Home Federal Bancorp, Inc.
Form DEFM14A
April 11, 2014

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant: x
Filed by a Party other than the Registrant: o
Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, For Use of the Commission Only (as Permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

HOME FEDERAL BANCORP, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

TABLE OF CONTENTS

Dear Stockholders of Cascade Bancorp and Home Federal Bancorp, Inc.:

We are pleased to report that the boards of directors of Cascade Bancorp, referred to as Cascade, and Home Federal Bancorp, Inc., referred to as Home, have approved a merger involving our two companies. We cannot complete the merger without your approval. If the merger proposals described in this document are approved by the stockholders of each company and the merger is subsequently completed, Home will merge with and into Cascade, with Cascade as the surviving company.

In the merger, all of the issued and outstanding shares of Home common stock will be converted into, in the aggregate, (1) 24,309,066 shares of Cascade common stock and (2) $120,800,000 in cash, subject to adjustment as described in the accompanying document. The merger consideration will be paid pro rata to holders of Home common stock as of immediately prior to the effective time of the merger.

The market value of the stock consideration will fluctuate with the market price of Cascade common stock and the aggregate cash consideration is subject to adjustment based on Home s tangible stockholders equity and transaction costs. In certain circumstances, Cascade may also increase the number of shares of Cascade common stock that will be issued in the merger. For illustrative purposes, if the merger had been completed on April 9, 2014, the companies estimate that the per share merger consideration would have been $16.83 per share, which would have consisted of cash consideration of $8.05 and 1.6389 shares of Cascade common stock having a value of $8.78 based on the 20-day weighted average closing price of Cascade common stock on March 28, 2014. The actual amount of the merger consideration may differ from this estimate and will not be known when you vote because it will not be determined until immediately prior to the completion of the merger. Cascade and Home have agreed, however, that the minimum per share consideration payable to Home stockholders if the merger is completed will be approximately $13.38 per share unless the Home stockholders are resolicited. For details about the assumptions underlying the estimated per share merger consideration, the calculation of and adjustments to the merger consideration and the minimum per share merger consideration payable if the merger is completed, see the sections under the headings The Merger Terms of the Merger Illustrative Calculations of the Per Share Merger Consideration and The Merger Terms of the Merger Minimum Merger Consideration if the Merger is Completed beginning on pages 62 and 65, respectively.

Cascade common stock is currently quoted on the NASDAQ Capital Market under the symbol CACB. On April 10, 2014, the last trading day before the date of this document for which it was practicable to obtain this information, the closing share price of Cascade common stock was $5.03 per share as reported on the NASDAQ Capital Market. We urge you to obtain current market quotations for Cascade common stock and Home common stock.

Cascade and Home will each hold a special meeting of stockholders to consider the proposed merger and related matters. Cascade s and Home s respective boards of directors are providing this document to solicit your proxy to vote for approval of the merger agreement and related matters. This document is also being delivered to Home stockholders as Cascade s prospectus for its offering of Cascade common stock in connection with the merger.

Your vote is very important. Whether or not you expect to attend the Cascade special meeting or Home special meeting, as applicable, please vote promptly. Submitting a proxy now will

not prevent you from being able to vote in person at the applicable special meeting. Each of the Cascade and Home boards of directors has approved the merger agreement and the transactions contemplated thereby and recommends to its stockholders to vote FOR approval of its respective proposals.

This document provides you with detailed information about the proposed merger. It also contains or references information about Cascade and Home and certain related matters. You are encouraged to read this document carefully and in its entirety. **In particular, you should read the Risk Factors section beginning on page 31 for a discussion of the risks you should consider in evaluating the proposed merger and how it will affect you.**

Sincerely,

Terry E. Zink	Len E. Williams
President and Chief Executive Officer of	*President and Chief Executive Officer of*
Cascade Bancorp	*Home Federal Bancorp, Inc.*

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, the issuance of the Cascade common stock in connection with the merger or the other transactions described in this document, or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The shares of Cascade common stock to be issued in connection with the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this document is April 11, 2014 and it is first being mailed to stockholders of Cascade and Home on or about April 16, 2014.

Your vote is very important. Whether or not you expect to attend the Cascade special meeting or Home special mee

TABLE OF CONTENTS

WHERE YOU CAN FIND MORE INFORMATION

Cascade and Home file annual, quarterly and special reports, proxy statements and other business and financial information with the Securities and Exchange Commission, referred to as the SEC. You may read and copy any materials that Cascade files with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates, on official business days during the hours of 10:00 a.m. to 3:00 p.m. Please call the SEC at (800) SEC-0330 or (800) 732-0330 for further information on the operation of the Public Reference Room. In addition, the SEC maintains an Internet site that contains Cascade s and Home s SEC filings, as well as reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, located at *http://www.sec.gov*.

These filings are also accessible free of charge from Cascade s website at *www.botc.com* under the heading About Us and then under the heading Investor Relations and then under the heading Investor Information and then under the tab SEC Filings or from Home s website at *www.myhomefed.com/ir* under the heading SEC Filings, Ownership and Forms, as soon as reasonably practicable after filing with the SEC. By making this reference to Cascade s and Home s websites, Cascade and Home do not intend to incorporate into this report any information contained in those websites. The websites should not be considered part of this document.

Cascade has filed a registration statement on Form S-4, of which this document forms a part, to register with the SEC the Cascade common stock that Home stockholders will be entitled to receive in the merger. This document does not include all of the information contained in the registration statement. You should refer to the registration statement and its exhibits for additional information that is not contained in this document. You may read and copy the registration statement, including any amendments, schedules and exhibits, at the addresses set forth below. Statements contained in this document as to the contents of any contract or other documents referred to in this document are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This document also incorporates by reference documents that Home has previously filed with the SEC. They contain important business and financial information about Home and its financial condition. For further information, please see the section entitled Incorporation of Certain Documents by Reference beginning on page 196.

These documents are available without charge to you upon written or oral request to the applicable company s principal executive offices. The respective addresses and telephone numbers of such principal executive offices are listed below.

Cascade Bancorp
1100 North West Wall Street
P.O. Box 369
Bend, Oregon 97701
Attention: Investor Relations
(541) 617-3513

Home Federal Bancorp, Inc.
500 12th Avenue South
Nampa, Idaho 83651
Attention: Chief Financial Officer
(208) 468-5156

To obtain timely delivery of these documents, you must request the information no later than May 9, 2014 in order to receive them before the Cascade special meeting and no later than May 9, 2014 in order to receive them before the Home special

meeting.

You should rely only on the information contained in this document to vote your shares at the Cascade special meeting and Home special meeting. Unless stated otherwise, information relating to Cascade was provided by Cascade and information relating to Home was provided by Home. Neither Cascade nor Home has authorized anyone to provide you with information that differs from that contained in this document. This document is dated April 11, 2014. You should not assume that the information contained in this document is accurate as of any date other than that date, and neither the mailing of this document to Cascade stockholders or Home stockholders nor the issuance of shares of Cascade common stock in the merger shall create any implication to the contrary.

Cascade common stock is traded on the NASDAQ Capital Market under the symbol CACB, and Home common stock is traded on the NASDAQ Global Select Market under the symbol HOME.

TABLE OF CONTENTS

CASCADE BANCORP
1100 N.W. WALL STREET
BEND, OREGON 97701

NOTICE OF THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 16, 2014

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of Cascade Bancorp, referred to as Cascade, will be held at Cascade s headquarters located at 1100 N.W. Wall Street, Bend, Oregon 97701, at 9:00 a.m., Pacific time, on May 16, 2014 for the following purposes:

1. To approve the Agreement and Plan of Merger, dated as of October 23, 2013, by and between Cascade and Home Federal Bancorp, Inc., as such agreement may be amended from time to time, referred to as the merger agreement, a copy of which is attached as Appendix A, referred to as the Cascade merger proposal;
2. To approve the issuance of Cascade common stock in the merger, referred to as the Cascade stock issuance proposal; and
3. To approve one or more adjournments of the Cascade special meeting, if necessary or appropriate, to permit further solicitation of proxies in favor of the Cascade merger proposal or the Cascade stock issuance proposal, referred to as the Cascade adjournment proposal.

Cascade will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

The above proposals are described in more detail in this document, which you should read carefully and in its entirety before you vote.

The Cascade board of directors has set April 4, 2014 as the record date for the Cascade special meeting. Only holders of record of Cascade common stock at the close of business on April 4, 2014 will be entitled to notice of and to vote at the Cascade special meeting and any adjournments or postponements thereof. Any stockholder entitled to attend and vote at the Cascade special meeting is entitled to appoint a proxy to attend and vote on such stockholder s behalf. Such proxy need not be a holder of Cascade common stock.

Your vote is very important. To ensure your representation at the Cascade special meeting, please complete and return the enclosed proxy card. Please vote promptly whether or not you expect to attend the Cascade special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the Cascade special meeting.

The Cascade board of directors has approved the merger agreement and the transactions contemplated thereby and recommends that you vote FOR the Cascade merger proposal, FOR the Cascade stock issuance proposal and FOR the

Cascade adjournment proposal (if necessary or appropriate).

BY ORDER OF THE BOARD OF DIRECTORS,

Andrew J. Gerlicher
Executive Vice President, General Counsel and Corporate Secretary

Bend, Oregon
April 11, 2014

PLEASE VOTE YOUR SHARES OF CASCADE COMMON STOCK PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CALL CASCADE INVESTOR RELATIONS AT (541) 617-3513.

TABLE OF CONTENTS

HOME FEDERAL BANCORP, INC.
500 12TH AVENUE SOUTH,
NAMPA, IDAHO 83651

NOTICE OF THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 16, 2014

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of Home Federal Bancorp, Inc., referred to as Home, will be held at Home s headquarters located at 500 12th Avenue South, Nampa, Idaho 83651 at 10:00 a.m., Mountain time, on May 16, 2014, for the following purposes:

1. To approve the Agreement and Plan of Merger, dated as of October 23, 2013, by and between Cascade Bancorp, and Home, as such agreement may be amended from time to time, referred to as the merger agreement, a copy of which is attached as Appendix A, and the merger and other transactions contemplated by the merger agreement, referred to as the Home merger proposal;
2. To approve, on an advisory (non-binding) basis, specified compensation that may become payable to the named executive officers of Home in connection with the merger, referred to as the Home advisory (non-binding) proposal on specified compensation; and
3. To approve one or more adjournments of the Home special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the Home merger proposal, referred to as the Home adjournment proposal.

