**Risk Factors Comparison 2024-02-27 to 2023-02-24 Form: 10-K**

**Legend:** **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

The following is a discussion of what we currently believe are the most significant risks and uncertainties that may affect our business, financial condition **,** and future results. Risks Relating to our Operations A failure in or breach of our operational or security systems, or those of our third **-** party service providers, including as a result of cyberattacks, could disrupt our business, result in unintentional disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs **,** and cause losses. As a financial institution, our operations rely heavily on the secure processing, storage **,** and transmission of confidential and other information on our computer systems and networks. Any failure, interruption or breach in security or operational integrity of these systems could result in failures or disruptions in our online banking system, customer relationship management, general ledger, deposit and loan servicing and other systems. The security and integrity of our systems are susceptible to a variety of interruptions or information security breaches, including those caused by computer hacking, cyberattacks, electronic fraudulent activity or attempted theft of financial assets. We are not able to anticipate, detect, or implement effective preventative measures against all threats, particularly because the techniques used by cybercriminals change frequently, often are not recognized until launched and can be initiated from a variety of sources. We cannot assure you that we will be able to adequately address all such failures, interruptions or security breaches that may have a material adverse impact on our business, financial condition, results of operations and prospects. While we have certain protective policies and procedures in place, the nature and sophistication of the threats continue to evolve. We may be required to expend significant additional resources in the future to modify and enhance our protective measures. Due to the complexity and interconnectedness of information technology systems, the process of enhancing our systems can itself create a risk of systems disruptions and security issues. Additionally, we face the risk of operational disruption, failure, termination **,** or capacity constraints of any of the third parties that facilitate our business activities, including exchanges, clearing agents, clearing houses or other financial intermediaries. Such parties can also be the source of an attack on, or breach of, our operational systems. Failures, interruptions or security breaches in our information systems could damage our reputation, result in a loss of customer business, result in a violation of privacy or other laws, or expose us to civil litigation, regulatory fines or losses not covered by insurance, all of which could have a material adverse impact on our business, financial condition, results of operations and prospects. Further, as an investigation into a cyberattack is inherently unpredictable, it may take a significant amount of time for us to fully uncover the scope of and damage related to a cyberattack and develop an effective mitigation plan. During such time, damage related to a cyberattack may continue and communications to the public, customers, regulators, and other stakeholders may not be timely or accurate. Potential new regulations may require us to publicly disclose information about a cyberattack before the incident has been resolved or fully investigated. The confidential information of our customers (including **usernames** ~~user names~~ and passwords) can also be jeopardized from the compromise of customers' personal electronic devices or as a result of a data security breach at an unrelated company. Losses due to unauthorized account activity could harm our reputation and may have a material adverse effect on our business, financial condition, results of operations and prospects. **As previously disclosed in the Company' s Current Report on Form 8- K filed on June 27, 2023 and discussed in greater detail in Note 18- Commitments and Contingencies, on June 21, 2023, Umpqua Bank was informed by one of its technology service providers (the " Vendor ") that a widely reported security incident involving MOVEit, a widely- used filesharing software, resulted in the unauthorized acquisition by a third party of the names and social security numbers or tax identification numbers of certain of Umpqua Bank' s consumer and small business customers. Umpqua Bank notified potentially affected customers of this incident and has worked with the Vendor to provide formal notification to affected customers with additional information and resources.** Acquisitions and the integration of acquired businesses subject us to various risks and may not result in all of the benefits anticipated, future acquisitions may be dilutive to current shareholders and future acquisitions may be delayed, impeded **,** or prohibited due to regulatory issues. We have in the past sought, and expect in the future to continue to seek, to grow our business by acquiring other businesses. ~~As of the date of this report, our proposed combination with Umpqua is pending consummation. Risks specifically associated with this pending merger can be found below under the heading " Risks Relating to our Pending Merger with Umpqua. "~~ Our acquisitions, including our **merger with UHC** ~~recently completed acquisition of Bank of Commerce~~, may not have the anticipated positive results, including results relating to: correctly assessing the asset quality of the assets being acquired; the total cost of integration including management attention and resources; the time required to complete the integration successfully; the amount of longer- term cost savings; being able to profitably deploy funds acquired in an acquisition; or the overall performance of the combined entity. In addition, unexpected contingent liabilities can arise from the businesses we acquire. Integration of an acquired business can be complex and costly, sometimes including combining relevant accounting and data processing systems, **management,** financial reporting **,** ~~and management~~ and internal controls, as well as managing relevant relationships with employees, clients, suppliers **,** and other business partners. Integration efforts could divert management attention and resources, which could adversely affect these systems, processes or controls and our operations or results. Acquisitions may also result in business disruptions that cause us to lose customers or cause customers to remove their accounts from us and move their business to competing financial institutions. It is possible that the integration process related to acquisitions could result in the disruption of our ongoing businesses or inconsistencies in standards, controls, procedures **,** and policies that could adversely affect our ability to maintain relationships with clients, customers, depositors **,** and employees. The loss of key employees in connection with an acquisition could adversely affect our ability to successfully conduct our business. We may engage in ~~additional~~ future acquisitions involving the

issuance of additional common stock and / or cash. Any such acquisitions and related issuances of stock may have a dilutive effect on EPS, book value per share or the percentage ownership of current shareholders. The use of cash as consideration in any such acquisitions could impact our capital position and may require us to raise additional capital. Furthermore, notwithstanding our prior acquisitions, we cannot provide any assurance as to the extent to which we can continue to grow through acquisitions as this will depend on the availability of prospective target opportunities at valuations we find attractive and other factors. Among other things, acquisitions by financial institutions are subject to approval by a variety of federal and state regulatory agencies. Regulatory approvals could be delayed, impeded, restrictively conditioned **,** or denied due to existing or new regulatory issues we have, or may have, with regulatory agencies . In addition, the Northwest is......, retain and motivate our key employees . Our ability to sustain or improve upon existing performance is dependent upon our ability to respond to technological change, and we may have fewer resources than some of our competitors to continue to invest in technological improvements. The financial services industry is undergoing rapid technological changes with frequent introductions of new technology- driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. Many