

Columbia Bancorp closes record year in 2006

by Bend Weekly News Sources

Columbia Bancorp, the financial holding company for Columbia River Bank, continued its steady growth and closed 2006 as its strongest year on record with more than \$1.0 billion in total assets.

For the year ended December 31, 2006, net income grew to \$15.8 million, or \$1.55 per diluted share, an increase of 15% over 2005, when the bank reported \$13.7 million in net income, or \$1.36 per diluted share.

Key fourth quarter analytics:

- 4Q 06 Return on Equity (ROE) was 18.76%
- 4Q 06 Return on Assets (ROA) was 1.77%
- 4Q 06 Net Interest Margin (tax equivalent) (NIM) was 6.36%
- 4Q 06 Efficiency Ratio was 55.31%

Key year-end analytics:

- Return on Equity (ROE) was 18.72%
- Return on Assets (ROA) was 1.79%
- Net Interest Margin (tax equivalent) (NIM) was 6.44%
- Efficiency ratio was 55.00%

"2006 was a strong year for Columbia Bancorp," said President and Chief Executive Officer, Roger Christensen. "We met our growth objectives for the year, and we're using that momentum to further expand the bank's brand and reach. In addition, we continue to work towards building a solid foundation for future growth and expansion in the Vancouver, Washington, market. It's exciting to think about the opportunities of bringing our relationship style of banking to this fast growing market. Our expansion into this market will include several branches and the addition of some administrative functions that will complement our administrative offices in The Dalles, Oregon. We intend to maintain our Columbia River Bank headquarters in The Dalles, Oregon, and we are giving serious consideration to moving Columbia Bancorp's headquarters to Vancouver, Washington."

COMPANY BUSINESS TRENDS

The company reported its core areas of focus will continue as priorities in 2007. These include:

- Well-planned branch expansion and entry into new markets
- Operational efficiency
- Balanced deposit and loan growth
- Attractive products, services and customer convenience
- Loan quality

Columbia River Bank President, Craig Ortega, said the Company's focus in 2006 led to achievement of several key metrics. "It was our goal in 2006, to maintain double digit growth in loans, deposits and earnings per share," he said. "While it was important to maintain focus on these objectives, we were committed to doing so only if we maintain our reputation for stellar customer service and convenience. As we continue expanding the bank's footprint, this balance will continue to be vital to us."

Executive Vice President and Chief Banking Officer, Shane Correa, said 2007 will bring continued focus on loan and deposit growth. "On the deposit side, we are adding to our staff in key areas where we believe there is more opportunity to grow deposits."

INCOME STATEMENT PERFORMANCE

Revenue (net interest income plus non-interest income) for the fourth quarter grew 19% to \$16.5 million, compared to \$13.9 million in the fourth quarter a year ago. Year-to-date revenues increased 19% in 2006 to \$62.5 million from \$52.5 million in 2005. Net interest income before the provision for loan losses grew 25% to \$52.7 million for the year, and stood at \$14.0 million for the fourth quarter, a 22% improvement over the same quarter in 2005.

The tax equivalent net interest margin was an impressive 6.44% for year-end 2006, up from 5.95% at year-end 2005. For the fourth quarter, the closing figure was 6.36%, up from 6.06% for the same quarter last year.

Non-interest income for 2006 was \$9.8 million, down by 4% from the \$10.2 million reported in 2005. In the fourth quarter, non-interest income was \$2.5 million, up by 5% over the fourth quarter 2005 figure of \$2.4 million.

In 2006, non-interest expense was \$34.4 million, up 22% from \$28.2 million last year. In the fourth quarter, non-interest expense was \$9.1 million, up 22% over \$7.5 million in the fourth quarter of 2005. The bank experienced an increase of 36% in occupancy costs in the fourth quarter as compared to the prior year, as it continued expansion into new markets.

The provision for loan losses totaled \$2.9 million in 2006, a decrease of 7% from the 2005 total of \$3.1 million. For the fourth quarter, the loan loss provision was \$750,000, down 28% from \$1.0 million in the fourth quarter 2005.

The bank's efficiency ratio for 2006 was 55.00%, compared to 53.67% in 2005. The fourth quarter ratio was

55.31%, up from 53.94% for the same quarter last year.

BALANCE SHEET PERFORMANCE

The company's loan portfolio continued its impressive growth pace, with an 18% increase in total loans in 2006. The year-end 2006 figure was \$813.4 million, up from \$688.7 million in 2005.

Total assets grew to \$1.0 billion, up 23% from last year's total of \$841.2 million. Shareholders' equity increased by 17%, from \$77.5 million, or \$7.86 per outstanding share, in 2005, to \$91.0 million, or \$9.14 per outstanding share, in 2006. Tangible book value per common share at December 31, 2006, was \$8.40, compared to \$7.11 at December 31, 2005.

Total deposits grew in 2006 by 21%, from \$707.8 million at the end of 2005 to \$859.1 million.

ASSET QUALITY

Non-performing assets at year-end were \$5.2 million, or 0.50% of total assets, compared to \$5.7 million, or 0.68% of total assets in 2005. Net charge-offs at year end stood at \$1.6 million, or 0.20% of gross loans at year-end 2006, compared to \$1.8 million, or 0.26% of gross loans, at the end of 2005.

At December 31, 2006, the allowance for credit losses was \$10.9 million, or 1.34% of gross loans, as compared to \$9.5 million, or 1.38% of gross loans, at December 31, 2005.

ABOUT COLUMBIA BANCORP

Columbia Bancorp (www.columbiabancorp.com) is the financial holding company for Columbia River Bank, which operates 21 branches located in The Dalles (2), Hood River, Bend (3), Madras, Redmond (2), Pendleton, Hermiston, McMinnville, Lake Oswego, Canby and Newberg, Oregon, and in Goldendale, White Salmon, Sunnyside, Yakima, Pasco and Richland, Washington. In addition, Columbia River Bank has three limited service branches located in retirement homes, one in Bend, Oregon and two in McMinnville, Oregon. To supplement its community banking services, Columbia River Bank also provides mortgage-lending services through Columbia River Bank Mortgage Team and brokerage services through CRB Financial Services Team.

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