Home will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

The above proposals are described in more detail in this document, which you should read carefully and in its entirety before you vote.

The Home board of directors has set April 4, 2014 as the record date for the Home special meeting. Only holders of record of Home common stock at the close of business on April 4, 2014 will be entitled to notice of and to vote at the Home special meeting and any adjournments or postponements thereof. Any stockholder entitled to attend and vote at the Home special meeting is entitled to appoint a proxy to attend and vote on such stockholder s behalf. Such proxy need not be a holder of Home common stock.

Your vote is very important. To ensure your representation at the Home special meeting, please complete and return the enclosed proxy card or submit your proxy by telephone or through the Internet. Please vote promptly whether or not you expect to attend the Home special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the Home special meeting.

The Home board of directors has approved the merger agreement and the transactions contemplated thereby and

recommends that you vote FOR the Home merger proposal, FOR the Home advisory (non-binding) proposal on specified compensation and FOR the Home adjournment proposal (if necessary or appropriate).

BY ORDER OF THE BOARD OF DIRECTORS,

Eric S. Nadeau
Chief Financial Officer and Secretary

Nampa, Idaho
April 11, 2014

PLEASE VOTE YOUR SHARES OF HOME COMMON STOCK PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CALL HOME INVESTOR RELATIONS AT (208) 468-5156.

iii

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETINGS

The following are answers to certain questions that you may have regarding the special meetings. The companies urge you to read carefully the remainder of this document because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this document.

Q: WHAT IS THE MERGER?

A. Cascade Bancorp, referred to as Cascade, and Home Federal Bancorp, Inc., referred to as Home, have entered into an Agreement and Plan of Merger, dated as of October 23, 2013, referred to as the merger agreement. Cascade and Home are sometimes collectively referred to as the companies. Subject to the terms and conditions of the merger agreement, Home will merge with and into Cascade, referred to as the merger, with Cascade continuing as the surviving corporation, referred to as the surviving company. A copy of the merger agreement is attached as Appendix A to this document and incorporated in this document by reference. Immediately following the merger, Home Federal Bank, a wholly owned subsidiary of Home, referred to as Home Bank, will merge with and into Bank of the Cascades, a wholly owned subsidiary of Cascade, referred to as Cascade Bank, with Cascade Bank continuing as the surviving bank, which is referred to as the bank merger. The merger and the bank merger are collectively referred to as the mergers. In order to complete the transaction, the mergers must be approved by the applicable banking regulators of Cascade, Cascade Bank, Home and Home Bank.

Q: WHY AM I RECEIVING THIS DOCUMENT?

A. Each of Cascade and Home is sending these materials to its stockholders to help them decide how to vote their shares of Cascade common stock or Home common stock, as the case may be, with respect to the merger agreement and other matters to be considered at the special meetings.

The merger cannot be completed unless Cascade stockholders approve the merger agreement and the issuance of Cascade common stock in the merger and Home stockholders approve the merger and the merger agreement. Each of Cascade and Home is holding a special meeting of its stockholders to vote on the proposals necessary to complete the merger as well as other related matters. Information about these special meetings, the merger and the other business to be considered by stockholders at each of the special meetings is contained in this document.

This document constitutes both a joint proxy statement of Cascade and Home and a prospectus of Cascade. It is a joint proxy statement because each of the boards of directors of Cascade and Home is soliciting proxies using this document from their respective stockholders. It is a prospectus because Cascade, in connection with the merger, is offering shares of Cascade common stock in exchange for outstanding shares of Home common stock in the merger.

Q: WHAT WILL HOME STOCKHOLDERS RECEIVE IN THE MERGER?

A: In the merger, all of the issued and outstanding shares of Home common stock will be converted into, in the aggregate, (1) 24,309,066 shares of Cascade common stock, referred to as the stock consideration, and (2) $120,800,000 in cash (x) plus or minus the amount by which Home s closing tangible stockholders equity (determined without taking into account Home s transaction costs) as of the last day of the calendar month preceding the effective time of the merger, referred to as Home s closing tangible net worth, is above or below $168,100,000, as the case may be, (y) minus the aggregate cash paid to holders of Home stock options in the merger and (z) minus the amount that Home s transaction costs exceed $18,000,000, referred to as the cash consideration. The stock consideration and the cash consideration are collectively referred to as the merger consideration. The merger consideration will be paid pro rata to holders of Home common stock as of immediately prior to the effective time of the merger.

Cascade will not issue fractional shares of Cascade common stock in the merger. Home stockholders who would otherwise be entitled to a fractional share of Cascade common stock upon the completion of the merger will instead receive an amount in cash calculated using the average of the volume weighted

1

closing price (rounded to the nearest one ten thousandth) of Cascade common stock on the NASDAQ Capital Market, referred to as NASDAQ, for the 20 trading days immediately preceding the tenth day prior to the closing date of the merger, referred to as the Cascade average closing price.

Under certain circumstances, the number of shares of Cascade common stock to be issued in the merger may be increased. For more information, see the section under the heading The Merger Terms of the Merger Merger Consideration beginning on page 58.

For illustrative purposes, if the merger had been completed on April 9, 2014, the companies estimate that the per share merger consideration payable for each share of Home common stock would have been $16.83, which would have consisted of cash consideration of $8.05 and stock consideration of 1.6389 shares of Cascade common stock having a value of $8.78 based on the 20-day weighted average closing price of Cascade common stock on March 28, 2014. The actual amount of the merger consideration may differ from this estimate because the actual amount of the merger consideration will not be determined until immediately before the completion of the merger. For details about the assumptions underlying this estimate and more information about the calculation of, and adjustments to, the merger consideration, please see the section under the heading The Merger Terms of the Merger Illustrative Calculations of the Per Share Merger Consideration beginning on page 62.

If the merger is approved, the minimum per share merger consideration that will be received by Home stockholders without being resolicited is approximately $13.38. For more information, see the section under the heading The Merger Terms of the Merger Minimum Merger Consideration if the Merger is Completed beginning on page 65.

Q: WILL THE VALUE OF THE MERGER CONSIDERATION CHANGE BETWEEN THE DATE OF THIS DOCUMENT AND THE TIME THE MERGER IS COMPLETED?

A: Yes. The value of the stock consideration may fluctuate between the special meetings and the completion of the merger based upon the market value of Cascade common stock. Any fluctuation in the market price of Cascade common stock will change the value of the shares of Cascade common stock that you will receive. In certain circumstances, however, Home can terminate the merger agreement if the Cascade average closing price is below $4.25 per share unless Cascade adjusts the number of shares to be issued in the merger. The merger agreement does not provide for a resolicitation of either company s stockholders if the Cascade average closing price falls below $4.25 per share and the Home board of directors nevertheless chooses to complete the transaction. The Home board of directors has made no decision as to whether it would exercise its right to terminate the merger agreement under the circumstances described above, and the Cascade board of directors has made no decision as to whether it would authorize Cascade to increase the number of shares of Cascade common stock to be issued in the merger if Home decided to exercise its right to terminate the merger agreement. In deciding whether to exercise its right to terminate the merger agreement, the Home board of directors would consider whether the then-trading price of Cascade common stock reflected the Home board of directors view of Cascade s intrinsic value; the total value of the merger consideration, including after giving effect to any adjustments to the cash consideration; whether and the extent to which the Home board of directors believed shares of Cascade common stock would increase in value after the completion of the merger; the surviving company s prospects generally; Home s prospects on a stand-alone basis compared to the aggregate value of the merger consideration; and various macro-economic conditions and factors. Home intends to issue a press release in the event this termination right is triggered but the Home board of directors decides to proceed with the merger and not terminate the merger agreement.

In addition, the exact value of the cash consideration cannot be determined at the time of the special meetings because it is subject to adjustment based on the following:

- Home s closing tangible net worth;
- the aggregate cash paid to holders of Home stock options in the merger; and

the extent to which Home s transaction costs exceed $18,000,000.

2

TABLE OF CONTENTS

For more information about the adjustments to the merger consideration, please see the section under the heading The Merger Terms of the Merger Illustrative Calculations of the Per Share Merger Consideration beginning on page 62.

Q: WHAT HAPPENS TO HOME EQUITY AWARDS IN THE MERGER?

A: *Home Stock Options*. As of the effective time of the merger, each option to purchase shares of Home common stock granted under Home stock plans, referred to as a Home stock option, whether vested or unvested, that is outstanding immediately prior to the effective time of the merger, will be automatically cancelled and will only entitle the holder to receive an amount of cash calculated as specified under the merger agreement.

Home Restricted Stock Awards. Each award with respect to a share of Home common stock subject to vesting, repurchase or other lapse restriction granted under a Home stock plan, referred to as a Home restricted share, shall be cancelled and converted into a right to receive the merger consideration within ten days following the effective time of the merger, following the delivery to Cascade of a Home restricted share cancellation agreement.

Q: WHEN WILL THE MERGER BE COMPLETED?

A: Cascade and Home are working to complete the merger as soon as practicable. If stockholders of Cascade and Home approve the merger, the companies anticipate that they will be able to complete the merger during the second quarter of 2014. Neither Cascade nor Home can predict, however, the actual date on which the merger will be completed because it is subject to factors beyond each company s control, including whether or when the required regulatory approvals or waivers and the companies respective stockholders approvals will be received. It is possible that the completion of the merger may not occur promptly after the Cascade and Home special meetings, including because all required regulatory approvals and waivers have not been obtained. Under the merger agreement, either company can terminate the merger agreement if the merger is not completed by June 30, 2014, except to the extent the failure to complete the merger by such date is due to the failure of the party seeking to terminate the merger agreement to perform its covenants and agreements in the merger agreement. For further information, please see the section entitled The Merger Agreement Conditions to Completion of the Merger beginning on page 115 and The Merger Agreement Termination of the Merger Agreement beginning on page 116.

Q: WHO IS ENTITLED TO VOTE?

A: *Cascade Special Meeting*. Holders of record of Cascade common stock at the close of business on April 4, 2014, which is the date that the Cascade board of directors has fixed as the record date for the Cascade special meeting, are entitled to vote at the Cascade special meeting.

Home Special Meeting. Holders of record of Home common stock at the close of business on April 4, 2014, which is the date that the Home board of directors has fixed as the record date for the Home special meeting, are entitled to vote at the Home special meeting.

Q: WHAT CONSTITUTES A QUORUM?