of our competitors have substantially greater resources to invest in technological improvements than we do. Our future success will depend, in part, upon our ability to address the needs of our clients by using technology to provide products and services that will satisfy client demands for convenience, as well as to create additional efficiencies in our operations. We may not be able to effectively implement new technology- driven products and services or be successful in marketing these products and services to our customers. In addition, the implementation of technological changes and upgrades to maintain current systems and integrate new ones may also cause service interruptions, transaction processing errors and system conversion delays and may cause us to fail to comply with applicable laws. There can be no assurance that we will be able to successfully manage the risks associated with our increased dependency on technology. **We may not be able to attract or retain key employees. Our success depends in** ~~Significant~~ **significant part** ~~legal or regulatory actions could subject us to substantial uninsured liabilities and reputational harm and have a material adverse effect~~ on **the skills** ~~our business and results~~ of ~~operations~~ **our management team and our ability to retain, recruit and motivate key officers and employees** . We **expect our future success to be driven in** ~~are~~ **large part by the relationships maintained with our clients by our executives and other key employees. Leadership changes will occur** from time to time **,** ~~subject to claims~~ and ~~proceedings related to~~ **we cannot predict whether significant resignations** ~~our~~ - **or** ~~operations~~ **other departures will occur or whether we will be able to recruit additional qualified personnel** . **Competition** ~~Claims and legal actions, including supervisory or~~ **for** ~~enforcement actions~~ **senior executives and skilled personnel in the financial services and banking industry is intense, which means the cost of hiring, incentivizing, and retaining skilled personnel may continue to increase. The increase in remote and hybrid work arrangements has also increased competition for skilled personnel, and our current or future approach to in- office or remote- work arrangements may not meet the needs or expectations of current or prospective employees or may not be perceived as favorable compared to arrangements offered** by our regulators, or criminal proceedings by...... government authorities and may not cover all other **companies** ~~claims that might be brought against us or continue to be available to us at a reasonable cost. As a result, we may be exposed to substantial uninsured liabilities~~ , which could adversely affect our **ability to attract and retain skilled and qualified personnel. We need to continue to attract and retain key personnel and to recruit qualified individuals to succeed existing key personnel to ensure the continued growth and successful operation of our** business ~~, prospects, results of operations and financial condition~~ . ~~Substantial legal~~ **The unexpected loss of any such employees, or the** ~~liability~~ - **inability** ~~or significant regulatory action against us could cause significant reputational harm~~ to ~~us~~ **recruit** and ~~/ or~~ **retain qualified personnel in the future,** could have a material adverse impact on our business, financial condition, results of operations and prospects. **In addition** ~~Because we primarily serve individuals and businesses located in the Northwest~~ , ~~any negative impact resulting from reputational harm, including any impact~~ **the scope and content of U. S. banking regulators' regulations and policies** on **incentive compensation** ~~our ability to attract and retain customers and employees~~ , ~~likely~~ **as well as changes to these regulations and policies,** ~~would~~ **could** ~~be greater than if our business were more geographically diverse. We are subject to a variety of operational risks, including reputational risk, legal and compliance risk, and the risk of fraud or theft by employees or outsiders, which may~~ adversely affect our **ability to hire, retain and motivate our key employees. The development and use of Artificial Intelligence (" AI ") presents risks and challenges that may adversely impact our** business ~~and results of operations~~ . We ~~are exposed to~~ **or our third- party (or fourth- party) vendors, clients or counterparties** ~~many~~ - **may** ~~types~~ **develop or incorporate AI technology in certain business processes, services, or products. The development and use** of ~~operational~~ **AI present a number of** risks **and challenges to our business. The legal and regulatory environment relating to AI is uncertain and rapidly evolving** , ~~including reputational~~ **both in the U. S. and internationally, and includes regulatory schemes targeted specifically at AI as well as provisions in intellectual property, privacy, consumer protection, employment, and other laws applicable to the use of AI. These evolving laws and regulations could require changes in our implementation of AI technology and increase our compliance costs and the** risk ~~, legal and compliance risk, the risk~~ of ~~fraud or theft by employees or outsiders, and unauthorized transactions by employees or operational errors, including clerical or record- keeping errors or those resulting from faulty or disabled computer or telecommunications systems. These risks have increased in light of work- from- home arrangements implemented in response to the COVID- 19 pandemic. Our reputation and businesses may be adversely affected by negative publicity or information regarding our businesses and personnel, whether or not accurate or true, that may be posted on social media or other Internet forums or published by news organizations. The speed and pervasiveness with which information can be disseminated through these channels, in particular social media, may magnify risks relating to negative publicity. If personal,~~ non- ~~public~~ **compliance. AI models, particularly generative AI models, may produce output or take action that is incorrect, that result in the release of private** , confidential **,** or proprietary information ~~of customers~~ **, that reflect biases included** in **the data on which they are trained, infringe on the intellectual**

**property rights of others,** ~~our~~ - **or** ~~possession were~~ **that is otherwise harmful. In addition, the complexity of many AI models makes it challenging** to ~~be mishandled~~ **understand why they are generating particular outputs. This limited transparency increases the challenges associated with assessing the proper operation of AI models, understanding and monitoring the capabilities of the AI models, reducing erroneous output, eliminating bias, and complying with regulations that require documentation** or ~~misused~~ **explanation of the basis on which decisions are made. Further** , we **may rely on AI models developed** ~~could suffer significant regulatory consequences, reputational damage and financial loss. Such mishandling or misuse could include, for example, if such information were erroneously provided to parties who are not permitted to have the information, either by fault of our systems, employees, or counterparties, or where such information is intercepted or otherwise inappropriately taken~~ by third parties ~~. Because the nature of the financial services business involves a high volume of transactions~~ , ~~certain errors may~~ **and, to that extent, would** be ~~repeated or compounded before~~ **dependent in part on** ~~they~~ - **the manner in which** ~~are discovered and successfully rectified. Our necessary dependence upon automated systems to record and process transactions and our large transaction volume may further increase the risk that technical flaws or employee tampering or manipulation of~~ those **third parties develop and train their models, including risks** ~~systems will result in losses that are difficult to detect. We are also subject to disruptions of our operating systems~~ arising from ~~events that are wholly or partially beyond our control (~~ **the inclusion of any unauthorized material in the training data** for ~~example, computer viruses or electrical or telecommunications outages, natural disasters, pandemics or other~~ - **their models,** ~~damage to property or physical assets) that can give rise to disruption of service to customers~~ and **the effectiveness of the steps these third parties have taken** to ~~financial loss or~~ **limit the risks associated with the output