

Branch Locations

WASHINGTON COLUMBIA BANK

PIERCE COUNTY

13th & A
1301 A Street
Suite 100
Tacoma, WA 98402
253.396.6900

Allenmore
1959 South Union
Tacoma, WA 98405
253.627.6909

Bonney Lake
19925 State Rte. 410 E
Bonney Lake, WA 98391
253.863.8500

Broadway Plaza
1102 Broadway Plaza
Tacoma, WA 98402
253.305.1940

Edgewood/Milton
1250 Meridian E
Milton, WA 98354
253.952.6646

Fife
1501 54th Ave. E
Fife, WA 98424
253.922.7870

Fircrest
2401 Mildred St. W
Fircrest, WA 98466
253.566.1172

Gig Harbor
5303 Point Fosdick Dr. NW
Gig Harbor, WA 98335
253.858.5105

Downtown Gig Harbor
3006 Judson St.
Suite 101
Gig Harbor, WA 98335
253.851.5551

Lakewood
6202 Mount Tacoma Dr. SW
Lakewood, WA 98499
253.581.4232

Martin Luther King Jr.
1102 Martin Luther King Jr. Way
Tacoma, WA 98405
253.597.8000

Old Town
2200 North 30th St.
Tacoma, WA 98403
253.272.0412

104th & Canyon
10321 Canyon Road E
Puyallup, WA 98373
253.539.7100

43rd & Meridian
4220 South Meridian
Puyallup, WA 98373
253.770.0770

176th & Meridian
17208 Meridian E
Puyallup, WA 98373
253.445.6748

Puyallup
618 S Meridian
Puyallup, WA 98371
253.840.6000

Spanaway
17502 Pacific Ave. S
Spanaway, WA 98387
253.539.3094

Stadium
601 North 1st
Tacoma, WA 98403
253.597.8811

Summit
10409 Canyon Road E
Puyallup, WA 98373
253.770.9323

84th & Pacific
201 South 84th St.
Tacoma, WA 98444
253.471.7000

University Place
4221 Bridgeport Way West
University Place, WA 98466
253.564.8333

