

COLUMBIA BANKING SYSTEM INC
Form 10-Q
May 05, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number 0-20288

COLUMBIA BANKING SYSTEM, INC.
(Exact name of registrant as specified in its charter)

Washington 91-1422237
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

1301 A Street 98402-2156
Tacoma, Washington (Address of principal executive offices) (Zip Code)
(253) 305-1900
(Issuer's telephone number, including area code)
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of common stock outstanding at April 30, 2016 was 58,004,075.

TABLE OF CONTENTS

	Page
PART I — FINANCIAL INFORMATION	
Item 1. <u>Financial Statements (unaudited)</u>	
<u>Consolidated Balance Sheets - March 31, 2016 and December 31, 2015</u>	1
<u>Consolidated Statements of Income - three months ended March 31, 2016 and 2015</u>	2
<u>Consolidated Statements of Comprehensive Income - three months ended March 31, 2016 and 2015</u>	3
<u>Consolidated Statements of Changes in Shareholders' Equity - three months ended March 31, 2016 and 2015</u>	4
<u>Consolidated Statements of Cash Flows - three months ended March 31, 2016 and 2015</u>	5
<u>Notes to Unaudited Consolidated Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	35
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	53
Item 4. <u>Controls and Procedures</u>	53
PART II — OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	54
Item 1A. <u>Risk Factors</u>	54
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	54
Item 3. <u>Defaults Upon Senior Securities</u>	54
Item 4. <u>Mine Safety Disclosures</u>	54
Item 5. <u>Other Information</u>	54
Item 6. <u>Exhibits</u>	55
<u>Signatures</u>	56

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

Columbia Banking System, Inc.

(Unaudited)

	March 31, 2016	December 31, 2015
(in thousands)		
ASSETS		
Cash and due from banks	\$ 150,683	\$ 166,929
Interest-earning deposits with banks	38,248	8,373
Total cash and cash equivalents	188,931	175,302
Securities available for sale at fair value (amortized cost of \$2,156,999 and \$2,157,610, respectively)	2,186,166	2,157,694
Federal Home Loan Bank stock at cost	10,241	12,722
Loans held for sale	3,681	4,509
Loans, net of unearned income of (\$39,410) and (\$42,373), respectively	5,877,283	5,815,027
Less: allowance for loan and lease losses	69,264	68,172
Loans, net	5,808,019	5,746,855
FDIC loss-sharing asset	5,954	6,568
Interest receivable	29,304	27,877
Premises and equipment, net	158,101	164,239
Other real estate owned	12,427	13,738
Goodwill	382,762	382,762
Other intangible assets, net	21,994	23,577
Other assets	228,352	235,854
Total assets	\$ 9,035,932	\$ 8,951,697
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	\$ 3,553,468	\$ 3,507,358
Interest-bearing	4,043,481	3,931,471
Total deposits	7,596,949	7,438,829
Federal Home Loan Bank advances	6,521	68,531
Securities sold under agreements to repurchase	73,839	99,699
Other liabilities	97,835	102,510
Total liabilities	7,775,144	7,709,569
Commitments and contingent liabilities (Note 10)		
Shareholders' equity:		
	March 31, 2016	December 31, 2015
(in thousands)		
Preferred stock (no par value)	2,000	2,000
Authorized shares	9	9
Issued and outstanding	2,217	2,217
Common stock (no par value)	115,000	115,000
Authorized shares	58,008	57,724
Issued and outstanding	991,026	990,281
Retained earnings	255,202	255,925
Accumulated other comprehensive income (loss)	12,343	(6,295)

Total shareholders' equity	1,260,788	1,242,128
Total liabilities and shareholders' equity	\$9,035,932	\$ 8,951,697

See accompanying Notes to unaudited Consolidated Financial Statements.

1

Table of Contents

CONSOLIDATED STATEMENTS OF INCOME

Columbia Banking System, Inc.

(Unaudited)

Three

Months

Ended

March 31,

2016 2015

(1)