of their models, matters over which we may have limited visibility. Any of these risks could expose us to** liability ~~. We are further exposed to the risk that our~~ - **or adverse legal or regulatory consequences and harm** ~~external vendors may be unable to fulfill their contractual obligations (or~~ **our reputation and** ~~will be subject to~~ the ~~same risk~~ **public perception** of ~~fraud or~~ **our business or** ~~operational errors by their~~ -- **the** ~~respective employees as~~ **effectiveness of our security measures. In addition to our use of AI technologies,** we are **exposed** ~~) and~~ to ~~the risk~~ **risks arising from the use of AI technologies by bad actors** to ~~proceedings commenced against Columbia~~ **commit fraud and misappropriate funds and** to **facilitate cyberattacks** ~~perform its obligations under the merger agreement~~ . **AI** ~~If the merger agreement is terminated under certain circumstances~~ , **if used** ~~Columbia may be required~~ to ~~pay~~ **perpetrate fraud or launch cyberattacks,could create panic at** a ~~termination fee of $ 145 million~~ **particular financial institution or exchange,which could pose a threat** to ~~Umpqua~~ **financial stability** . **Risks Relating to our Merger with UHC** Combining Columbia and ~~Umpqua~~ **UHC** may be more difficult,costly **,** or time- consuming than expected,and Columbia may fail to realize the anticipated benefits of the ~~merger~~ **Merger** .The success of the ~~merger~~ **Merger** ~~will~~ **,which closed in early 2023,** ~~depend~~ **depends** ,in part,on the ability to realize the anticipated cost savings from combining the businesses of Columbia and ~~Umpqua~~ **UHC** .To realize the anticipated benefits and cost savings from the ~~merger~~ **Merger** ,Columbia and ~~Umpqua~~ **UHC** must successfully integrate and combine their businesses in a manner ~~that permits those cost savings to be realized without adversely affecting current revenues and future growth.If Columbia and Umpqua are not able to successfully~~ that **permits those cost savings** ~~our (or our vendors') business continuity and data security systems prove~~ to be ~~inadequate~~ **realized without adversely affecting current revenues and future growth** . ~~The occurrence of any of~~ **If we are not able to successfully achieve** these ~~risks~~ **objectives, the anticipated benefits of the Merger may not be realized fully or at all or may take longer to realize than expected. In addition, the actual cost savings of the Merger** could **be less than anticipated, and integration may** result in ~~a diminished~~ **additional and unforeseen expenses. While Columbia has realized $ 143 million in annualized cost- savings due to the merger as of December 31, 2023, exceeding its original $ 135 million target, an** ~~ability~~ **inability** ~~of us~~ to **maintain the full extent of** ~~operate our business (for example, by requiring us to expend significant resources to correct the~~ **these** ~~defect)~~ **cost savings following the Merger** , as well as ~~potential liability to clients~~ **any delays encountered in the integration process** , ~~reputational damage~~ **could have** ~~and~~ - **an** ~~regulatory intervention~~ **adverse effect upon the revenues** , ~~each~~ **levels** of **expenses and operating results of the combined company,** which ~~could have a material adverse impact on our business, financial condition, results of operations and prospects. We face reputation and business risks due to our interactions with business partners, service providers and other third parties. We rely on third parties to provide services to us and our clients or otherwise act as partners in our business activities in a variety of ways, including through the provision of key components of our business infrastructure. We expect these third parties to perform services for us, fulfill their obligations to us, accurately inform us of relevant information, and conduct their activities in a manner that reflects positively on our brand and business. Although we manage exposure to such third- party risk through a variety of means, including the performance of due diligence and ongoing monitoring of vendor performance, there can be no assurance these efforts will be effective. Any failure of our business partners, service providers or other third parties to meet their commitments to us or to perform in accordance with our expectations could result in operational disruptions, increased expenditures, regulatory actions in which we may be held responsible for the actions of third parties, damage to our reputation and the loss of clients, which in turn could harm our business and operations, strategic growth objectives and financial performance. Because of the COVID- 19 pandemic, many of our counterparties and third- party service providers have been, and may further be, affected by the continuing shift to work- from- home or hybrid- work arrangements, market volatility and other factors that increase their risk of business disruption or that may otherwise affect their ability to perform under the terms of any agreements with us or provide essential services. Our third- party partners may also rely on their own business partners and service providers in the ordinary course of their business. Although we seek to diversify our exposure to third- party partners in order to increase our resiliency, we are nevertheless exposed to the risk that a disruption or other information technology event at a common service provider to our vendors could impede their ability to provide products or services to us, which in turn could harm our business and operations, strategic growth objectives and financial performance. Failure to maintain effective internal control over financial reporting or disclosure controls and procedures~~ may adversely affect **the value of** our ~~business and~~ **common stock. It is possible that the integration**

**process could** ~~results~~ - **result in the loss** of ~~operations. Management regularly reviews and updates~~ **key employees, the disruption of each company' s ongoing businesses** ~~our~~ - **or inconsistencies in standards** ~~internal control over financial reporting~~ , ~~disclosure~~ controls ~~and~~ **,** procedures, and ~~corporate governance~~ policies ~~and procedures. We~~ **that adversely affect the companies' ability to** maintain **relationships** ~~controls and procedures to mitigate risks such as processing system failures or errors and customer or employee fraud, and we maintain insurance coverage for certain of these risks. Any system of controls and procedures, however well designed and operated, is based in part on certain assumptions and provides only reasonable, not absolute, assurances that the objectives of the system are met. Events could occur which are not prevented or detected by our internal controls, are not insured against, or are in excess of our insurance limits. Any failure or circumvention of our controls and procedures, or failure to comply~~ with **clients** ~~regulations related to controls and procedures~~ , **customers, depositors, and employees or to achieve the anticipated benefits and cost savings of the Merger. Integration efforts between the companies may also divert management attention and resources. These integration matters** could have an adverse effect on **the combined company for an undetermined period after completion of the Merger.The Company may be unable to retain legacy personnel successfully.The** success of the ~~merger~~ **Merger** will depend in part on the ~~combined company~~ **Company** ' s ability to retain the ~~talent~~ **talents** and dedication of key employees ~~currently employed by Columbia and Umpqua~~ .It is possible that these employees **,including key employees,** may decide not to remain with ~~Columbia or Umpqua,as applicable,while~~ the ~~merger is pending or with the combined company~~ **Company** ~~after the merger is consummated~~ .If **the Company is** ~~Columbia and Umpqua are~~ unable to retain key employees,including management,who are critical to the successful ~~integration and~~ future operations of the **combined** ~~companies~~ **company** , **the Company** ~~Columbia and Umpqua~~ could face disruptions in ~~their~~ **its** operations,loss of existing customers,loss of key information,expertise ~~our~~ - **or know- how and unanticipated additional recruitment costs. If key employees terminate their employment, the Company' s** business **activities may be adversely affected** ~~, financial condition, results of operations~~ and ~~prospects~~ **the Company may not be able to locate or retain suitable replacements** . Interest