Westgate
5727 North 21st St.
Tacoma, WA 98406
253.761.8170

KING COUNTY

Auburn
25 16th St. NE
Auburn, WA 98002
253.939.9600

Bellevue Way
10350 NE 10th St.
Bellevue, WA 98004
425.452.7323

Federal Way
33370 Pacific Highway S
Federal Way, WA 98003
253.925.9323

Forest Villa
2749 Auburn Way S
Auburn, WA 98002
253.887.1186

Kent
504 West Meeker
Kent, WA 98032
253.852.0475

Redmond
8201 164th Ave. NW
Suite 105
Redmond, WA 98052
425.558.7500

South Auburn
4101 A St. SE
Auburn, WA 98002
253.939.9800

2nd & Columbia
721 Second Ave.
Seattle, WA 98104
206.223.1000

COWLITZ COUNTY

Commerce
1338 Commerce Ave.
Longview, WA 98632
360.636.9200

30th Avenue
2207 30th Ave.
Longview, WA 98632
360.423.8760

Woodland
782 Goerig St.
Woodland, WA 98674
360.225.9421

KITSAP COUNTY

Port Orchard
228 Bravo Terrace
Port Orchard, WA 98367
360.876.8384

THURSTON COUNTY

West Olympia
2820 Harrison Ave. NW
Olympia, WA 98502
360.357.5800

OREGON BANK OF ASTORIA

CLATSOP COUNTY

Astoria (Headquarters)
1122 Duane St.
Astoria, OR 97103
503.325.2228

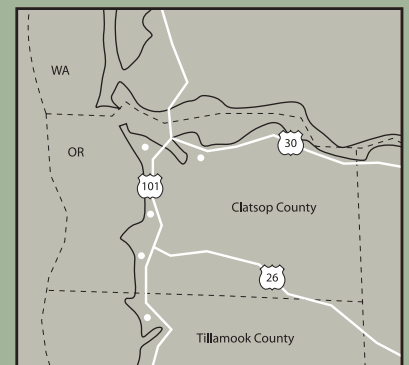
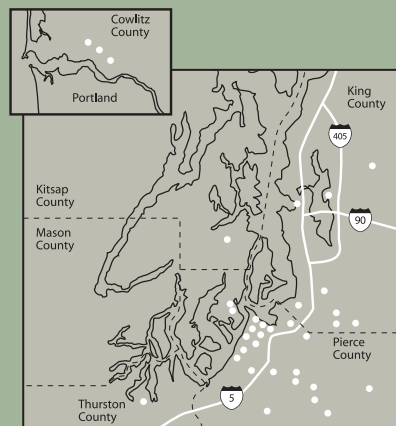
Warrenton
630 SE Marlin Ave.
Warrenton, OR 97146
503.861.9750

Seaside
301 Ave. A
Seaside, OR 97138
503.738.8445

Cannon Beach
107 Sunset Blvd.
Cannon Beach, OR 97110
503.436.0727

TILLAMOOK COUNTY

Manzanita
715 Laneda Ave.
Manzanita, OR 97130
503.368.4284



2005 ANNUAL REPORT



 Columbia Banking System Inc.

Columbia Bank
1301 A Street
Tacoma, Washington 98402
253.305.1900/1.800.305.1905
www.columbiabank.com

2005 Annual Report



"Greatness lies not in being strong, but in the right use of strength."

~Henry Ward Beecher



Strength In Community

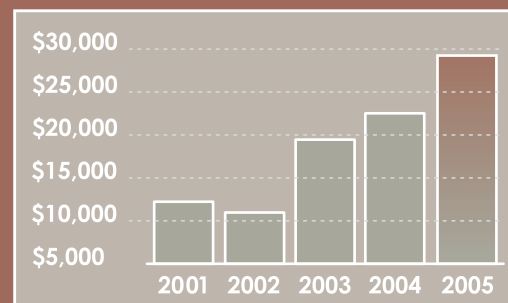
At Columbia Bank, we share your ideas about building a strong community. Our continued growth is based on a foundation of proactive leadership, financial expertise, and a keen sense of the neighborhoods we're a part of. This ongoing commitment to communities has produced an increase in Columbia Bank's market share and earnings. Assets are up, core deposits are strong, and more branches are meeting the needs of more customers than ever before. Our goal is to be a catalyst for investment and improvement in all the communities we serve.

	2005	2004	CHANGE
FOR THE YEAR			
Net interest income	\$90,912	\$71,943	26%
Provision for loan losses	1,520	995	53%
Noninterest income	24,786	22,244	11%
Noninterest expense	72,855	61,326	19%
Net income	29,631	22,513	32%
PER SHARE			
Net income (basic)	\$1.89	\$1.55	22%
Net income (diluted)	1.87	1.52	23%
Book value	14.29	13.03	10%
AVERAGES			
Total assets	\$2,290,746	\$1,919,134	19%
Interest-earning assets	2,102,513	1,769,470	19%
Loans	1,494,567	1,186,506	26%
Securities	605,395	552,742	10%
Deposits	1,923,778	1,690,513	14%
Core deposits	1,423,862	1,238,536	15%
Shareholders' equity	214,612	169,414	27%
FINANCIAL RATIOS			
Net interest margin	4.44%	4.19%	
Return on average assets	1.29%	1.17%	
Return on average equity	13.81%	13.29%	
Return on average tangible equity	16.63%	14.02%	
Efficiency ratio	61.20%	63.20%	
Average equity to average assets	9.37%	8.83%	
AT YEAR-END			
Total assets	\$2,377,322	\$2,176,730	9%
Loans	1,564,704	1,359,743	15%
Allowance for loan losses	20,829	19,881	5%
Securities	585,332	642,759	-9%
Deposits	2,005,489	1,862,866	8%
Core deposits	1,478,090	1,381,073	7%
Shareholders' equity	226,242	203,154	11%
Total nonperforming assets	\$4,875	\$9,129	-47%
Full-time equivalent employees	651	625	4%
Banking offices	40	39	3%