A: *Cascade Special Meeting*. The presence at the Cascade special meeting, in person or represented by proxy, of the holders of a majority of the outstanding shares of Cascade common stock entitled to vote at the Cascade special meeting will constitute a quorum for the transaction of business. Abstentions and broker non-votes will be included in determining the number of shares present at the Cascade special meeting for the purpose of determining the presence of a quorum.

Home Special Meeting. The presence at the Home special meeting, in person or represented by proxy, of the holders of one-third of the outstanding shares of Home common stock entitled to vote at the Home special meeting will constitute a quorum for the transaction of business. Abstentions and broker non-votes will be included in determining the number of shares present at the Home special meeting for the purpose of determining the presence of a quorum.

TABLE OF CONTENTS

Q: WHAT AM I BEING ASKED TO VOTE ON AND WHY IS THIS APPROVAL NECESSARY?

A: *Cascade Special Meeting*. Cascade stockholders are being asked to vote on the following proposals:

1. to approve the merger agreement, referred to as the Cascade merger proposal;
2. to approve the issuance of Cascade common stock in the merger, referred to as the Cascade stock issuance proposal; and
3. to approve one or more adjournments of the Cascade special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the Cascade merger proposal or the Cascade stock issuance proposal, referred to as the Cascade adjournment proposal.

Stockholder approval of the Cascade merger proposal and the Cascade stock issuance proposal is required to complete the merger. Cascade will transact no business other than as listed above at the Cascade special meeting, except for business properly brought before the Cascade special meeting or any adjournment or postponement thereof.

Home Special Meeting. Home stockholders are being asked to vote on the following proposals:

1. to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, referred to as the Home merger proposal;
2. to approve, on an advisory (non-binding) basis, specified compensation that may become payable to the named executive officers of Home in connection with the merger, referred to as the Home advisory (non-binding) proposal on specified compensation; and
3. to approve one or more adjournments of the Home special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the Home merger proposal, referred to as the Home adjournment proposal.

Stockholder approval of the Home merger proposal is required to complete the merger. Home will transact no business other than as listed above at the Home special meeting, except for business properly brought before the Home special meeting or any adjournment or postponement thereof.

Q: WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL AT THE CASCADE SPECIAL MEETING?

A: *The Cascade Merger Proposal*: The affirmative vote of a majority of the outstanding shares of Cascade common stock entitled to vote on the Cascade merger proposal is required to approve the Cascade merger proposal.

The Cascade Stock Issuance Proposal: The affirmative vote of a majority of the votes cast by holders of Cascade common stock represented in person or by proxy at the Cascade special meeting is required to approve the Cascade stock issuance proposal.

The Cascade Adjournment Proposal: The affirmative vote of a majority of the votes cast by holders of Cascade common stock represented in person or by proxy at the Cascade special meeting is required to approve the Cascade adjournment proposal.

As of the Cascade record date, approximately 14.81% of the outstanding shares of Cascade common stock were beneficially owned by Cascade s directors and executive officers and their respective affiliates.

Q: WHAT DOES THE CASCADE BOARD OF DIRECTORS RECOMMEND?

A: The Cascade board of directors recommends that Cascade stockholders vote FOR the Cascade merger proposal, FOR the Cascade stock issuance proposal and FOR the Cascade adjournment proposal (if necessary or appropriate).

TABLE OF CONTENTS

Q: WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL AT THE HOME SPECIAL MEETING?

A: *The Home Merger Proposal*: The affirmative vote of a majority of the outstanding shares of Home common stock entitled to vote on the Home merger proposal is required to approve the Home merger proposal.

The Home Advisory (Non-Binding) Proposal on Specified Compensation: The affirmative vote of a majority of the shares of Home common stock represented in person or by proxy at the Home special meeting and entitled to vote on the Home advisory (non-binding) proposal on specified compensation is required to approve the Home advisory (non-binding) proposal on specified compensation.

The Home Adjournment Proposal: The affirmative vote of a majority of the votes cast by holders of Home common stock represented in person or by proxy at the Home special meeting and entitled to vote on the Home adjournment proposal is required to approve the Home adjournment proposal.

As of the Home record date, approximately 3.64% of the outstanding shares of Home common stock were beneficially owned by Home s directors and executive officers and their respective affiliates.

Q: WHAT WILL HAPPEN IF HOME STOCKHOLDERS DO NOT APPROVE THE HOME ADVISORY (NON-BINDING) PROPOSAL ON SPECIFIED COMPENSATION?

A: The Securities and Exchange Commission, referred to as the SEC, in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, adopted rules that require Home to seek an advisory (non-binding) vote with respect to certain payments that will or may be made to Home s named executive officers in connection with the merger. The vote on the Home advisory (non-binding) proposal on specified compensation is a vote separate and apart from the vote to approve the Home merger proposal. You may vote for this proposal and against the Home merger proposal, or vice versa. Because the vote on the Home advisory (non-binding) proposal on specified compensation is advisory only, it will not be binding on Home or Cascade and will have no impact on whether the merger is completed or on whether any contractually obligated payments are made to Home s named executive officers.

Q: WHAT DOES THE HOME BOARD OF DIRECTORS RECOMMEND?

A: The Home board of directors recommends that Home stockholders vote FOR the Home merger proposal, FOR the Home advisory (non-binding) proposal on specified compensation and FOR the Home adjournment proposal (if necessary or appropriate).

Q: HAVE ANY STOCKHOLDERS ALREADY AGREED TO APPROVE THE MERGER?

A: Yes. Each of Green Equity Investors V, L.P., David F. Bolger, Lightyear Co-Invest Partnership II, L.P. and Lightyear Fund II, L.P., stockholders of Cascade, entered into a separate voting agreement, each referred to as a Cascade voting agreement, with Home pursuant to which such stockholders have agreed, subject to the terms set forth in the Cascade voting agreements, to vote their shares of Cascade common stock in favor of the Cascade merger proposal and the Cascade stock issuance proposal. Chris Casciato, a director of Cascade, is a managing director of an affiliate of Lightyear Co-Invest Partnership II, L.P. and Lightyear Fund II, L.P. The full text of the form of Cascade voting agreement is attached to this document as Appendix B and is incorporated in this document by reference. Approximately 62.09% of the outstanding shares of Cascade common stock as of the Cascade record date are subject to the Cascade voting agreements, provided that if the Cascade board of directors withdraws or changes its recommendation, the total number of shares of Cascade common stock subject to the Cascade voting agreements will be reduced to 40% of the total number of issued and outstanding shares of Cascade common stock.

In addition, there are voting agreements, referred to as the Home voting agreements, between Cascade and the directors and certain officers of Home pursuant to which those directors and certain officers have agreed, among other things, to vote their shares of Home common stock in favor of the Home merger proposal and otherwise in favor of the transactions contemplated by the merger agreement. The full text of the form of Home voting agreement is attached to this document as Appendix C and is incorporated in this document by reference. Approximately 3.64% of the outstanding shares of Home common stock as of the Home record date are subject to the Home voting agreements.

5

TABLE OF CONTENTS

Q: WHAT DO I NEED TO DO NOW?

A: After carefully reading and considering the information contained in this document, please vote your shares as soon as possible so that your shares will be represented at your respective company s special meeting. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker, bank or other nominee.

Q: HOW DO I VOTE?

A: If you are a Cascade stockholder of record as of the Cascade record date, you may submit your proxy before the Cascade special meeting by completing, signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope.

If you are a Home stockholder of record as of the Home record date, you may submit your proxy before the Home special meeting in one of the following ways:

- use the toll-free number shown on your proxy card;
- visit the website shown on your proxy card to vote via the Internet; or
- complete, sign, date and return the enclosed proxy card in the enclosed postage-paid envelope.

You may also cast your vote in person at your respective company s special meeting.

If your shares are held in street name, through a broker, bank or other nominee, that institution will send you separate instructions describing the procedure for voting your shares. Street name stockholders who wish to attend or vote at the special meeting will need to obtain a proxy form from their broker, bank or other nominee.

Q: HOW MANY VOTES DO I HAVE?

A: *Cascade Stockholders*. You are entitled to one vote for each share of Cascade common stock that you owned as of the Cascade record date. As of the close of business on the Cascade record date, there were approximately 47,562,849 outstanding shares of Cascade common stock entitled to vote.

Home Stockholders. You are entitled to one vote for each share of Home common stock that you owned as of the Home record date. As of the close of business on the Home record date, there were approximately 14,832,478 outstanding shares of Home common stock entitled to vote.

Q: WHEN AND WHERE ARE THE CASCADE SPECIAL MEETING AND THE HOME SPECIAL MEETING OF STOCKHOLDERS?

A: The special meeting of Cascade stockholders will be held at Cascade s headquarters located at 1100 N.W. Wall Street, Bend, Oregon 97701, at 9:00 a.m., Pacific time, on May 16, 2014. Subject to space availability, all Cascade stockholders as of the Cascade record date, or their duly appointed proxies, may attend the Cascade special meeting.

The special meeting of Home stockholders will be held at Home s headquarters located at 500 12th Avenue South, Nampa, Idaho 83651 at 10:00 a.m., Mountain time, on May 16, 2014. Subject to space availability, all Home stockholders as of the Home record date, or their duly appointed proxies, may attend the Home special meeting.

To gain admittance to your company s special meeting, you must present valid photo identification, such as a driver s license or passport. If your shares of Cascade common stock or Home common stock, as the case may be, are held through a broker, bank or other nominee, please bring to the special meeting a legal proxy from your broker, bank or other nominee. If you are the representative of a corporate or institutional stockholder, you must present valid photo identification along with proof that you are the representative of such stockholder. Please note that cameras, recording devices and other electronic devices will not be permitted at the special meetings.

Q: IF MY SHARES ARE HELD IN STREET NAME BY A BROKER, BANK OR OTHER NOMINEE, WILL MY BROKER, BANK OR OTHER NOMINEE VOTE MY SHARES FOR ME?

A: If your shares are held in street name in a stock brokerage account or by a bank or other nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Please follow

6

TABLE OF CONTENTS

the voting instructions provided by your broker, bank or other nominee. Please note that you may not vote shares held in street name by returning a proxy card directly to Cascade or Home or by voting in person at your respective company s special meeting unless you provide a legal proxy, which you must obtain from your broker, bank or other nominee.