Rate and Credit Risks Economic conditions in the market areas we serve may adversely impact our earnings and could increase our credit risk associated with our loan portfolio, the value of our investment portfolio and the availability of deposits. Substantially all of our loan and deposit customers are businesses and individuals in Washington, Oregon, Idaho ~~and~~ **,** California **and Nevada** , and soft economies in these market areas could have a material adverse effect on our business, financial condition, results of operations and prospects. A deterioration in the market areas we serve could result in consequences, including the following, any of which would have an adverse impact, which could be material, on our business, financial condition, results of operations and prospects: • loan delinquencies may increase; • problem assets and foreclosures may increase; • collateral for loans made may decline in value, in turn reducing customers' borrowing power, reducing the value of assets and collateral associated with existing loans; • certain securities within our investment portfolio could require an **ACL** ~~allowance for credit losses~~ , requiring a write- down through earnings to fair value, thereby reducing equity; • low- cost or noninterest- bearing deposits may decrease; and • demand for our loan and other products and services may decrease. Concentrations within our loan portfolio could result in increased credit risk in a challenging economy. While our loan portfolio is diversified across business sectors, it is concentrated in commercial real estate and commercial business loans. These types of loans generally are viewed as having more risk of default than residential real estate loans or certain other types of loans or investments. In fact, the FDIC has issued pronouncements alerting banks of its concern about ~~heavy~~ **significant** loan concentrations. Commercial real estate valuations can be ~~significantly~~ **materially** affected over relatively short periods of time by changes in business climate, economic conditions, interest rates, and, in many cases, the results of operations of businesses and other occupants of the real property. Emerging and evolving factors such as the shift to work- from- home or hybrid- work arrangements, changing consumer preferences (including online shopping), ~~COVID- 19- related restrictions~~ and resulting changes in occupancy rates as a result of these and other trends can also impact such valuations over relatively short periods. Because our loan portfolio contains commercial real estate and commercial business loans with relatively large balances, the deterioration of one or a few of these loans may cause a significant increase in our **non-** ~~nonperforming~~ --- **performing** loans. An increase in **non-** ~~nonperforming~~ --- **performing** loans could result in a loss of earnings from these loans, an increase in the provision for loan losses, or an increase in loan charge- offs, any of which would have an adverse impact, which could be material, on our business, financial condition, results of operations and prospects. A large percentage of our loan portfolio is secured by real estate, in particular commercial real estate. Deterioration in the real estate market or other segments of our loan portfolio would lead to additional losses. As of December 31, ~~2022~~ **2023** , ~~64~~ **75** % of our total gross loans were secured by real estate. Any renewed downturn in the economies or real estate values in the markets we serve could have a material adverse effect on both borrowers' ability to repay their loans and the value of the real property securing such loans. **Commercial real estate mortgage loans, which comprise a significant portion of our loan portfolio, generally involve a greater degree of credit risk than residential real estate mortgage loans because they typically have larger balances and are more affected by adverse conditions in the economy. Because payments on loans secured by commercial real estate often depend upon the successful operation and management of the properties and the businesses which operate from within them, repayment of such loans may be affected by factors outside the borrower' s control, such as adverse conditions in the real estate market or the economy or changes in government regulations. Following the COVID- 19 pandemic there has been an evolution of various remote work options which could impact the long- term performance of some types of office properties within our commercial real estate portfolio. Accordingly, the federal banking regulatory agencies have expressed concerns about weaknesses in the current commercial real estate market.** Our ability to recover on defaulted loans would then be diminished, and we would be more likely to suffer losses on defaulted loans, any or all of which would have an adverse impact, which could be material, on our business, financial condition, results of operations and prospects. Our allowance may not be adequate to cover future loan losses, which could adversely affect earnings. We maintain an **ACL** ~~allowance for credit losses (for periods prior to January 1, 2020, referred to as the allowance for loan and~~

~~lease losses)~~ in an amount that we believe is adequate to provide for losses inherent in our loan portfolio. While we strive to carefully monitor credit quality and to identify loans that may become **non-** ~~nonperforming~~ --- **performing** , at any time there are loans in the portfolio that could result in losses but that have not been identified as **non-** ~~nonperforming~~ --- **performing** or potential problem loans. We cannot be sure that we will be able to identify deteriorating loans before they become **non-** ~~nonperforming~~ --- **performing** assets or that we will be able to limit losses on those loans that have been identified. Additionally, the process for determining the allowance requires different, subjective and complex judgments about the future impact from current economic conditions that might impair the ability of borrowers to repay their loans. As a result, future significant increases to the allowance may be necessary. Future increases to the allowance may be required based on changes in the composition of the loans comprising the portfolio, deteriorating values in underlying collateral (most of which consists of real estate) and changes in the financial condition of borrowers, such as may result from changes in economic conditions, or as a result of actual future events differing from assumptions used by management in determining the allowance. Additionally, banking regulators, as an integral part of their supervisory function, periodically review our allowance. These regulatory agencies may require us to increase the allowance. Any increase in the allowance would have an adverse effect, which could be material, on our financial condition and results of operations. **Non-** ~~Nonperforming~~ --- **performing** assets take significant time to resolve and could adversely affect our results of operations and financial condition. Our **non-** ~~nonperforming~~ --- **performing** assets adversely affect our net income in various ways. We do not record interest income on **non-** ~~nonaccrual~~ --- **accrual** loans, thereby adversely affecting our income. Moreover, **non-** ~~nonaccrual~~ --- **accrual** loans increase our loan administration costs. Assets acquired by foreclosure or similar proceedings are recorded at fair value less estimated costs to sell. The valuation of these foreclosed assets is periodically updated and resulting losses, if any, are charged to earnings in the period in which they are identified. An increase in the level of **non-** ~~nonperforming~~ --- **performing** assets also increases our risk profile and may impact the capital levels our regulators believe is appropriate in light of such risks. We utilize various techniques such as loan sales, workouts, and restructurings to manage our problem assets. Decreases in the value of these problem assets, the underlying collateral, or in the borrowers' performance or financial condition would have an adverse impact, which could be material, on our business, financial condition, results of operations and prospects. In addition, the resolution of **non-** ~~nonperforming~~ --- **performing** assets requires significant commitments of time from management and staff, which can be detrimental to performance of their other responsibilities. We may experience increases in **non-** ~~nonperforming~~ --- **performing** loans in the future. Fluctuating interest rates could adversely affect our business. Significant increases in market interest rates on