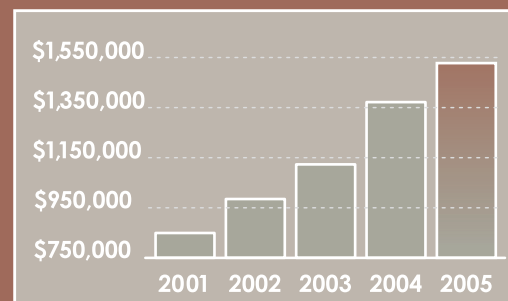
All dollar figures above are in thousands.

CONSOLIDATED FINANCIALS 2005

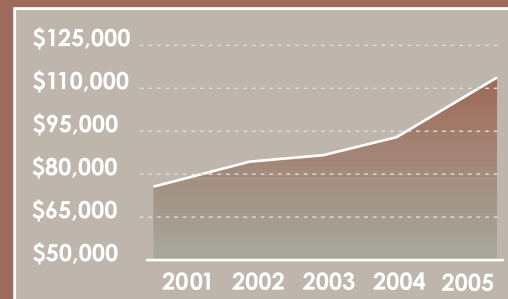
NET INCOME



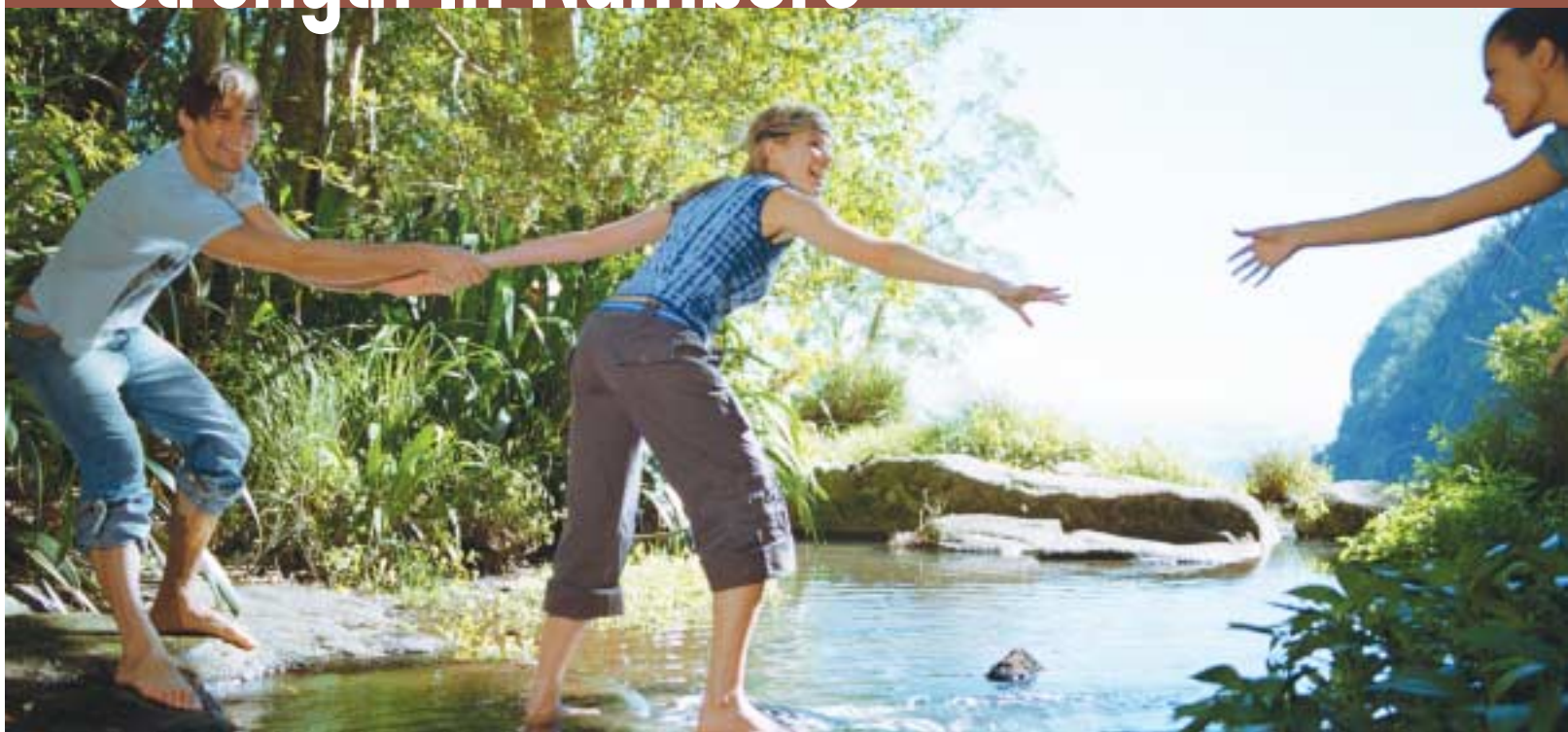
CORE DEPOSITS



TOTAL REVENUE



Strength In Numbers





EXECUTIVE OFFICERS

Andrew McDonald, Executive Vice President and Chief Credit Officer; Melanie J. Dressel, President and Chief Executive Officer, Columbia Banking System, Inc. and Columbia Bank; Evans Q "Tex" Whitney, Executive Vice President, Human Resources; Mark W. Nelson, Executive Vice President, Chief Banking Officer; Gary R. Schminkey, Executive Vice President, Chief Financial Officer.



BOARD OF DIRECTORS

Left to right: Frederick M. Goldberg, Managing Partner, Goldberg Investments; Daniel C. Regis, Managing Director, Digital Partners; Thomas L. Matson, Chairman, Tom Matson Dodge, Inc; Donald Rodman, Owner and Vice President, Rodman Realty; John P. Folsom, President, Brown & Brown of Washington, Inc.; James M. Will, President, Titus-Will Enterprises; Melanie J. Dressel, President and Chief