



Columbia Banking System, Inc. (COLB)

Updated May 20th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	\$25	5 Year CAGR Estimate:	12.7%	Market Cap:	\$5.22 B
Fair Value Price:	\$26	5 Year Growth Estimate:	7.0%	Ex-Dividend Date:	05/30/2025
% Fair Value:	95%	5 Year Valuation Multiple Estimate:	1.1%	Dividend Payment Date:	06/16/2025
Dividend Yield:	5.8%	5 Year Price Target	\$37	Years Of Dividend Growth:	4
Dividend Risk Score:	D	Sector:	Financials	Rating:	Hold

Overview & Current Events

Columbia Banking System, Inc. (COLB) functions as the holding entity for Umpqua Bank, furnishing an array of commercial and retail banking services. Its offerings encompass diverse deposit products and comprehensive loan options tailored for individuals, businesses, and the agricultural sector. Additionally, the company provides extensive financial services, serving various clientele in multiple states.

On April 23rd, 2025, Columbia Banking System announced results for the first quarter of 2025. Columbia Banking System reported non-GAAP EPS of \$0.67 for Q1, beating estimates by \$0.03, and revenues of \$481.92 million that were up by 1.7% year-over-year.

In Q1 2025, Columbia Banking System announced a transformative all-stock merger with Pacific Premier Bancorp, set to create a \$70 billion-asset Western U.S. banking leader. The deal, expected to close in H2 2025, promises mid-teens EPS accretion and stronger Southern California scale. Meanwhile, Columbia opened its first Colorado branch, extending its regional footprint.

Financially, net interest income decreased to \$425 million as lower asset yields and reduced accretion income offset declining funding costs. Net interest margin narrowed 4 basis points to 3.60%. Non-interest income increased to \$66 million, driven by improved MSR hedging and fair value gains. However, non-interest expenses spiked to \$340 million, driven by a \$55 million legal settlement and \$15 million in severance. Credit remained stable with net charge-offs at 0.32% and reserves steady at 1.17% of loans. Deposits rose \$497 million, while loans edged down \$65 million. Capital ratios remained strong, with CET1 at 10.6% and tangible book value up to \$17.86.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.69	\$1.75	\$1.85	\$2.40	\$2.69	-\$11.61	\$3.21	\$2.60	\$1.78	\$2.55	\$2.64	\$3.70
DPS	\$0.70	\$0.77	\$0.88	\$1.00	\$1.12	\$1.12	\$1.14	\$1.20	\$1.38	\$1.44	\$1.44	\$1.84
Shares¹	131.7	131.6	131.6	131.5	131.5	131.2	130.8	129.5	195.3	209.3	222.4	301.2

As of March 31, 2025, Columbia's allowance for credit losses remained steady at \$439 million, or 1.17% of loans and leases, underscoring continued credit discipline. The provision for credit losses totaled \$27 million, reflecting portfolio migration trends, charge-off activity, and updated economic forecasts. Net charge-offs rose modestly to 0.32% of average loans and leases, compared to 0.27% in the prior quarter, driven in part by a partial charge-off of a previously reserved loan. Non-performing assets edged up to \$178 million, or 0.35% of total assets. Overall, Columbia's conservative credit stance and strong capital base provide a solid buffer against evolving credit risk.

We expect the company to post an EPS of \$2.64 in 2025, which is the midpoint of analysts' estimates. Also, we expect EPS growth of 7.0% over the next five years, leading to our estimated EPS of \$3.70 by 2030. Moreover, the company has a solid record of paying dividends despite operating in a macro-sensitive sector. Thus, we expect the company to maintain its dividend growth and have forecasted a CAGR of 5.0%, leading to a dividend of \$1.84 in 2030.

¹ In millions of shares.

Disclosure: This analyst has a long position in the security discussed in this research report.



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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	18.3	18.6	21.9	16.9	13.7	---	11.9	12.1	12.9	9.1	9.5	10.0
Avg. Yld.	3.4%	3.3%	2.8%	3.4%	3.8%	4.8%	3.7%	4.5%	6.3%	0.0%	5.8%	5.0%

The bank trades at a forward P/E of 9.5, lower than the long-term average P/E of 13.3, but higher than its five-year average P/E of 8.7. Even though the potential quantitative easing will benefit the company in the near term, we assign a P/E of 10.0 to the stock, which we believe is a fair reflection of its value. Accordingly, with an EPS expectation of \$3.70 and a P/E target of 10.0, our target price for the stock stands at \$37 by 2030.