loans, or the perception that an increase may occur, could adversely affect both our ability to originate new loans and our ability to grow. Conversely, decreases in interest rates could result in an acceleration of loan prepayments. An increase in market interest rates **or prolonged period in which market interest rates exceed the market interest rates at loan origination** could also adversely affect the ability of our floating **- rate and adjustable** - rate borrowers to meet their higher payment obligations. If this occurred, it could cause an increase in **non-** ~~nonperforming~~ --- **performing** assets and charge- offs, which could adversely affect our business. Further, our profitability is dependent to a large extent upon net interest income, which is the difference (or " spread ") between the interest earned on loans, securities and other interest- earning assets and the interest paid on deposits, borrowings, and other interest- bearing liabilities. Because of the differences in maturities and repricing characteristics of our interest- earning assets and interest- bearing liabilities, changes in interest rates do not produce equivalent changes in interest income earned on interest- earning assets and interest paid on interest- bearing liabilities. Accordingly, fluctuations in interest rates could adversely affect our interest rate spread, and, in turn, our profitability. The Federal Reserve raised benchmark interest rates throughout ~~2022~~ **2023** and ~~may continue to raise~~ interest rates **may remain elevated** in response to economic conditions, particularly inflationary pressures. Increases in interest rates, to combat inflation or otherwise, may result in a change in the mix of noninterest and interest- bearing accounts, and may have otherwise ~~have~~ unpredictable effects. For example, increases in interest rates may result in increases in the number of delinquencies, bankruptcies or defaults by clients and more **non-** ~~nonperforming~~ --- **performing** assets and net charge- offs, decreases in deposit levels, decreases to the demand for interest rate- based products and services, including loans, and changes to the level of off- balance sheet market- based investments preferred by our clients, each of which may reduce our interest rate spread. Lower rates would continue to constrain our interest rate spread and adversely affect our business forecasts. We are unable to predict changes in interest rates, which are affected by factors beyond our control, including inflation, deflation, recession, unemployment, money supply and other changes in financial markets. **Reform of** ~~Interest~~ **interest rate benchmarks and the use of alternative reference** rates ~~on~~ **by us and our clients could adversely affect our business, financial condition, and results of operations.** ~~certain~~ **Certain** ~~of our outstanding~~ **alternative reference rates appear to have gained acceptance among market participants as benchmarks in debt securities, loans, and other** financial instruments ~~are subject~~ **. However, interest rate benchmark reforms may have unexpected adverse consequences that could be contrary** to ~~change~~ **market expectations. Alternative reference rates may be** based **upon indices** ~~on regulatory developments~~ , ~~which could adversely affect our revenue, expenses~~ and **may have characteristics, different from the benchmarks** ~~the~~ **they** ~~value of those~~ **replace. In some cases,** financial instruments ~~. LIBOR and certain~~ **may perform less predictably after alternative reference rates have replaced** ~~other~~ -- **the** ~~"~~ **original** benchmarks **. Further** ~~" are the subject of recent national~~ , ~~international~~ **given the limited performance** and **historical data of new alternative rates,** ~~other~~ - **there can** ~~regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past or have other consequences which cannot~~ be **no assurance** ~~predicted. The United Kingdom' s Financial Conduct Authority and the benchmark administrator for the U. S. Dollar LIBOR have announced~~ that **:** ~~the publication of the most commonly used U. S. Dollar LIBOR settings will cease to be provided or cease to be representative after June 30, 2023. In March 2022, the U. S. Dollar Adjustable Interest Rate~~ ( ~~LIBOR~~ **i** ) ~~Act (~~ **any of** the ~~" LIBOR Act ") was enacted, providing a uniform approach for replacing LIBOR as a reference interest rate in~~ new **rates** ~~contracts as soon as practicable and in so- called " tough legacy " contracts. Tough legacy contracts are contracts that do not~~

~~include effective fallback provisions, for example, because they have no provisions for a replacement benchmark. Under the LIBOR Act, references to the most common tenors of LIBOR in these contracts~~ will be **similar** ~~replaced automatically~~ to ~~reference a SOFR- based~~ **, perform the same as, produce the economic equivalent of, or be an adequate substitute for the** ~~benchmark~~ **benchmarks** ~~interest rate identified in Federal Reserve regulations~~ **that they replace; or (ii) any particular use of hedges will be effective** . In **addition** ~~December 2022~~ , **we** ~~the Federal Reserve issued final regulations identifying benchmark replacements, based on SOFR, for various types of contracts subject to the LIBOR Act. We~~ may be adversely impacted by the **use of alternative reference** ~~changes involving LIBOR and other benchmark~~ rates as a result of our business activities and our underlying operations ~~, and interest~~ **. We utilize reference** rates **in a variety of agreements** ~~on our loans, deposits, derivatives~~ and ~~other financial~~ instruments ~~tied to LIBOR~~ **and are responsible for the use of reference** rates **in a variety of capacities** , as well as ~~the revenue~~ **in our operational functions. We could be subject to claims from customers, counterparties, investors, or regulators alleging that we did not correctly discharge our responsibilities in interpreting** and **implementing contractual interest rate provisions or in selecting new alternative reference rates. These types of claims could subject us to increased legal and operational** expenses ~~associated with those financial instruments, may be adversely affected. There continues to be substantial uncertainty as to the ultimate effects of LIBOR transition, including with respect to the acceptance~~ and **could damage** ~~use of SOFR or~~ **our** ~~other alternative benchmark rates. The characteristics of these new rates are not identical to the benchmarks they seek to replace, will not produce the exact economic equivalent as those benchmarks, and may perform differently in a variety of market conditions compared to those benchmarks. For example, during the COVID- 19 pandemic period, there has been more volatility in relation~~ **reputation** ~~to SOFR as compared to LIBOR. The SOFR markets have not yet developed into robust markets, which may present continuing risks as the June 30, 2023 LIBOR cessation date approaches. At this time, it is not possible to predict whether these recommendations and proposals will be broadly accepted, whether they will continue to evolve, and what the effect of their implementation may be on the markets for floating- rate financial instruments~~ . Our business depends on our ability to successfully manage credit risk. The operation of our business requires us to manage credit risk. As a lender, we are exposed to the risk that our borrowers will be unable to repay their loans according to their terms, and that the collateral securing repayment of their loans, if any, may not be sufficient to ensure repayment. In addition, there are risks inherent in making any loan, including risks with respect to the period of time over which the loan may be repaid, risks relating to proper loan underwriting **, model and scorecard risks** , risks resulting from changes in economic and industry conditions and risks inherent in dealing with individual borrowers. In order to successfully manage credit risk, we must, among other things, maintain disciplined and prudent underwriting standards and ensure that our bankers follow those standards. The weakening of these standards for any reason, such as an attempt to attract higher yielding loans, a lack of discipline or diligence by our employees in underwriting and monitoring loans, the inability of our employees to adequately adapt policies and procedures to changes in economic or any other conditions affecting borrowers and the quality of our loan portfolio, may result in loan defaults, foreclosures and additional charge- offs and may necessitate that we increase our