		Other	NA	NA	\$ 128.2	0.56%	12.51%	4.68%	86.5%	5.87%	86.3%	5.42%	52.4%	
10/30/2012	PremierWest Bancorp	OR	SKBHC Holdings LLC	WA	\$ 2,763.4	\$ 20.1	Cash	64.5%	NM	\$ 1,140.0	-0.96%	-13.87%	2.73%	87.3%	3.70%	82.4%	5.13%	56.1%	
10/23/2012	Century Bank	OR	Pacific Continental Corporation	OR	\$ 1,350.4	\$ 13.4	Cash	110.7%	14.7x	\$ 87.1	1.06%	8.13%	13.61%	80.8%	3.27%	69.2%	5.40%	30.2%	
10/22/2012	Pacific International Bancorp, Inc.	WA	BBCN Bancorp, Inc.	CA	\$ 5,332.0	\$ 8.2	Stock	52.2%	NM	\$ 208.6	-3.85%	-31.34%	10.61%	64.2%	4.23%	97.8%	12.00%	25.9%	
9/26/2012	West Coast Bancorp	OR	Columbia Banking System, Inc.	WA	\$ 4,789.4	\$ 508.9	Mix	145.2%	14.2x	\$ 2,408.4	1.48%	11.67%	12.74%	97.5%	3.61%	75.2%	3.05%	69.5%	
9/14/2012	Northwest Commercial Bank	WA	Heritage Financial Corporation	WA	\$ 1,338.1	\$ 4.8	Other	75.4%	NM	\$ 72.2	-0.49%	-4.34%	8.76%	78.0%	3.14%	73.7%	7.75%	63.1%	
8/09/2012	High Desert Bank	OR	Investor group	OR	NA	\$ 0.8	Cash	NA	NM	\$ 30.6	-2.36%	-37.31%	5.35%	79.9%	-0.52%	0.0%	11.15%	23.9%	
4/05/2012	Northwest Bank	OR	GWY, LLC	WA	\$ 158.4		Other	NA	NA	\$ 104.4	-0.57%	-6.96%	8.43%	79.1%	3.98%	146.0%	5.13%	38.6%	
4/04/2012	South Valley Bancorp, Inc.	OR	Washington Federal, Inc.	WA	\$13,649.7	\$ 72.7	Other	109.5%	NM	\$ 868.7	-0.50%	-5.85%	7.66%	80.3%	4.33%	85.7%	5.35%	43.1%	
Median					\$ 2,091.3	\$ 28.2		139.6%	16.0x	\$ 208.6	0.40%	4.35%	10.55%	86.5%	3.70%	84.4%	4.17%	63.1%	
Average					\$ 3,589.1	\$ 192.7		134.5%	16.4x	\$ 954.4	0.01%	-0.79%	9.64%	82.6%	3.81%	82.5%	5.18%	100.5%	
Minimum					\$ 158.4	\$ 0.8		52.2%	9.1x	\$ 30.6	-3.85%	-37.31%	2.73%	54.6%	-0.52%	0.0%	0.15%	14.9%	
Maximum					\$13,649.7	\$1,995.1		297.7%	24.3x	\$ 9,939.6	2.17%	16.96%	16.72%	97.5%	5.87%	146.0%	14.94%	849.5%	

Source: SNL Financial, as of 8/28/2014

Note: All dollars in thousands, unless noted otherwise

Note: Operating financials for target company based on quarter-end prior to announcement. Performance ratios measured over last twelve month period

*Indicates transaction is pending

Branch Divestiture Activity

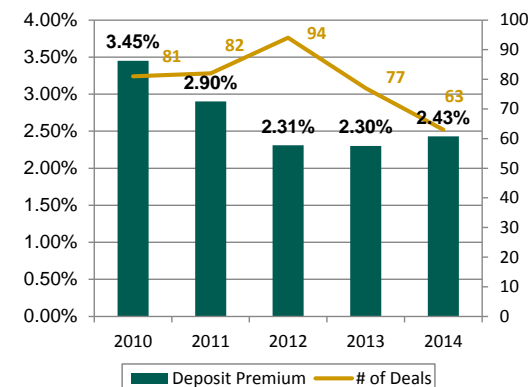
Western U.S. transactions since 1/1/2009