Under the rules of NASDAQ and the New York Stock Exchange, brokers who hold shares in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that NASDAQ or the New York Stock Exchange determines to be non-routine without specific instructions from the beneficial owner. It is expected that all proposals to be voted on at the Cascade special meeting and the Home special meeting are non-routine matters. Broker non-votes occur when a broker or nominee is not instructed by the beneficial owner of shares to vote on a particular proposal for which the broker does not have discretionary voting power.

If you are a Cascade stockholder and you do not instruct your broker, bank or other nominee on how to vote your shares:

- your broker, bank or other nominee may not vote your shares on the Cascade merger proposal, which broker non-votes will have the same effect as a vote **AGAINST** such proposal;
- your broker, bank or other nominee may not vote your shares on the Cascade stock issuance proposal, which broker non-votes will have no effect on the vote count for such proposal; and
- your broker, bank or other nominee may not vote your shares on the Cascade adjournment proposal, which broker non-votes will have no effect on the vote count for such proposal.

If you are a Home stockholder and you do not instruct your broker, bank or other nominee on how to vote your shares:

- your broker, bank or other nominee may not vote your shares on the Home merger proposal, which broker non-votes will have the same effect as a vote **AGAINST** such proposal;
- your broker, bank or other nominee may not vote your shares on the Home advisory (non-binding) proposal on specified compensation, which broker non-votes will have no effect on the vote count for such proposal; and
- your broker, bank or other nominee may not vote your shares on the Home adjournment proposal, which broker non-votes will have no effect on the vote count for such proposal.

Q: WHAT IF I DO NOT VOTE OR I ABSTAIN?

A: For purposes of each of the Cascade special meeting and the Home special meeting, an abstention occurs when a stockholder attends the applicable special meeting, either in person or represented by proxy, but abstains from voting.

For the Cascade merger proposal, if a Cascade stockholder present in person at the Cascade special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast **AGAINST** the proposal. If a Cascade stockholder is not present in person at the Cascade special meeting and does not respond by proxy, it will have the same effect as a vote cast **AGAINST** the Cascade merger proposal.

For the Cascade stock issuance proposal and the Cascade adjournment proposal, if a Cascade stockholder present in person at the Cascade special meeting abstains from voting, or responds by proxy with an abstain vote, it will have no effect on the vote count for these proposals. If a Cascade stockholder is not present in person at the Cascade special meeting and does not respond by proxy, it will have no effect on the vote count for these proposals.

For the Home merger proposal, if a Home stockholder present in person at the Home special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote

TABLE OF CONTENTS

cast **AGAINST** the proposal. If a Home stockholder is not present in person at the Home special meeting and does not respond by proxy, it will have the same effect as a vote cast **AGAINST** the Home merger proposal.

For the Home advisory (non-binding) proposal on specified compensation and the Home adjournment proposal, if a Home stockholder present in person at the Home special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast **AGAINST** these proposals. If a Home stockholder is not present in person at the Home special meeting and does not respond by proxy, it will have no effect on the vote count for these proposals.

Q: WHAT WILL HAPPEN IF I RETURN MY PROXY OR VOTING INSTRUCTION CARD WITHOUT INDICATING HOW TO VOTE?

A: If you sign and return your proxy or voting instruction card without indicating how to vote on any particular proposal, the Cascade common stock represented by your proxy will be voted as recommended by the Cascade board of directors with respect to each Cascade proposal and the Home common stock represented by your proxy will be voted as recommended by the Home board of directors with respect to each Home proposal. Unless a Cascade stockholder or a Home stockholder, as applicable, checks the box on its proxy card to withhold discretionary authority, the proxy holders may use their discretion to vote on other matters relating to the Cascade special meeting or Home special meeting, as applicable.

Q: MAY I CHANGE MY VOTE AFTER I HAVE DELIVERED MY PROXY OR VOTING INSTRUCTION CARD?

A: Yes. You may change your vote at any time before your proxy is voted at the Cascade special meeting or Home special meeting, as applicable. You may do this in one of four ways:

- by sending a notice of revocation to the corporate secretary of Cascade or Home, as applicable;
- by sending a completed proxy card bearing a later date than your original proxy card;
- by logging onto the Internet website specified on your proxy card in the same manner you would to submit your proxy electronically or by calling the telephone number specified on your proxy card, in each case if you are eligible to do so and following the instructions on the proxy card (except this method is only available to Home stockholders); or
- by attending the Cascade special meeting or Home special meeting, as applicable, and voting in person.

If you choose any of the first three methods, you must take the described action such that the notice, Internet vote or proxy card, as applicable, is received no later than the beginning of the applicable special meeting. If you choose the fourth option, you must vote in person at the special meeting because your attendance at the special meeting will not, in itself, constitute revocation of your previously submitted proxy.

If your shares are held in an account at a broker, bank or other nominee, you should contact your broker, bank or other nominee to change your vote.

Q: ARE STOCKHOLDERS ENTITLED TO DISSENTERS OR APPRAISAL RIGHTS?

A: No, neither Cascade stockholders nor Home stockholders are entitled to dissenters or appraisal rights in connection with the merger.

Q: WHAT ARE THE MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO HOME STOCKHOLDERS?

A: The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, referred to as the Internal Revenue Code. The obligation of Home to complete the merger is conditioned upon the receipt of an opinion of Vorys, Sater, Seymour and Pease LLP and a copy of the opinion of Hunton & Williams LLP rendered to Cascade, each dated as of the closing date of the merger and based on facts, representations and assumptions described in such opinion, to the effect that the merger will be treated as a reorganization within the meaning of

Section 368(a) of the Internal Revenue Code; and in the case of the opinion of Hunton & Williams LLP, that the bank merger will not adversely affect the qualification of the merger as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. In addition, in connection with the filing of the registration statement of which this document is a part, each of Vorys, Sater, Seymour and Pease LLP and Hunton & Williams LLP has delivered an opinion to Home and Cascade, respectively, to the same effect as the opinions described above.

Accordingly, Home stockholders generally will not recognize any gain or loss upon receipt of Cascade common stock in exchange for Home common stock in the merger, and will recognize gain (but not loss) in an amount not to exceed any cash received as part of the merger consideration (other than any cash received in lieu of a fractional share of Cascade common stock, as discussed below under the section entitled Material United States Federal Income Tax Consequences of the Merger Cash Received In Lieu of a Fractional Share of Cascade Common Stock beginning on page 123). In addition, under certain circumstances, a portion of the merger consideration may be required to be withheld under applicable tax laws.

For a more detailed discussion of the material United States federal income tax consequences of the merger, please see the section entitled Material United States Federal Income Tax Consequences of the Merger beginning on page 121.

Tax matters can be complicated, and the tax consequences of the merger to any particular stockholder will depend on that stockholder s particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine your tax consequences from the merger.

Q: WHAT HAPPENS IF THE MERGER IS NOT COMPLETED?

A: If the merger is not completed, Home stockholders will not receive any consideration for their shares of Home common stock that otherwise would have been received in connection with the merger. Instead, Home will remain an independent public company and its common stock will continue to be listed and traded on the NASDAQ Global Select Market.

Q: SHOULD HOME STOCKHOLDERS SEND IN THEIR STOCK CERTIFICATES NOW?

A: No. Home stockholders **SHOULD NOT** send in any stock certificates now. If the merger is approved, transmittal materials with instructions for their completion will be provided to Home stockholders under separate cover and the stock certificates should be sent at that time.

Q: WHAT SHOULD I DO IF I RECEIVE MORE THAN ONE SET OF VOTING MATERIALS?

A: Home stockholders and Cascade stockholders may receive more than one set of voting materials, including multiple copies of this document and multiple proxy cards or voting instruction cards. For example, if you hold shares of Home common stock and/or Cascade common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold such shares. If you are a holder of record of Home common stock or Cascade common stock and your shares are registered in more than one name, you will receive one or more separate proxy cards or voting instruction cards for each company. Please complete, sign, date and return each proxy card and voting instruction card that you receive or otherwise follow the voting instructions set forth in this document to ensure that you vote every share of Home common stock and/or Cascade common stock that you own.

Q: WHOM SHOULD I CONTACT IF I HAVE ANY QUESTIONS ABOUT THE PROXY MATERIALS OR VOTING?

A: If you are a Cascade stockholder and have any questions about the proxy materials or if you need assistance submitting your proxy or voting your shares or need additional copies of this document or the enclosed proxy card, you should contact Cascade Investor Relations at (541) 617-3513.

If you are a Home stockholder and have any questions about the proxy materials or if you need assistance submitting your proxy or voting your shares or need additional copies of this document or the enclosed proxy card, you should contact Home Investor Relations at (208) 468-5156.

9

SUMMARY

This summary highlights selected information included in this document and does not contain all of the information that may be important to you with respect to the merger, the bank merger, the merger agreement and the special meetings. You should read this entire document and its appendices and the other documents to which the companies refer before you decide how to vote with respect to the proposals. In addition, this document incorporates by reference important business and financial information about Home. For a description of this information, please see the section entitled Incorporation of Certain Documents by Reference beginning on page 196. You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled Where You Can Find More Information beginning on page i. Each item in this summary includes a page reference directing you to a more complete description of that item.

The Companies

Cascade Bancorp
1100 NW Wall Street,
Bend, Oregon 97701
Phone: (877) 617-3400

Cascade is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. Cascade is a publicly traded bank holding company that was formed in 1990, is incorporated in Oregon and is headquartered in Bend, Oregon. Cascade and Cascade Bank operate in Oregon and Idaho markets. At December 31, 2013, Cascade had total consolidated assets of approximately $1.4 billion, net loans of approximately $973.6 million and deposits of approximately $1.2 billion. Cascade has no significant assets or operations other than Cascade Bank. Cascade common stock is traded on the NASDAQ Capital Market under the symbol CACB.

Home Federal Bancorp, Inc.
500 12th Avenue South
Nampa, Idaho 83651
Phone: (208) 466-4634

Home is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. Home is a publicly traded bank holding company that was formed in 2004, is incorporated in Maryland and is headquartered in Nampa, Idaho. Home and Home Bank operate in Oregon, Utah and Idaho markets. At December 31, 2013, Home had total consolidated assets of approximately $1.0 billion, net loans of approximately $407.5 million and deposits of approximately $818.5 million. Home has no significant operations other than Home Bank. Home common stock trades on the NASDAQ Global Select Market under the symbol HOME.

The Merger and the Merger Agreement

The terms and conditions of the merger are contained in the merger agreement, which is attached to this document as Appendix A and incorporated in this document by reference. The companies encourage you to read the merger agreement carefully and in its entirety, as it is the legal document that governs the merger.