ACL, each of which could adversely affect our net income. As a result, our inability to successfully manage credit risk could have a material adverse effect on our business, financial condition, results of operations and prospects. We may be required, in the future, to recognize a credit loss with respect to investment securities. Our securities portfolio currently includes securities with unrecognized losses. As of December 31, ~~2022~~ **2023** , gross unrealized losses in our securities portfolio were $ ~~694~~ **488** . ~~3~~ **1** million. We may continue to observe declines in the fair market value of these securities. Securities issued by certain states and municipalities may come under scrutiny due to concerns about credit quality. Although management believes the credit quality of the Company' s state and municipal securities portfolio to be good, there can be no assurance that the credit quality of these securities will not decline in the future. We evaluate the securities portfolio for any securities with an associated credit loss each reporting period, as required by GAAP in the United States. There can be no assurance, however, that future evaluations of the securities portfolio will not require us to recognize credit losses with respect to these and other holdings. For example, it is possible that government- sponsored programs to allow mortgages to be refinanced to lower rates could materially adversely impact the yield on our portfolio of mortgage- backed securities, since a significant portion of our investment portfolio is composed of such securities. We are exposed to the risk of environmental liabilities in connection with real properties acquired. During the ordinary course of business, we foreclose on and take title to properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If previously unknown or undisclosed hazardous or toxic substances are discovered, we may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require us to incur substantial expenses which may materially reduce the affected property' s value or limit our ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement polices with respect to existing laws may increase our exposure to environmental liability. Although we have policies and procedures which require the performance of an environmental review at the time of underwriting a loan secured by real property, and also before initiating any foreclosure action on real property, these reviews may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on our financial condition and results of operations. Funding and Liquidity Risks Our management of capital could adversely affect profitability measures and the market price of our common stock and could dilute the holders of our outstanding common stock. Our capital ratios are higher than regulatory minimums. We may lower our capital ratios through selective acquisitions that meet our disciplined criteria, share repurchase plans, organic loan growth, investment in securities, or **other factors** ~~a combination of all four~~ . We continually evaluate opportunities to expand our business through strategic acquisitions. There can be no assurance that we will be able to negotiate future acquisitions on terms acceptable to us. Conversely, there may be circumstances under which it would be prudent to consider alternatives for raising capital to take advantage of significant acquisition opportunities or in response to changing economic conditions. In addition, we may need to raise additional capital in the future to have sufficient capital resources and liquidity to meet our commitments and

fund our business needs and future growth, particularly if the quality of our assets or earnings were to deteriorate significantly. We may not be able to raise additional capital when needed on terms acceptable to us or at all. Our ability to raise additional capital, if needed, will depend on, among other things, conditions in the capital markets at the time, which are outside our control, and our financial performance. Further, if we need to raise capital in the future, we may have to do so when many other financial institutions are also seeking to raise capital and would then have to compete with those institutions for investors. An inability to raise additional capital on acceptable terms when needed could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, any capital raising alternatives could dilute the holders of our outstanding common stock and may adversely affect the market price of our common stock. **Deposits are a critical** ~~Conditions in the financial markets may limit access to additional funding to meet liquidity needs. We may need or want to raise additional capital in the future to provide us with sufficient capital resources~~ --- **source of funds** ~~and liquidity to meet our commitments and business needs, particularly if our asset quality or~~ **for** ~~earnings were to deteriorate significantly~~ **our continued growth and profitability** . Our ability to ~~raise~~ **continue to grow depends primarily on our ability to successfully attract deposits to fund loan growth. Core deposits are a low cost and generally stable source of funding and a significant source of funds for our lending activities. Our inability to retain or attract such funds could adversely affect our liquidity. If we are forced to seek other sources of funds, such as** additional ~~capital will depend~~ **brokered deposits or borrowings from the FHLB, the interest expense associated with these other funding sources are now and may be higher than the rates we are currently paying** on **our deposits** ~~, among other things, conditions in the capital markets at that time~~ , which ~~are outside of~~ **would adversely impact** our ~~control~~ **net income** , and **such sources** ~~our financial performance. Economic conditions and any loss~~ of ~~confidence~~ **funding may be more volatile and unavailable. Rate fluctuations Volatility** in **interest rates can also result in the flow of funds away from** financial institutions **into investments such as United States government and corporate securities and other investment vehicles (including mutual funds) that** generally **pay higher rates of return than financial institutions in part because of the absence of federal insurance premiums. This** may **cause the Bank to lose some of its low- cost deposit funding. Customers may also continue to move noninterest- bearing deposits into interest-bearing accounts, which increases overall deposit costs. Higher funding costs may reduce the Company' s net interest margin and net interest income. A prolonged period of high or increasing interest rates may cause the Company to experience an acceleration of deposit migration, which could adversely affect the Company' s operations and liquidity. This risk is exacerbated by technological developments and trends in customer behavior, including the ease and speed with which deposits may be transferred electronically, particularly by a growing number of customers who maintain accounts with multiple banks. Loss of customer deposits could** increase ~~our~~ **the Company' s funding costs. The Company relies on bank deposits to be a low-** cost **and stable source** of funding **. The Company competes with banks** and ~~limit access~~ **other financial services companies for deposits. Increases in short- term interest rates since March 2022 have resulted in and are expected** to **continue to result in more intense competition in deposit pricing. Competition and increasing interest rates have caused the Company to increase the interest rates it pays on deposits. If the Company' s competitors raise the interest rates they pay on deposits, the Company' s funding costs may increase, either because the Company raises the interest rates it pays on deposits to avoid losing deposits to competitors or because the Company loses deposits to competitors and must rely on more expensive sources of funding. Higher funding costs reduce the Company' s net interest margin and net interest income. Checking and savings account balances and other forms of customer deposits may decrease when customers perceive alternative investments, such as the stock market, as providing a better risk-adjusted return. When customers move money out of bank deposits and into other investments, the Company may lose a relatively low- cost source of funds, increasing the Company' s funding costs and reducing the Company' s net interest income. In addition, mass withdrawals of deposits occurred at** certain ~~customary sources~~ **banks that failed in 2023, seemingly triggered by losses in such bank' s investment securities portfolios and