Announce Date	Seller Name	Buyer Name	Buyer State	Branch States	Transaction Info.			
					# of Branches	Deposits Transferred	Branch Deposits	Deposit Premium
05/19/2014*	Crazy Woman Creek Bancorp Inc.	Platte Valley Financial Service Co., Inc.	NE	WY	1	\$ 11,895	\$ 11,895	3.85%
05/16/2014	Columbia Banking System, Inc.	Sound Financial Bancorp, Inc.	WA	WA	3	\$ 25,000	\$ 8,333	2.35%
04/23/2014*	Popular, Inc.	Banc of California, Inc.	CA	CA	20	\$1,132,000	\$ 56,600	0.50%
04/09/2014	Talmer Bancorp, Inc.	First Bancorp of Durango, Inc.	IL	NM	1	\$ 37,500	\$ 37,500	4.27%
02/19/2014	Umpqua Holdings Corporation	Banner Corporation	WA	OR	6	\$ 226,000	\$ 37,667	NA
01/23/2014	Bank of America Corporation	Washington Federal, Inc.	WA	AZ, NV	23	\$ 609,859	\$ 26,516	1.30%
12/30/2013	Silvertate Capital Corporation	Americas United Bank	CA	CA	1	\$ 45,700	\$ 45,700	0.50%
10/09/2013	SKBHC Holdings LLC	Bank of Southern California, NA	CA	CA	1	\$ 18,839	\$ 18,839	1.60%
07/18/2013	Bank of America Corporation	Bank of Southern California, NA	WA	ID, NM, OR, WA	51	\$1,500,000	\$ 29,412	2.60%
07/09/2013	SKBHC Holdings LLC	HomeStreet, Inc.	WA	WA	2	\$ 40,000	\$ 20,000	2.01%
07/08/2013	SKBHC Holdings LLC	Cascade Bancorp	OR	OR	3	\$ 26,700	\$ 8,900	1.04%
06/21/2013	SKBHC Holdings LLC	Coeur d'Alene Bancorp	ID	ID	1	\$ 25,000	\$ 25,000	1.50%
06/03/2013	First PacTrust Bancorp, Inc.	SKBHC Holdings LLC	WA	CA	8	\$ 477,043	\$ 59,630	2.30%
05/01/2013	Zions Bancorporation	Opus Bank	CA	CA	4	\$ 138,300	\$ 34,575	3.20%
01/29/2013	Sterling Financial Corporation	Pacific Financial Corporation	WA	OR, WA	3	\$ 48,000	\$ 16,000	2.50%
12/17/2012	Boston Private Financial Holdings, Inc.	Sterling Financial Corporation	WA	WA	3	\$ 189,000	\$ 63,000	5.82%
11/29/2012	NCAL Bancorp	Sumitomo Mitsui Financial Group, Inc.	-	CA	1	\$ 12,200	\$ 12,200	2.22%
10/01/2012	Coast Bancorp	Heritage Oaks Bancorp	CA	CA	1	\$ 32,500	\$ 32,500	2.20%
09/04/2012	Western Community Bancshares, Inc.	Sagebrush Partners LLLP	CO	UT	1	\$ 35,000	\$ 35,000	2.00%
07/09/2012	PacWest Bancorp	Opus Bank	CA	CA	10	\$ 143,000	\$ 14,300	2.50%
07/02/2012	Sterling Financial Corporation	Eagle Bancorp Montana, Inc.	MT	MT	7	\$ 187,000	\$ 26,714	3.88%
03/27/2012	Village Bancorp	Cache Valley Banking Company	UT	UT	3	\$ 69,622	\$ 23,207	5.00%
11/02/2011	Zions Bancorporation	Western Arizona Bancorp, Inc.	AZ	AZ	1	\$ 38,000	\$ 38,000	3.05%
11/01/2011	Universal Financial, Inc.	Security California Bancorp	CA	CA	1	\$ 29,200	\$ 29,200	1.12%
04/04/2011	Boston Private Financial Holdings, Inc.	Heritage Financial Corporation	WA	WA	1	\$ 7,000	\$ 7,000	0.00%
11/15/2010	First Banks, Inc.	City National Corporation	CA	CA	1	\$ 10,000	\$ 10,000	4.45%
08/26/2010	Palm Desert Investments	Bank of Southern California, NA	CA	CA	2	\$ 52,700	\$ 26,350	1.32%
08/17/2010	Capitol Bancorp Ltd.	Grandpoint Capital, Inc.	CA	AZ	1	\$ 168,374	\$ 168,374	5.00%
12/30/2009	Liberty Capital, Inc.	First Commercial Bancshares, Inc.	OK	CO	2	\$ 34,464	\$ 17,232	2.09%
12/15/2009	Liberty Capital, Inc.	Washington Investment Company	CO	CO	2	\$ 61,974	\$ 30,987	2.99%
08/26/2009	Westamerica Bancorporation	City National Corporation	CA	CA	1	\$ 40,055	\$ 40,055	1.25%
06/25/2009	1st Security Bancorp Inc.	Sound Financial, Inc. (MHC)	WA	WA	1	\$ 20,000	\$ 20,000	2.25%
04/29/2009	1st Security Bancorp Inc.	Sound Financial, Inc. (MHC)	WA	WA	1	\$ 21,000	\$ 21,000	2.50%
03/26/2009	Marquette Financial Companies	Alerus Financial Corporation	ND	AZ	1	\$ 8,187	\$ 8,187	5.13%
03/11/2009	First State Bancorporation	National Australia Bank, Limited	-	CO	20	\$ 477,000	\$ 23,850	6.00%
03/02/2009	Wells Fargo & Company	1867 Western Financial Corporation	CA	CA	1	\$ 86,271	\$ 86,271	0.69%
02/19/2009	Wells Fargo & Company	PremierWest Bancorp	OR	CA	2	\$ 498,870	\$ 249,435	0.90%
02/06/2009	Community Bankshares, Inc.	Bay Commercial Bank	CA	CA	1	\$ 52,721	\$ 52,721	0.46%
Total / Wtd. Avg.					193	\$6,635,974	\$ 34,383	2.34%
Median					2	\$ 42,878	\$ 26,615	2.25%
Average					5	\$ 174,631	\$ 38,741	2.50%
Minimum					1	\$ 7,000	\$ 7,000	0.00%
Maximum					51	\$1,500,000	\$ 249,435	6.00%