Under the terms of the merger agreement, Home will merge with and into Cascade with Cascade as the surviving company. Immediately after the merger, Home Bank will merge with and into Cascade Bank with Cascade Bank as the surviving bank.

Merger Consideration

Pursuant to the merger agreement, all of the issued and outstanding shares of Home common stock (including Home restricted stock) will be cancelled and converted into, in the aggregate, (1) 24,309,066 shares of Cascade common stock, referred to as the stock consideration, and (2) $120,800,000 in cash (x) plus or minus the amount by which Home s closing tangible net worth is above or below $168,100,000, as the case may be, (y) minus the aggregate cash paid to holders of Home stock options in the merger and (z) minus the amount that Home s transaction costs exceed $18,000,000, referred to as the cash consideration. The stock

TABLE OF CONTENTS

consideration and the cash consideration are collectively referred to as the merger consideration. The merger consideration will be paid pro rata to holders of Home common stock as of immediately prior to the effective time of the merger.

The value of the merger consideration may fluctuate between the special meetings and the completion of the merger based upon the market value of Cascade common stock. Any fluctuation in the market price of Cascade common stock after the special meetings will change the value of the shares of Cascade common stock that Home stockholders will receive. In certain circumstances, however, Home can terminate the merger agreement if the Cascade average closing price is below $4.25 per share unless, as described below, Cascade adjusts the number of shares to be issued in the merger.

In addition, the exact value of the cash consideration cannot be determined at the time of the Home special meeting because it is subject to adjustment based on the following:

- Home s closing tangible net worth;
- the aggregate cash paid to holders of Home stock options in the merger; and
- the amount by which Home s transaction costs exceed $18,000,000.

Cascade will not issue fractional shares of Cascade common stock in the merger. Home stockholders who would otherwise be entitled to a fractional share of Cascade common stock upon the completion of the merger will instead receive an amount in cash calculated using the Cascade average closing price, as defined below.

Under the merger agreement, the number of shares of Cascade common stock constituting the stock consideration is subject to adjustment as follows:

- if (i) the average of the volume weighted closing price (rounded to the nearest one ten thousandth) of Cascade common stock for the 20 trading days immediately preceding the tenth day prior to the closing date of the merger, referred to as the Cascade average closing price, is less than $4.25 but not less than $4.00 and (ii) the number obtained by dividing the Cascade average closing price by $5.75 (the Closing Price Change Ratio) is less than the number obtained by (A) dividing the Final Index Price (as defined below) by the Initial Index Price (as defined below) and (B) then multiplying the quotient so obtained by 0.90, Home can terminate the merger agreement unless Cascade increases the aggregate stock consideration by a number of shares of Cascade common stock obtained by multiplying 24,309,066 by the difference between 0.90 and the Closing Price Change Ratio;
- if the Cascade average closing price is less than $4.00, Home can terminate the merger agreement unless Cascade adjusts the aggregate stock consideration to equal a number of shares of Cascade common stock equal to the quotient obtained by dividing $97,236,264 by the Cascade average closing price; or
- to give effect to any stock split, reverse stock split, recapitalization, reclassification or similar transaction with respect to the outstanding shares of Cascade common stock occurring after the date of the merger agreement and prior to the closing date of the merger.

The merger agreement does not provide for a resolicitation of either company s stockholders if the Cascade average closing price falls below $4.25 per share and the Home board of directors nevertheless chooses to complete the transaction. The Home board of directors has made no decision as to whether it would exercise its right to terminate the merger agreement under the circumstances described above, and the Cascade board of directors has made no decision as to whether it would authorize Cascade to increase the number of shares of Cascade common stock to be issued in the merger if Home decided to exercise its right to terminate the merger agreement. In making any such decision, each company s respective board of directors would consider all relevant facts and circumstances that exist at the time and would consult with its financial advisor and legal counsel. The factors that would be considered by the Home board of directors would include, among other things, whether the then-trading price of Cascade common stock reflected the Home board of directors view of Cascade s intrinsic value; the total value of the merger consideration, including after giving effect to any adjustments to the cash consideration; whether and the extent to which the Home board of directors

11

TABLE OF CONTENTS

believed shares of Cascade common stock would increase in value after the completion of the merger; the surviving company s prospects generally; Home s prospects on a stand-alone basis compared to the aggregate value of the merger consideration; and various macro-economic conditions and factors. Home intends to issue a press release in the event the termination right is triggered but the Home board of directors decides to proceed with the merger and not terminate the merger agreement.

As discussed below under the heading Illustrative Calculations of the Per Share Merger Consideration, the companies have included estimates of the per share merger consideration in this document. Although the merger consideration is subject to adjustment under the merger agreement, the minimum per share merger consideration that will be received by Home stockholders in the merger without being resolicited is approximately $13.38. For more information, see the section under the heading The Merger Terms of the Merger Minimum Merger Consideration if the Merger is Completed beginning on page 65.

For purposes of the foregoing summary, these terms have the following meanings:

Final Index Price means (i) the sum of the average of the volume weighted closing prices (rounded to the nearest one ten thousandth) of a share of common stock of each entity comprising the index group for the 20 trading days immediately preceding the tenth day prior to the closing date (ii) divided by nine.

Initial Index Price means (i) the sum of the price per share of the common stock of each entity comprising an agreed upon group of nine companies as reported on the date of the merger agreement, (ii) divided by nine.

The merger consideration is also subject to adjustment, if necessary, to ensure that the merger qualifies as a tax-free reorganization under Section 368(a)(1)(A) of the Internal Revenue Code.

For a more complete description of the merger consideration payable to the Home stockholders in the merger, please see the section entitled The Merger Terms of the Merger Merger Consideration beginning on page 58.

Illustrative Calculations of the Per Share Merger Consideration

Under the merger agreement, the cash consideration payable to Home stockholders will be adjusted based on Home s closing tangible net worth, Home s transaction costs and the amount paid to holders of Home stock options. In addition, the value of the stock consideration payable to Home stockholders may fluctuate between the special meetings and the completion of the merger based upon the market value of Cascade common stock.

For illustrative purposes, the companies have estimated that Home stockholders would have received the following per share merger consideration if the merger had been completed on the following hypothetical dates:

If the merger had been completed on October 23, 2013, which was the date of the merger agreement, the companies estimate that the per share merger consideration payable to Home stockholders in accordance with the merger agreement would have been $17.63 per share of Home common stock, which would have consisted of cash consideration of $7.87 and stock consideration of 1.6739 shares of Cascade common stock having a value of $9.76 based on the 20-day weighted average closing price of Cascade common stock on October 11, 2013.

If the merger had been completed on April 9, 2014, the companies estimate that the per share merger consideration payable to Home stockholders in accordance with the merger agreement would have been $16.83 per share of Home common stock, which would have consisted of cash consideration of $8.05 and stock consideration of 1.6389 shares of Cascade common stock having a value of $8.78 based on the 20-day weighted average closing price of Cascade common stock on March 28, 2014.

In providing these estimates, the companies have made various assumptions. For details about these assumptions and more information about the calculation of, and adjustments to, the merger consideration, please see the section under the heading The Merger Terms of the Merger Illustrative Calculations of

12

the Per Share Merger Consideration beginning on page 62. The actual amount of the merger consideration may differ from these estimates because the actual amount of the merger consideration will not be determined until immediately before the completion of the merger.

Recommendation of the Cascade Board of Directors

The Cascade board of directors recommends that Cascade stockholders vote FOR the Cascade merger proposal, FOR the Cascade stock issuance proposal and FOR the Cascade adjournment proposal (if necessary or appropriate).

For a more complete description of Cascade s reasons for the merger and the recommendations of the Cascade board of directors, please see the section entitled The Merger Recommendation of the Cascade Board of Directors and Reasons for the Merger beginning on page 86.

Recommendation of the Home Board of Directors

The Home board of directors recommends that Home stockholders vote FOR the Home merger proposal, FOR the Home advisory (non-binding) proposal on specified compensation and FOR the Home adjournment proposal (if necessary or appropriate).

For a more complete description of Home s reasons for the merger and the recommendations of the Home board of directors, please see the section entitled The Merger Recommendation of the Home Board of Directors and Reasons for the Merger beginning on page 74.

Opinions of Financial Advisors

Opinion of Cascade s Financial Advisor

On October 22, 2013, Macquarie Capital (USA) Inc., Cascade s financial advisor in connection with the merger, referred to as Macquarie, rendered an oral opinion to the Cascade board of directors, which was subsequently confirmed in a written opinion dated October 22, 2013, that, as of such date and subject to and based on the qualifications and assumptions set forth in its written opinion, the aggregate merger consideration to be paid by Cascade pursuant to the merger agreement was fair to Cascade from a financial point of view.

The full text of Macquarie s opinion is attached as Appendix D to this document. You should read the opinion in its entirety for a discussion of, among other things, the assumptions made, procedures followed, matters considered and any limitations on the review undertaken by Macquarie in rendering its opinion.

Macquarie s opinion is addressed to the Cascade board of directors and the opinion is not a recommendation as to how any Cascade stockholder or Home stockholder should vote with respect to the merger.

Macquarie s opinion addresses only the fairness of the aggregate merger consideration as of such date to be paid by Cascade from a financial point of view and does not address the merits of the underlying decision by Cascade to enter into the merger agreement, the merits of the merger as compared to other alternatives potentially available to Cascade or the relative effects of any alternative transaction in which Cascade might engage. Macquarie will receive a fee for its services, a portion of which has been paid upon rendering the opinion, and a final portion of which will be payable upon completion of the merger.

For further information, please see the section entitled The Merger Opinion of Cascade s Financial Advisor beginning on page 89.

Opinion of Home s Financial Advisor

On October 22, 2013, Keefe, Bruyette & Woods, Inc., Home s financial advisor in connection with the merger, referred to as KBW, rendered a written opinion to the Home board of directors, that, as of such date and subject to and based on the qualifications and assumptions set forth in its written opinion, the aggregate merger consideration to be paid by Cascade pursuant to the merger agreement was fair to Home stockholders from a financial point of view.

The full text of KBW s opinion is attached as Appendix E to this document. You should read the opinion in its entirety for a discussion of, among other things, the assumptions made, procedures followed, matters considered and any limitations on the review undertaken by KBW in rendering its opinion.