concerns about uninsured and uncollateralized deposits. A loss in the value** of **the Company' s investment or loan portfolio, perceived concerns regarding the Company and Bank' s** capital **positions or perceived concerns regarding the level of the Bank' s uninsured and uncollateralized deposits could cause rapid and significant deposit outflows** . ~~There~~ **This risk could be exacerbated by technological developments and changes in banking relationships, such as customers maintaining accounts at multiple banks, which increase the ease and speed with which depositors are able to move their deposits, as well as by the way information, including false information or unfounded rumors,** can be ~~no assurance that~~ **spread quickly through social media and other online channels. If the Bank were to experience a significant outflow of deposits, the Company may face significantly increased funding costs, suffer significant losses and have a significantly reduced ability to raise new** capital ~~will be available~~ **. The Company could lose access to sources of liquidity if it were to experience financial or regulatory issues. The Company relies** on **sources of liquidity provided by** ~~acceptable terms or at all. Any occurrence that may limit our access to~~ the ~~capital markets~~ **Federal Reserve Bank** , such as ~~a decline in~~ **the Federal Reserve Bank discount window and** ~~the~~ **other liquidity facilities that the Federal Reserve Board** ~~confidence of equity or debt purchasers, or counterparties participating in capital markets,~~ may ~~adversely~~ **establish from time to time, as well as liquidity provided by the FHLB. To access these sources of liquidity, the Federal Reserve Board or FHLB may impose conditions that the Company and the Bank are in sound financial condition (as determined by the Federal Reserve Board or FHLB) or that the Company and Bank maintain minimum supervisory ratings. If the Company or Bank were to experience financial or regulatory issues, it could** affect **the** ~~our capital costs and our~~ ability to **access** ~~raise capital and, potentially, our~~ liquidity **facilities** ~~. Also~~ , ~~if we~~ **including at times when the Company or Bank** ~~need~~ **needs additional liquidity for the operation of its business. If the Company or Bank were** to ~~raise capital in~~ **lose access to** ~~the~~ **these** ~~future~~ **liquidity sources** , ~~we may~~ **it could** have ~~to do so when many other financial institutions are also seeking to raise capital and would have to compete with those institutions for investors. An inability to raise additional capital on acceptable terms when needed could have~~ a ~~materially~~ -- **material** adverse

effect on ~~our business,~~ **the Company' s operations and** financial condition ~~and results of operations~~ . Legal, Accounting and Compliance Risks We operate in a highly regulated environment and changes to or increases in, or supervisory enforcement of, banking or other laws and regulations or governmental fiscal or monetary policies could adversely affect us. We are subject to extensive regulation, supervision **,** and examination by federal and state banking authorities. In addition, as a publicly ~~-~~traded company, we are subject to regulation by the SEC. Any change in applicable regulations or federal, state **,** or local legislation or in policies or interpretations or regulatory approaches to compliance and enforcement, income tax laws or accounting principles could have a substantial impact on us and our operations. Changes in laws and regulations may also increase our expenses by imposing additional fees or taxes or restrictions on our operations. Additional legislation and regulations that could significantly affect our powers, authority and operations may be enacted or adopted in the future, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Failure to appropriately comply with any such laws, regulations or principles could result in sanctions by regulatory agencies or damage to our reputation, all of which could adversely affect our business, financial condition **,** or results of operations. For example, the Dodd- Frank Act was enacted in July 2010. Among other provisions, the legislation (i) created the CFPB with broad powers to regulate consumer financial products such as credit cards and mortgages, (ii) resulted in new capital requirements from federal banking agencies, (iii) placed new limits on electronic debit card interchange fees and (iv) required the SEC and national stock exchanges to adopt significant new corporate governance and executive compensation reforms, some of which have yet to be promulgated. The Dodd- Frank Act and regulations that have been adopted thereunder have increased the overall costs of regulatory compliance, and further regulatory developments whether related to Dodd- Frank or otherwise may lead to additional costs. In addition, the CFPB has broad rulemaking authority and is the principal federal regulatory agency responsible for the supervision and enforcement of a wide range of consumer protection laws for banks with greater than $ 10 billion in assets. If we fail to maintain appropriate levels of capital or liquidity, we could become subject to formal or informal enforcement actions that may impose restrictions on our business, including limiting our lending activities or our ability to expand, requiring us to raise additional capital (which may be dilutive to shareholders) or requiring regulatory approval to pay dividends or otherwise return capital to shareholders. We also face the risk of becoming subject to new or more stringent requirements in connection with the introduction of new regulations or modifications of existing regulations, which could require us to hold more capital or liquidity or have other adverse effects on our business or profitability. Further, regulators have significant discretion and authority to prevent or remedy unsafe or unsound practices or violations of laws or regulations by financial institutions and holding companies in the performance of their supervisory and enforcement duties. The exercise of regulatory authority may have an adverse impact, which could be material, on our business, financial condition, results of operations and prospects. Additionally, our business is affected significantly by the fiscal and monetary policies of the U. S. federal government and its agencies, including the Federal Reserve. We cannot accurately predict the full effects of recent legislation or the various other governmental, regulatory, monetary **,** and fiscal initiatives which have been and may be enacted on the financial markets, the Company **,** and the Bank. The terms and costs of these activities, or any worsening of current financial market and economic conditions, could materially and adversely affect our business, financial condition **,** and results of operations, as well as the trading price of our common stock. Changes in accounting standards could materially impact our financial statements. From time to time, the FASB and the SEC change the financial accounting and reporting standards that govern the preparation of our financial statements. These changes can materially impact how we record and report our financial condition ~~by~~ our regulators,or criminal proceedings by prosecutorial authorities,could involve large monetary claims,including civil money penalties or fines imposed by government authorities and significant defense costs. ~~Following~~ **If** the **proposed** ~~consummation of the~~ merger with ~~UHC~~ **Umpqua is completed** , ~~we are~~ **the combined company will** also **be** subject to the claims and proceedings related to ~~UHC~~ **Umpqua** ' s operations.To mitigate the cost of some of these claims,we maintain insurance coverage in amounts and with deductibles that we believe are appropriate for our operations.However,our insurance coverage does not cover any civil money penalties or fines imposed by government authorities and may not cover all ~~other claims~~ and results of operations. Risks Relating to Markets and External Events National and global economic and other conditions could adversely affect our future results of operations or market price of our stock. Our business is directly impacted by factors such as economic, political and market conditions, broad trends in industry and finance, changes in government monetary and fiscal policies and inflation, foreign policy, and financial market volatility, all of which are beyond our control. Global economies continue to face significant challenges to achieving normalized economic growth rates. Any renewed deterioration in the economies of the nation