Safety, Quality, Competitive Advantage, & Recession Resiliency

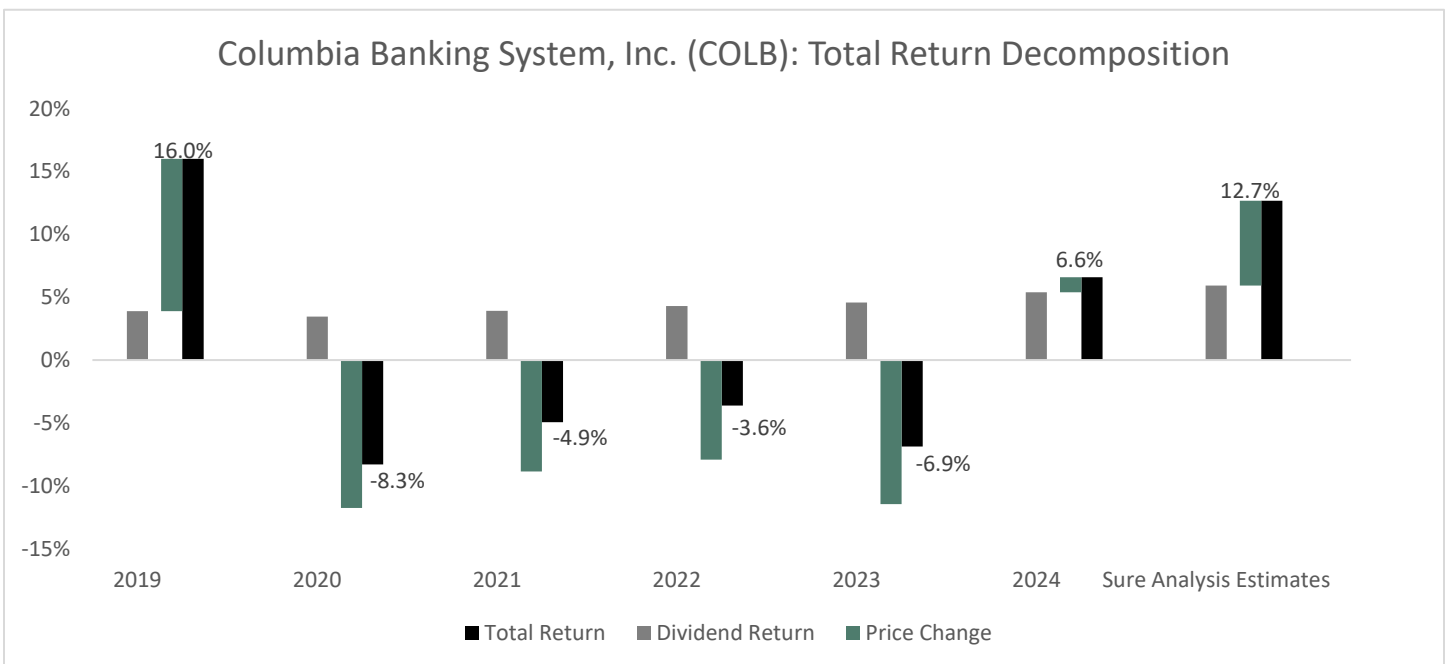
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	41%	44%	48%	42%	42%	---	36%	46%	78%	56%	55%	50%

The company has paid a consistent dividend to its shareholders with a 10-year payout ratio averaging around 46%, and we expect the company to maintain and increase its payout in the future. The interest margin on the company's revenue has experienced stability in recent quarters, but we expect the company to be in a much better position in the future than it is today. In addition, the margins may improve in a reducing rate environment, and the credit quality ought to be stable. Nevertheless, a case of hard landing could adversely affect its performance. Finally, the share buybacks by the company have also played a pivotal role in sustaining the high EPS growth rate.

Final Thoughts & Recommendation

While Columbia Banking System runs a macro-sensitive business, stable credit quality, interest margin, and the likelihood of reduced rates next year will be positive catalysts for EPS growth. Additionally, Columbia Banking System's dividend growth prospects could remain strong throughout the long-term. Finally, we revise our rating to hold, premised upon the 12.7% annualized total returns for the long-term, derived from the forecasted earnings-per-share growth of 7.0%, the 5.8% dividend yield, and a valuation headwind.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	1,145	1,140	1,145	1,218	1,260	1,295	1,276	1,270	1,997	1,929
SG&A Exp.	523	515	526	533	514	500	497	462	699	641
D&A Exp.	52	59	58	52	43	37	31	28	144	150
Net Profit	223	230	242	316	354	(1,523)	420	337	349	534
Net Margin	19.4%	20.2%	21.2%	26.0%	28.1%	-118%	32.9%	26.5%	17.5%	27.7%
Free Cash Flow	307	385	511	496	(93)	82	647	1,038	670	623
Income Tax	125	131	107	106	115	67	138	114	122	185

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	23,406	24,813	25,680	26,940	28,847	29,235	30,641	31,849	52,170	51,580
Cash & Equivalents	774	1,449	634	623	1,363	2,573	2,762	1,295	2,163	1,871
Acc. Receivable	53	56	64	71	70	84	71	98	---	---
Goodwill & Int.	1,965	1,968	1,971	1,981	1,921	109	132	190	1,742	1,622
Total Liabilities	19,557	20,896	21,711	22,883	24,533	26,531	27,892	29,369	47,180	46,460
Long-Term Debt	1,245	1,216	1,180	1,141	1,270	1,115	387	1,318	4,374	3,539
Total Equity	3,849	3,917	3,969	4,056	4,314	2,705	2,749	2,480	4,995	5,118
LTD/E Ratio	0.32	0.31	0.30	0.28	0.29	0.41	0.14	0.53	0.88	0.69

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.0%	1.0%	1.0%	1.2%	1.3%	-5.2%	1.4%	1.1%	0.8%	1.0%
Return on Equity	5.8%	5.9%	6.1%	7.9%	8.5%	-43.4%	15.4%	12.9%	9.3%	10.6%
ROIC	4.4%	4.5%	4.7%	6.1%	6.6%	-32.4%	12.1%	9.7%	5.3%	5.9%
Shares Out.	131.7	131.6	131.6	131.5	131.5	131.2	130.8	129.5	195.9	209.3
Revenue/Share	5.18	5.16	5.18	5.52	5.71	5.88	5.81	5.84	10.20	9.22
FCF/Share	1.39	1.74	2.32	2.25	(0.42)	0.37	2.95	4.77	3.42	2.98

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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