TABLE OF CONTENTS

KBW s opinion is addressed to the Home board of directors and the opinion is not a recommendation as to how any Cascade stockholder or Home stockholder should vote with respect to the merger.

KBW s opinion addresses only the fairness of the aggregate merger consideration as of such date to be paid by Cascade from a financial point of view and does not address the merits of the underlying decision by Home to engage in the merger or enter into the merger agreement or the merits of the merger as compared to other alternatives potentially available to Home. KBW will receive a fee for its services, a portion of which has been paid upon rendering the opinion, and a final portion of which will be payable upon completion of the merger.

For further information, please see the section entitled The Merger Opinion of Home s Financial Advisor beginning on page 76.

Cascade Special Meeting of Stockholders

The Cascade special meeting will be held at Cascade s headquarters located at 1100 N.W. Wall Street, Bend, Oregon 97701, on May 16, 2014, at 9:00 a.m., Pacific time. At the Cascade special meeting, Cascade stockholders will be asked to approve the Cascade merger proposal, the Cascade stock issuance proposal and the Cascade adjournment proposal.

The Cascade board of directors has fixed the close of business on April 4, 2014 as the record date for determining the holders of Cascade common stock entitled to receive notice of and to vote at the Cascade special meeting. As of the Cascade record date, there were 47,562,849 shares of Cascade common stock outstanding and entitled to vote at the Cascade special meeting held by 405 holders of record. Each share of Cascade common stock entitles the holder to one vote on each proposal to be considered at the Cascade special meeting. As of the record date, Cascade s directors and executive officers and their respective affiliates owned and were entitled to vote 7,042,925 shares of Cascade common stock, representing approximately 14.81% of the shares of Cascade common stock outstanding on that date. Cascade currently expects that Cascade s directors and executive officers will vote their shares of Cascade common stock in favor of the proposals to be presented at the Cascade special meeting. In addition, Chris Casciato, a director of Cascade, is a managing director of an affiliate of Lightyear Co-Invest Partnership II, L.P. and Lightyear Fund II, L.P., which are Cascade stockholders that each entered into a Cascade voting agreement pursuant to which they have agreed, solely in their capacity as Cascade stockholders, to vote their shares of Cascade common stock in favor of the Cascade merger proposal and the Cascade stock issuance proposal, as described in more detail under the section entitled The Merger Agreement Voting Agreements beginning on page 118. As of the record date, Home beneficially held no shares of Cascade common stock.

Approval of the Cascade merger proposal requires the affirmative vote of a majority of the outstanding shares of Cascade common stock entitled to vote on such proposal. Approval of the Cascade stock issuance proposal and the Cascade adjournment proposal requires the affirmative vote of a majority of the votes cast by holders of Cascade common stock represented in person or by proxy at the Cascade special meeting and entitled to vote.

Home Special Meeting of Stockholders

The Home special meeting will be held at Home s headquarters located at 500 12th Avenue South, Nampa, Idaho 83651, on May 16, 2014, at 10:00 a.m., Mountain time. At the Home special meeting, Home stockholders will be asked to approve the Home merger proposal, the Home advisory (non-binding) proposal on specified compensation and the Home adjournment proposal.

The Home board of directors has fixed the close of business on April 4, 2014 as the record date for determining the holders of Home common stock entitled to receive notice of and to vote at the Home special meeting. As of the Home record date, there were 14,832,478 shares of Home common stock outstanding and entitled to vote at the Home special meeting held by 785 holders of record. Each share of Home common stock entitles the holder to one vote on each proposal to be considered at the Home special meeting. As of the record date, Home s directors and executive officers and their respective affiliates owned and were entitled to vote 539,649 shares of Home common stock, representing approximately 3.64% of the shares of Home common stock outstanding on that date. Each of the directors and executive officers of Home has entered into a Home voting agreement pursuant to which they have agreed, solely in their capacity as Home stockholders,

14

to vote all of their shares of Home common stock FOR the Home merger proposal and otherwise in favor of the transactions contemplated by the merger agreement, as described in more detail under the section entitled The Merger Agreement Voting Agreements beginning on page 118. As of the record date, Cascade beneficially held no shares of Home common stock.

Approval of the Home merger proposal requires the affirmative vote of a majority of the outstanding shares of Home common stock entitled to vote on such proposal. Approval of the Home advisory (non-binding) proposal on specified compensation and the Home adjournment proposal requires the affirmative vote of a majority of the shares of Home common stock represented in person or by proxy at the Home special meeting and entitled to vote on such proposals.

Home s Directors and Executive Officers Have Certain Interests in the Merger

Home s directors and executive officers have interests in the merger as individuals that are in addition to, or different from, their interests as Home stockholders. These interests include:

the rights of Home s executive officers to certain compensation after the merger as follows (subject to reduction in the event the compensation would constitute an excess parachute payment):

an aggregate of approximately $2,397,886 to Len E. Williams, the current president and chief executive officer and director of Home, consisting of (i) $1,957,770 paid in connection with the termination of Mr. Williams employment agreement and acceleration of deferred payments made under Home s Annual Incentive plan, (ii) $123,385 representing the accelerated vesting value of the cancellation and payout of Home stock options and the accelerated vesting of Home restricted stock and (iii) $316,731 pursuant to a salary continuation agreement;

an aggregate of approximately $1,327,959 to Eric S. Nadeau, the current executive vice president, treasurer, secretary and chief financial officer of Home, consisting of (i) $1,041,410 paid in connection with Mr. Nadeau s change in control agreement and acceleration of deferred payments made under Home s Annual Incentive Plan, (ii) $69,372 representing the accelerated vesting value of the cancellation and payout of Home stock options and the accelerated vesting of Home restricted stock and (iii) $217,177 pursuant to a salary continuation agreements;

an aggregate of approximately $798,387 to R. Shane Correa, the current executive vice president and chief banking officer of Home, consisting of (i) $389,628 paid in connection with Mr. Correa s change in control agreement and acceleration of deferred payments made under Home s Annual Incentive Plan, (ii) $87,317 representing the accelerated vesting value of the cancellation and payout of Home stock options and the accelerated vesting of Home restricted stock and (iii) $321,442 pursuant to a salary continuation agreement;

an aggregate of approximately $462,615 to Cindy L. Bateman, the current senior vice president and chief credit officer of Home, consisting of (i) $387,000 paid in connection with Ms. Bateman s change in control agreement and acceleration of deferred payments made under Home s Annual Incentive Plan, (ii) $58,404 representing the accelerated vesting value of the cancellation and payout of Home stock options and the accelerated vesting of Home restricted stock and (iii) $17,211 pursuant to health and welfare benefits; and

an aggregate of approximately $500,832 to Mark C. Johnson, the current president of the Western Oregon Region of Home, consisting of (i) $365,063 paid in connection with Mr. Johnson s change in control agreement and acceleration of deferred payments made under Home s Annual Incentive Plan, (ii) $121,132 representing the accelerated vesting value of the cancellation and payout of Home stock options and the accelerated vesting of Home restricted stock and (iii) $27,957 pursuant to health and welfare benefits;

the rights of each of the outside Home directors to change in control payments under Home s Director Retirement Plan equal to 2.99 times the fees paid to each director in the prior year. Under this arrangement, Messrs. Hedemark, Tinstman, Stamey, Navarro and Little would each receive

approximately $89,700 and Mr. Stevens would receive approximately $119,600. In addition, Messrs. Navarro and Little would receive accelerated vesting valued at $4,716 and $11,221, respectively. These amounts may be decreased to avoid excess parachute payments;

the appointment of up to four of Home s directors to the Cascade board of directors;

indemnification by Cascade of current and former Home directors and officers to the full extent provided under Home s articles of incorporation and bylaws; and

director s and officer s liability insurance, purchased by Cascade for a period of six years after the completion of the merger, to reimburse the present and former Home directors and officers with respect to claims arising from facts or events occurring before the completion of the merger.

In addition, at Cascade s request, the directors of Home who are not executive officers entered into non-competition agreements with Cascade that will be effective upon the completion of the merger.

The Home board of directors was aware of the foregoing interests and considered them, among other matters, in approving the merger and merger agreement.

These interests are described in more detail under the section entitled The Merger Interests of Home Directors and Executive Officers in the Merger beginning on page 97.

Treatment of Home Stock Options and Restricted Shares

Home Stock Options. At the effective time of the merger, each Home stock option, whether vested or unvested, that is outstanding immediately prior to the effective time of the merger, will be automatically cancelled. Each Home stock option that is in the money will entitle the holder to receive an amount of cash, without interest and less any required tax withholdings, calculated as specified under the merger agreement. As of April 9, 2014, there were 688,995 outstanding Home stock options. For illustrative purposes, if the merger had been completed on April 9, 2014, the aggregate amount payable to holders of Home stock options is estimated to have been approximately $3,616,000. For information concerning the amount payable to holders of Home stock options in the merger and the corresponding adjustment to the merger consideration payable to Home stockholders, see the section under the heading The Merger Terms of the Merger Illustrative Calculations of the Per Share Merger Consideration beginning on page 62.

Home Restricted Stock Awards. At the effective time of the merger, each share of Home restricted stock that is outstanding immediately prior to the effective time of the merger will be cancelled and converted into a right to receive the merger consideration (and cash in lieu of any fractional share interest of Cascade common stock), from Cascade within ten days following the effective time of the merger, subject to any required tax withholding, upon delivery by the holder of the Home restricted stock to Cascade of a restricted stock cancellation agreement in a form reasonably satisfactory to Cascade. As of April 9, 2014, there were 77,488 shares of Home restricted stock outstanding.

Under the terms of the merger agreement, the Home board of directors is prohibited from issuing any stock awards, including Home restricted stock and Home stock options. However, the Home board of directors cannot disclose a fixed number of Home common stock to be cancelled and converted at the closing of the merger because holders of Home stock options have the ability to exercise Home stock options prior to the completion of the merger. The Home board of directors cannot predict how many Home stock options will be exercised prior to the closing and, thus, cannot predict the amount of Home common stock that will be cancelled and converted into the right to receive a proportionate share of the merger consideration.

For more information about the treatment of Home stock options and Home restricted stock in the merger, see the section under the heading The Merger Terms of the Merger Treatment of Home Stock Options and Restricted Shares beginning on page 60 and The Merger Terms of the Merger Illustrative Calculations of the Per Share Merger Consideration beginning on page 62.