as a whole or in our markets would have an adverse effect, which could be material, on our business, financial condition, results of operations and prospects, and could also cause the market price of our stock to decline. If recessionary economic conditions or an economic downturn develop, they would likely have a negative financial impact across the financial services industry, including on us. If these conditions are more severe, the extent of the negative impact on our business and financial performance can increase and be more severe, including the adverse effects listed above and discussed throughout this " Risk Factors " section. Supply chain constraints, robust demand and labor shortages have led to persistent inflationary pressures throughout the economy. Volatility and uncertainty related to inflation and the effects of inflation, which may lead to increased costs for businesses and consumers and potentially contribute to poor business and economic conditions generally, may also enhance or contribute to some of the risks discussed herein. For example, higher inflation, or volatility and uncertainty related to inflation, could reduce demand for our products, adversely affect the creditworthiness of our borrowers ~~or~~ , result in lower values for our investment securities and other interest- earning assets, and increase expense related to talent acquisition and retention. Additionally, economic conditions, financial markets and inflationary pressures may be adversely affected by the impact of current or anticipated geopolitical uncertainties, military conflicts, including **those in the Middle East and** Russia' s invasion of Ukraine, pandemics, ~~including the COVID- 19 pandemic,~~ and global, national **,** and local responses thereto by governmental authorities and other third parties. These unpredictable events could create, increase **,** or prolong economic and financial disruptions and volatility that adversely

~~affects~~ **affect** our business, financial condition, capital **,** and results of operations. Substantial competition in our market areas could adversely affect us. Commercial banking is a highly competitive business. We compete with other commercial banks, savings and loan associations, credit unions and finance, insurance and other non- depository companies operating in our market areas. We also experience competition, especially for deposits, from Internet- based banking institutions, which have grown rapidly in recent years. We are subject to substantial competition for loans and deposits from other financial institutions. Some of our competitors are not subject to the same degree of regulation and restriction as we are and / or have greater financial resources than we do. Some of our competitors may have liquidity issues, which could impact the pricing of deposits, loans **,** and other financial products in our markets. Our inability to effectively compete in our market areas could have a material adverse impact on our business, financial condition, results of operations and prospects. Climate change concerns could adversely affect our business, affect client activity levels **,** and damage our reputation. Concerns over the long- term impacts of climate change have led and will continue to lead to governmental efforts around the world to mitigate those impacts. Consumers and businesses are also changing their behavior and business preferences as a result of these concerns. New governmental regulations or guidance relating to climate change, as well as changes in consumers' and businesses' behaviors and business preferences, may affect whether and on what terms and conditions we will engage in certain activities or offer certain products or services. The governmental and supervisory focus on climate change could also result in our becoming subject to new or heightened regulatory requirements relating to climate change, such as requirements relating to operational resiliency or stress testing for various climate stress scenarios. Any such new or heightened requirements could result in increased regulatory, compliance or other costs or higher capital requirements. In connection with the transition to a low carbon economy, legislative or public policy changes and changes in consumer sentiment could negatively impact the businesses and financial condition of our clients, which may decrease revenues from those clients and increase the credit risk associated with loans and other credit exposures to those clients. Our business, reputation **,** and ability to attract and retain employees may also be harmed if our response to climate change is perceived to be ineffective or insufficient. Our business is subject to the risks of **pandemics,** earthquakes, tsunamis, floods, fires and other natural catastrophic events and other events beyond our control. A major catastrophe, such as an earthquake, tsunami, flood, fire **,** or other natural disaster, including those caused or exacerbated by climate change, public health issues such as the COVID- 19 or other pandemics, or other events beyond our control, could result in a prolonged interruption of our business. For example, our headquarters ~~are~~ **is** located in Tacoma, Washington and we have operations throughout the ~~Northwest~~ **western United States** , a geographical region that has been or may be affected by earthquakes, wildfires, tsunamis **,** and flooding activity ~~, and in Northern California, a geographical region that has been and continues to be affected by earthquakes and wildfires~~ . Because we primarily serve individuals and businesses in ~~the Northwest and Northern California~~ **our eight- state footprint** , a natural disaster likely would have a greater impact on our business, operations **,** and financial condition than if our business were more geographically diverse **throughout the United States** . The occurrence of any of these natural disasters could negatively impact our performance by disrupting our operations or the operations of our customers, which could have a material adverse effect on our financial condition, results of operations and cash flows. Risks Relating to Investment in our Stock There can be no assurance as to the level of dividends we may pay on our common stock. Holders of our common stock are only entitled to receive such dividends as our board of directors declares out of funds legally available for such payments. Although we have historically declared cash dividends on our common stock, we are not required to do so and there may be circumstances under which we would eliminate our common stock dividend in the future. This could adversely affect the market price of our common stock. We rely on dividends and other payments from our bank for substantially all of our revenue. We are a separate and distinct legal entity from the Bank, and we receive substantially all of our operating cash flows from dividends and other payments from the Bank. These dividends and payments are the principal source of funds to pay dividends on our capital stock and interest and principal on any debt we may have. Various federal and state laws and regulations limit the amount of dividends that the Bank may pay to us. Also, our right to participate in a distribution of assets upon a subsidiary' s liquidation or reorganization is subject to the prior claims of the subsidiary' s creditors. In the event the Bank is unable to pay dividends to us, we may not be able to service debt, pay obligations or pay dividends on our common stock. The inability to receive dividends from the Bank could have a material adverse impact on our business, financial condition, results of operations and prospects. We have various anti- takeover measures that could impede a takeover. Our articles of incorporation include certain provisions that could make it more difficult to acquire us by means of a tender offer, a proxy contest, merger or otherwise. These provisions include certain non- monetary factors that our ~~board~~ **Board** ~~of directors~~ may consider when evaluating a takeover offer, and a requirement that any " Business Combination " be approved by the affirmative vote of no less than 66 2 / 3 % of the total shares attributable to persons other than a " Control Person. " These provisions may have the effect of lengthening the time required for a person to acquire control of us through a tender offer, proxy contest or otherwise, and may deter any potentially hostile offers or other efforts to obtain control of us. This could deprive our shareholders of opportunities to realize a premium for their Columbia common stock, even in circumstances where such action is favored by a majority of our shareholders.