Executive Officer, Columbia Banking System, Inc. and Columbia Bank; Thomas M. Hulbert, President and Chief Executive Officer, Hulco, Inc. and Winsor Corporation; William T. Weyerhaeuser, Chairman of the Board, Columbia Banking System.

Strength In People

CORPORATE HEADQUARTERS

Columbia Banking System, Inc.
1301 A Street, Suite 800
P.O. Box 2156
Tacoma, WA 98401-2156
253.305.1900
1.800.305.1905

INDEPENDENT AUDITORS

Deloitte & Touche, LLP

TRANSFER AGENT & REGISTRAR

American Stock Transfer & Trust Co.

MARKET MAKERS

Brut, LLC
Keefe, Bruyette & Woods, Inc.
Lime Brokerage LLC
Credit Suisse First Boston
Knight Equity Markets, L.P.
RBC Capital Markets
D.A. Davidson & Co.

REGULATORY & SECURITIES COUNSEL

Graham & Dunn PC

ANNUAL MEETING

Sheraton Tacoma Hotel
1320 Broadway Plaza
Tacoma, Washington
Wednesday, April 26, 2006 at 1 p.m.

STOCK LISTING

The Company's common stock trades on the Nasdaq National Market tier of The Nasdaq Stock Markets under the symbol: COLB

FINANCIAL INFORMATION

Columbia news and financial results are available through the Internet and mail.