Board of Directors of Cascade After the Merger

Pursuant to the merger agreement, Cascade will increase the size of each of the Cascade board of directors and the Cascade Bank board of directors from ten members to 14 members if requested in writing by Home at least ten business days prior to the closing date of the merger. If Home makes such a request, it will be entitled to designate four persons who are Home directors as of the date of the merger agreement to fill the newly created vacancies on each board to serve until the next annual meeting of stockholders and their successors are duly elected and qualified or their earlier death, resignation or removal in accordance with the organizational documents of Cascade or Cascade Bank, as applicable. As of the date of this document, Home has not determined whether it will request any seats on the Cascade board of directors. For more information, see the section under the heading The Merger Management and Board of Directors of Cascade After the Merger beginning on page 96.

Regulatory Approvals Required for the Mergers

Completion of the merger and the bank merger are subject to various regulatory approvals or waivers, including approvals or waivers from the Board of Governors of the Federal Reserve System, referred to as the Federal Reserve Board, the Federal Deposit Insurance Corporation, referred to as the FDIC, the Idaho Department of Finance, referred to as the Idaho Department, and the Oregon Division of Finance and Corporate Securities, referred to as the Oregon Division. The merger and the bank merger are also subject to the consent of any government-sponsored entity with respect to any loan program offered by it in which Home Bank participates. In addition, to fund the cash consideration and its transaction costs in the merger, Cascade has proposed to sell to Cascade Bank some of the shares of common stock of Cascade Bank that Cascade holds, referred to as the Cascade Bank stock purchase, requires the approval of the Oregon Division and the FDIC. Notifications and/or applications requesting approval for the merger or for the bank merger may also be submitted to other federal and state regulatory authorities and self-regulatory organizations. The companies have filed notices and applications to obtain the necessary regulatory approvals or waivers of the FDIC, the Idaho Department and the Oregon Division and will file all such required notices and applications with the Federal Reserve. As of the date of this document, the FDIC, the Oregon Division and the Idaho Department have granted their conditional approvals of the merger, the bank merger and the Cascade Bank stock purchase, as applicable. Although the companies currently believe they should be able to obtain all required regulatory waivers from the Federal Reserve Board in a timely manner, they cannot be certain when or if they will obtain them or, if obtained, whether they will contain terms, conditions or restrictions not currently contemplated that will be detrimental to or have a material adverse effect on the surviving company after the completion of the merger. The regulatory approvals or waivers to which completion of the merger and the bank merger are subject are described in more detail under the section entitled The Merger Regulatory Approvals Required for the Mergers beginning on page 101.

Conditions to Completion of the Merger

The obligations of Cascade and Home to complete the merger are each subject to the satisfaction or waiver of the following conditions:

approval of the Cascade merger proposal and the Cascade stock issuance proposal by the Cascade stockholders and approval of the Home merger proposal by the Home stockholders;
the shares of Cascade common stock to be issued in the merger shall have been authorized for listing on the NASDAQ;
the effectiveness of the registration statement on Form S-4, of which this document is a part, and the absence of a stop order or proceeding initiated or threatened by the SEC for that purpose;
no order, injunction or decree issued by any court or agency or other law preventing or making illegal the completion of the mergers or other transactions contemplated by the merger agreement shall be in effect;
the receipt of all regulatory authorizations, consents, orders, waivers or approvals from the Federal Reserve Board, the FDIC, the Idaho Department and the Oregon Division, as applicable and any other governmental approvals that are necessary to complete the transactions contemplated by the merger agreement or those the failure of which to be

obtained would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the surviving company;

the accuracy of the representations and warranties of the other party, other than, in most cases, those failures to be true and correct that would not reasonably be expected to result in a material adverse effect on such party;

17

performance in all material respects by the other party of the obligations required to be performed by it at or prior to the closing date of the merger;

with respect to Cascade s obligation to complete the merger, the receipt of certain third-party consents by Home (for more information, see the section entitled The Merger Agreement Conditions to Completion of the Merger Third-Party Consents beginning on page 116);

with respect to Cascade s obligation to complete the merger, Home s closing tangible net worth shall not be less than $150,000,000;

with respect to Cascade s obligation to complete the merger, the receipt of all regulatory authorizations, consents, orders or approvals without the imposition of any condition or requirement that, individually or in the aggregate, is reasonably expected by Cascade to have a material adverse effect on the surviving company;

with respect to Cascade s obligation to complete the merger, Home or Home Bank shall have obtained written consents from the FDIC under all shared-loss agreements to ensure that there will be no adverse change in loss coverage under the shared-loss agreements by reason of the completion of any of the transactions contemplated by the merger agreement; and

with respect to Home s obligation to complete the merger, the receipt by Home of the opinion of Vorys, Sater, Seymour and Pease LLP and a copy of the opinion of Hunton & Williams LLP rendered to Cascade as to certain tax matters.

For more information, please see the section entitled The Merger Agreement Conditions to Completion of the Merger beginning on page 115.

No Solicitation

Under the terms of the merger agreement, Home agreed not to initiate, solicit, encourage or knowingly facilitate inquiries or proposals with respect to, or engage in any discussions or negotiations concerning, or provide any confidential or nonpublic information or data concerning its and/or its subsidiaries business, properties or assets to, or have any discussions with, any person relating to any acquisition proposal. Notwithstanding these restrictions, at any time from the date of the merger agreement and prior to the approval of the Home merger proposal, the merger agreement provides that, under specified circumstances in response to a written, unsolicited acquisition proposal that the Home board of directors determines in good faith constitutes or is reasonably likely to result in a superior proposal, Home may (i) negotiate the terms of, and enter into, a confidentiality agreement with terms and conditions no less favorable to Home than the confidentiality agreement with Cascade, (ii) furnish confidential information concerning Home to the person or persons making the acquisition proposal and (iii) negotiate and participate in negotiations or discussions with the person or persons making such acquisition proposal if the Home board of directors determines in good faith (following consultation with counsel) that the failure to take such actions would result in a violation of its fiduciary duties under applicable law. The merger agreement also provides that, under specified circumstances, the Home board of directors may change its recommendation in response to a bona fide written unsolicited acquisition proposal made after the date of the merger agreement that the Home board of directors determines in good faith (after consultation with counsel) constitutes a superior proposal and may terminate the merger agreement to enter into the superior proposal. For more information, please see the section entitled The Merger Agreement No Solicitation beginning on page 114.

Termination of the Merger Agreement

Cascade and Home may mutually agree at any time to terminate the merger agreement without completing the merger, even if the Home stockholders have approved the Home merger proposal and the Cascade stockholders have approved the Cascade stock issuance proposal or the Cascade merger proposal.

18

TABLE OF CONTENTS

The merger agreement may also be terminated and the merger abandoned at any time prior to the effective time of the merger, as follows:

by either Home or Cascade, if any governmental entity whose approval is required to complete the mergers has denied such approval or any other governmental entity has issued a final and non-appealable order, injunction or decree permanently enjoining or prohibiting the merger or the bank merger, except to the extent that the denial of such approval is attributable to the failure of the party seeking to terminate the merger agreement to perform any covenant in the merger agreement;
by either Home or Cascade, if the merger has not been completed by June 30, 2014, except to the extent the failure to complete the merger by such date is due to the failure of the party seeking to terminate the merger agreement to perform its covenants and agreements in the merger agreement;
by either Home or Cascade (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement in the merger agreement), if the other party has breached any of its covenants, agreements, representations or warranties in the merger agreement and which breach (i) either individually or in the aggregate would result in the failure of the closing conditions to be satisfied and (ii) is not or cannot be cured within 20 days after written notice to the party committing such breach;
by Cascade if (i) the Home board of directors fails to recommend or withdraws or changes its recommendation to the Home stockholders to vote in favor of the Home merger proposal or (ii) Home materially breaches any of the no-solicitation provisions in the merger agreement;
by Home, prior to the Home stockholders approval of the Home merger proposal, in order to enter into an agreement relating to a superior proposal, provided that Home has not materially breached any of the no-solicitation provisions in the merger agreement and pays Cascade a termination fee;
by either Home or Cascade, if either company s stockholders fail to approve the merger proposals at the special meetings;
by Home if the Cascade board of directors fails to recommend or withdraws or changes its recommendation to the Cascade stockholders to vote in favor of the Cascade merger proposal or the Cascade stock issuance proposal; or
by Home, within two business days after the tenth day immediately preceding the closing date of the merger, if the Cascade average closing price is less than $4.25 unless Cascade adjusts the number of shares of Cascade common stock comprising the stock consideration to be issued to Home stockholders in the merger as provided in the merger agreement.

For more information, please see the section entitled The Merger Agreement Termination of the Merger Agreement beginning on page 116.

Termination Fees

The merger agreement requires Home to pay a termination fee of $8,000,000 to Cascade if:

the merger agreement is terminated by Cascade because (i) the Home board of directors fails to recommend or withdraws or changes its recommendation to the Home stockholders to vote in favor of the Home merger proposal or (ii) Home materially breaches any of the no-solicitation provisions in the merger agreement;
the merger agreement is terminated by Home, prior to the Home stockholders approval of the Home merger proposal, in order to enter into an agreement relating to a superior proposal, provided that Home has not materially breached any of the no-solicitation provisions in the merger agreement; or

TABLE OF CONTENTS

the merger agreement is terminated by either party because the Home stockholders failed to approve the Home merger proposal at the Home special meeting (other than in connection with a withdrawal or change of recommendation by the Home board of directors) and (i) prior to the time of termination an acquisition proposal had been publicly announced and (ii) within one year after the termination Home or any of its significant subsidiaries completes or enters into a definitive agreement with respect to an acquisition proposal.

The merger agreement requires Cascade to pay a termination fee of $8,000,000 to Home if:

the merger agreement is terminated by Home because the Cascade board of directors failed to recommend or withdraws or changes its recommendation to the Cascade stockholders to vote in favor of the Cascade merger proposal or the Cascade stock issuance proposal; or

the merger agreement is terminated by Home or Cascade because a governmental entity whose approval is required to complete the mergers has denied such approval or issued a final and nonappealable order, injunction or decree permanently enjoining or prohibiting the merger or the bank merger.

For more information, please see the section entitled The Merger Agreement Termination Fee beginning on page 117.

No Dissenters or Appraisal Rights

Neither Home stockholders nor Cascade stockholders are entitled to dissenters or appraisal rights in connection with the merger.