National Summary Branch Data (All Deals)

Period	Deposits	# of Branches	Deposit Premium	# of Deals
2014	\$ 14,181,715	348	2.43%	63
2013	\$ 8,686,330	288	2.30%	77
2012	\$ 12,877,814	385	2.31%	94
2011	\$ 20,182,465	413	2.90%	82
2010	\$ 6,369,904	197	3.45%	81

Deposit Premium (Median)



Source: SNL Financial as of 8/28/2014

*Indicates transaction is pending

Note: Only transactions with disclosed pricing

Note: Western U.S. includes AZ, CA, CO, ID, MT, NM, NV, OR, UT, WA and WY

Merger-of-Equals Transactions

Section IV

What creates real value for a banking franchise?

- ✓ Strong, consistent earnings with high margins
- ✓ Clean asset quality
- ✓ Stable and diversified revenue stream
- ✓ Sticky, low cost, core deposit base
- ✓ Diversified loan portfolio
- ✓ Organic income statement and balance sheet growth
- ✓ Attractive markets with solid demographics
- ✓ Commercial banking relationships
- ✓ De novo branching and franchise expansion
- ✓ Strong market share and diversity in markets

Merger-of-Equals Overview & Key Issues

Merger of Equals Overview

- A Merger of Equals (“MOE”) occurs when two companies, usually of the same approximate size, agree to go forward as a new company rather than remain separately owned and operated
- Both companies stock are surrendered and new company stock is issued in its place
- A premium is not paid in a MOE, as no one side is acquiring the other
- Shareholders of the predecessors share equally in the prospective synergies
- MOE’s always occur in a consensual setting and are always friendly; the two companies cooperation is required

Key Issues

- Analysis of Value: value creation as a stand-alone bank vs. selling the bank vs. completing a MOE
 - If structured properly, a MOE has the ability to create more value due to cost savings and additional business opportunities
- Accounting: new purchase accounting rules make mergers of similar sized companies more difficult
- Structure: name, surviving entity, board composition, management team, ownership blocks
- Employees and Systems: who will stay, redundancies, system conversions
- Regulatory Issues: any market concentration issues, regulatory hurdles
- Ultimate Liquidity Event: large scale public offering or sale of the new combined company in the future

MOE Pros & Cons

There is a unique set of advantages and disadvantages associated with MOEs

Pros

- Size and scale for loan limits, attracting personnel, technology investments, etc.
- Increased liquidity increases market value and shareholder value
- Roll forward equity ownership with higher value possibilities
- Diversification of loans, deposits, geography, etc.
- Ability to better serve customers – more product offerings, etc.
- Broader liquidity alternatives for shareholders

Cons

- Relative valuation and pro forma ownership can be difficult to determine
- Culture differences at different banks can create problems
- Management structure
- Social issues
- Control is given up by one party
- An ultimate liquidation event is required to achieve maximum value

Bank M&A Going Forward

Section V

Bank M&A Drivers and Roadblocks

- **Bank M&A discussions and activity have picked up over the last year**

What is driving current bank M&A

- Increased costs of doing business (regulatory, compliance, risk management) pushing bank returns lower
- Extended low interest rate environment having a major impact on bank returns
- Economic recovery from downturn is slow, putting more pressure on earning asset growth
- Benefit of diversifying loans, deposits, geography, etc.
- Buyer's lack of organic growth opportunities coupled with large amounts of unused capital
- Demand for liquidity by shareholders
- Management/Director succession issues

Roadblocks to bank M&A

- Social issues – name, board composition, management
- Impact to local communities (employees, customers)
- Lack of core earnings at potential bank sellers
- Large change-in-control payments to management, vendors, etc.
- Regulatory approval issues for some potential buyers
- Bank balance sheets are getting healthier, moderating some of the pressure to sell

Future of Community Banking

- Competition
 - Large regionals looking for growth and scale – only getting bigger
 - No de novo activity for the foreseeable future
 - Increasing competition from non-banks and credit unions
- Scarcity value in certain markets in the Pacific Northwest
- Loan growth is imperative to generate earnings in order to cover the increasing costs of running a bank
- Proactively address shareholder needs before they become an issue
- Management and board succession planning are crucial
- “Earn your independence” – solid returns keep shareholders happy and allow the bank to remain independent