INTERNET

For information about Columbia Bank, including news and financial results, product information and service locations, access our home page on the World Wide Web, at www.columbiabank.com. You can also view or retrieve copies of Columbia Bank's financial reports on the Internet by connecting to www.sec.gov. Immediate access to the Company's quarterly earnings news release via the Internet is provided by Company News On Call at www.prnewswire.com

MAIL

At your request, we will mail you our quarterly earnings news release, quarterly financial data on Form 10-Q and additional annual reports. To be added to Columbia Bank's mailing list for quarterly earnings releases, or to request other information, please contact:

Jo Anne Coy
Vice President,
Director of Marketing
P.O. Box 2156, MS 8300
Tacoma, WA 98401-2156
Tel 253.305.1965
Fax 253.305.0317
E-mail jcoy@columbiabank.com



Strength In Growth

To Our Shareholders

We are pleased to report another year of strong performance for Columbia, as we generated record earnings and stronger profitability. As always, our performance directly reflects the strength of our customer relationships and our commitment to helping build vital, strong communities. These loyal customers and our outstanding team of employees were the driving force behind a successful year. They are the foundation for our focus on earnings growth, increasing market share in every area we serve, and expanding our geographic footprint as we position ourselves as a Pacific Northwest regional community bank dedicated to meeting the diverse financial needs of all the communities we serve.

Net income grew 32% to \$29.6 million during 2005, up from \$22.5 million during 2004. For the same periods diluted earnings per share grew 23% to \$1.87, from \$1.52. Return on average equity increased 52 basis points to 13.81% and return on average tangible equity grew 261 basis points to 16.63%. An important driver of our performance was the improvement in our net interest margin, which was 4.44% for the year, up from 4.19% in the prior year. Total revenue growth was very strong, growing 23% to \$115.7 million from \$94.2 million during 2004.

Our loan growth, while moderating during the third quarter, continued to be an important highlight for the year, with loan production increasing throughout our market areas. Total loans ended the year at \$1.56 billion, an increase of \$205.0 million, or 15%, from one year ago. In addition to healthy loan growth, credit quality substantially improved during 2005, with nonperforming assets dropping 47% to \$4.9 million, or 0.31% of total loans, compared to \$9.1 million, or 0.62% of total loans, at the end of 2004. At December 31, 2005, nonperforming assets to year-end assets was 0.21% and our allowance for loan and lease losses to nonperforming loans was 429%. We have been very pleased with the positive response from the successful integration of Bank of Astoria, which was

accretive to 2005 earnings as planned, and also serves as a base for potential expansion in Oregon. Led by Cheri Folk, President and Chief Executive Officer, the Bank of Astoria continues to be a high performing organization, with a 34% market share in Clatsop County.

We are continuing to fill in our geographic footprint as planned. During the second quarter, we opened a branch in University Place, adjacent to Tacoma, which has been well received by the community. In August, we opened a long-awaited branch in the downtown area of Puyallup. With the opening of this additional full-service branch in Puyallup, we closed our small office in the South Hill Mall at the end of November. We currently have a total of 40 branches in the Columbia system—Columbia Bank has 35 branches in five counties, and Bank of Astoria totals five branches in two counties.

In many ways, our website constitutes an additional branch location—it is certainly a wonderful channel for a wide range of banking services used by many of our customers. The response to our redesigned website, www.columbiabank.com, has been excellent. The site brings to mind the friendly, full-service feeling that customers enjoy at all of our community branches.

It has been twelve full years since we moved Columbia's headquarters to downtown Tacoma and began our rapid expansion. We have certainly grown in both size and profitability. What hasn't changed is who we are. We have stayed true to our conviction that our real strength lies in providing exceptional service to our customers, and investing in our people and the communities we serve. It bears repeating that our goal is to be *the* community bank in all the communities we serve.

In closing, we wish to express our appreciation to all of the employees of Columbia Bank and Bank of Astoria. As always, they are our most important strength—an outstanding team committed to making a difference for our customers and our communities. We know that this commitment translates directly into value for you, our shareholders.

Sincerely,

WILLIAM T. WEYERHAEUSER



MELANIE J. DRESSEL