Material United States Federal Income Tax Consequences of the Merger

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Assuming the merger qualifies as a reorganization, a Home stockholder generally will not recognize any gain or loss upon receipt of Cascade common stock in exchange for Home common stock in the merger, and will recognize gain (but not loss) in an amount not to exceed any cash received as part of the merger consideration (other than any cash received in lieu of a fractional share of Cascade common stock, as discussed below under the section entitled Material United States Federal Income Tax Consequences of the Merger Cash Received In Lieu of a Fractional Share of Cascade Common Stock beginning on page 123). In addition, under certain circumstances, a portion of the merger consideration may be required to be withheld under applicable tax laws. It is a condition to the completion of the merger that Home receive an opinion of Vorys, Sater, Seymour and Pease LLP and a copy of the opinion of Hunton & Williams LLP rendered to Cascade, each dated as of the closing date of the merger and based on facts, representations and assumptions described in such opinion, to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; and in the case of the opinion of Hunton & Williams LLP, that the bank merger will not adversely affect the qualification of the merger as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. In addition, in connection with the filing of the registration statement of which this document is a part, each of Vorys, Sater, Seymour and Pease LLP and Hunton & Williams LLP has delivered an opinion to Home and Cascade, respectively, to the same effect as the opinions described above.

Tax matters are complicated, and the tax consequences of the merger to each Home stockholder may depend on such stockholder s particular facts and circumstances. Home stockholders are urged to consult their tax advisors to understand fully the tax consequences to them of the merger. For more information, please see the section entitled Material United States Federal Income Tax Consequences of the Merger beginning on page 121.

TABLE OF CONTENTS

Litigation Related to the Merger

Home and its directors were named as defendants in a putative class action and derivative lawsuit in connection with the proposed merger of Home and Cascade, styled *Sternheim Family Trust v. Home Federal Bancorp, Inc.*, in the Circuit Court for Baltimore City, Maryland. The amended complaint alleges, among other things, that the merger agreement was the product of breaches of fiduciary duty by Home s directors because the merger does not provide for full and fair value for Home stockholders; the merger agreement contains coercive deal protection measures; the directors improperly placed their interests ahead of stockholders interest in approving the merger agreement and the merger; and the directors have not disclosed all material facts about the merger. The plaintiff seeks, among other things, to enjoin completion of the merger. Home believes that the allegations of the amended complaint are without merit. On April 2, 2014, solely to avoid the costs, risks and uncertainties inherent in litigation, the defendants entered into a memorandum of understanding with the plaintiff regarding settlement of all claims asserted on behalf of the putative class of Home stockholders. If the court approves the settlement contemplated in the memorandum of understanding, the claims will be released and the amended complaint will be dismissed with prejudice. The proposed settlement terms require Home to make certain additional disclosures related to the merger, which disclosures are included in this document. Home stockholders who are members of the proposed settlement class will, at a later date, receive written notice containing the terms of the proposed settlement and proposed release of class claims and related matters. For more information, please see the section entitled Litigation Related to the Merger beginning on page 119.

Comparison of Stockholders Rights

The rights of Home stockholders who continue as Cascade stockholders after the merger will be governed by Oregon law and the articles of incorporation and bylaws of Cascade rather than by Maryland law and the articles of incorporation and bylaws of Home. For more information, please see the section entitled Comparison of Stockholders Rights beginning on page 184.

Risk Factors

Before voting at the Cascade special meeting or Home special meeting, you should carefully consider all of the information contained in this document, including the risk factors set forth in the section entitled Risk Factors beginning on page 31.

TABLE OF CONTENTS

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA FOR CASCADE

The following table summarizes consolidated financial results achieved by Cascade for the periods and at the dates indicated and should be read in conjunction with Cascade s consolidated financial statements and the notes to the consolidated financial statements contained elsewhere in this document. You should not assume the results of operations for past years indicate results for any future period.

	As of and for the year ended December 31, dollars in thousands (except per share data)				
	2013	2012	2011	2010	2009
Statements of Income:					
Total interest income	$50,985	$54,879	$67,100	$84,980	$106,811
Total interest expense	2,769	4,999	11,704	23,740	34,135
Net interest income (loss)	48,216	49,880	55,396	61,240	72,676
Loan loss provision	1,000	1,100	75,000	24,000	134,000
Net interest income (loss) after loan loss provision	47,216	48,780	(19,604)	37,240	(61,324)
Noninterest income	14,453	13,091	10,967	13,373	21,626
Noninterest expenses	60,970	55,841	83,199	73,749	94,716
Income (loss) before income taxes and extraordinary net gain	699	6,030	(91,836)	(23,136)	(134,414)
Income tax (provision) credit	50,146	(79)	11,721	9,481	19,585
Net income (loss) before extraordinary gain	50,845	5,951	(80,115)	(13,655)	(114,829)
Extraordinary gain on extinguishment of junior subordinated debentures, net of income taxes			32,839		
Net income (loss)	$50,845	$5,951	$(47,276)	$(13,655)	$(114,829)
Per share of common stock:					
Basic income (loss) per share	$1.08	$0.13	$(1.08)	$(4.87)	$(41.01)
Diluted income (loss) per share	1.07	0.13	(1.08)	(4.87)	(41.01)
Dividends					
Book value	3.97	2.97	2.81	3.52	8.30
Weighted-average basic common shares outstanding (in thousands)	47,187	47,128	43,628	2,805	2,800
Weighted-average diluted common shares outstanding (in thousands)	47,484	47,278	43,628	2,805	2,800

22

	As of and for the year ended December 31, dollars in thousands (except per share data) 2013	2012	2011	2010	2009
Period-end balances:					
Loans, net	$973,618	$829,057	$853,659	$1,177,045	$1,489,090
Securities	195,801	259,357	211,994	116,816	135,763
Total assets	1,406,219	1,301,417	1,303,450	1,716,458	2,172,128
Deposits	1,167,320	1,076,234	1,086,827	1,376,899	1,815,348
Total common shareholders equity (book)	188,715	140,775	132,881	10,056	23,318
Total common shareholders equity (tangible)	188,715	140,775	132,881	5,144	16,930
Average balances:					
Loans, net	$890,711	$822,366	$1,041,352	$1,320,997	$1,741,455
Securities	220,383	257,987	134,370	132,093	104,676
Total assets	1,356,637	1,298,351	1,552,935	1,914,924	2,295,589
Deposits	1,130,582	1,076,918	1,183,814	1,573,600	1,864,716
Shareholders equity	166,290	137,173	184,239	22,501	109,913
Selected ratios:					
Return on average shareholders equity (book)	28.89 %	4.34 %	(25.65)%	(60.69)%	(102.88)%
Return on average shareholders equity (tangible)	28.89 %	4.34 %	(25.65)%	(80.93)%	(109.94)%
Return on average total assets	3.78 %	0.46 %	(3.04)%	(0.71)%	(5.01)%
Pre-tax pre provision return on average assets	0.03 %	0.55 %	1.03 %	0.05 %	(1.49)%
Net interest spread	3.75 %	3.85 %	3.42 %	3.32 %	3.11 %
Net interest margin	3.90 %	4.11 %	3.85 %	3.51 %	3.43 %
Total revenue (net interest income + non-interest income)	62,699	62,971	66,363	74,613	94,302
Efficiency ratio	97.29 %	88.68 %	125.37 %	98.84 %	100.44 %

TABLE OF CONTENTS

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA FOR HOME

The following table summarizes consolidated financial results achieved by Home for the periods and at the dates indicated and should be read in conjunction with Home s consolidated financial statements and the notes to the consolidated financial statements contained elsewhere in this document and in reports that Home has previously filed with the SEC. Historical financial information for Home can be found in its Annual Report on Form 10-K for the year ended December 31, 2013. Please see the section entitled Where You Can Find More Information beginning on page i for instructions on how to obtain the information that Home has incorporated by reference.

	As of and for the year ended December 31,		Three months ended December 31,	As of and for the year ended September 30,		
	dollars in thousands (except per share data)					
	2013	2012	2011	2011	2010	2009
Statements of Income:						
Total interest income	$45,063	$49,149	$15,566	$51,067	$37,534	$35,827
Total interest expense	2,939	3,882	1,233	9,068	10,355	11,977
Net interest income	42,124	45,267	14,333	41,999	27,179	23,850
Provision (credit) for loan losses	(2,486)	(1,765)	(474)	11,396	10,300	16,085
Net interest income after provision for loan losses	44,610	47,032	14,807	30,603	16,879	7,765
Noninterest income[1]	1,049	(655)	(1,630)	15,045	16,679	9,291
Noninterest expenses	44,329	43,514	11,016	53,509	40,843	28,971
Income (loss) before income taxes	1,330	2,863	2,161	(7,861)	(7,285)	(11,915)
Income tax (provision) credit	(1,585)	(1,061)	(785)	3,232	2,889	4,750
Income (loss) before extraordinary item	(255)	1,802	1,376	(4,629)	(4,396)	(7,165)
Extraordinary item: Gain on acquisitions, net of					305	15,291

tax						
Net income (loss)	$(255)	$1,802	$1,376	$(4,629)	$(4,091)	$8,126
Per share of common stock:						
Basic net income (loss) per share	$(0.02)	$0.12	$0.09	$(0.30)	$(0.26)	$0.51
Diluted net income (loss) per share	(0.02)	0.12	0.09	(0.30)	(0.26)	0.51
Dividends	0.24	0.35	0.055	0.22	0.22	0.22
Book value	11.39	12.44	12.21	12.12	12.29	12.56
Average basic common shares outstanding	13,822,263	14,292,815	14,991,807	15,511,545	15,513,850	15,651,250
Average diluted common shares outstanding	13,822,263	14,297,987	14,991,807	15,511,545	15,513,850	15,651,250

(1) Please see the discussion of Home s FDIC indemnification asset below.

24

	As of and for the year ended December 31,		Three months ended December 31,	As of and for the year ended September 30,		
	dollars in thousands (except per share data)					
	2013	2012	2011	2011	2010	2009
Period-end balances:						
Loans held for sale	$	$	$	$2,088	$5,135	$862
Loans, net	407,451	409,846	449,908	468,213	621,010	510,629
Securities	390,648	420,505	399,877	380,847	275,180	169,320
Total assets	1,002,374	1,048,620	1,116,434	1,177,228	1,482,861	827,899
Deposits	818,451	850,888	906,099	959,509	1,189,662	514,858
Total common shareholders equity (book)	168,998	179,785	191,270	194,654	205,088	209,665
Total common shareholders equity (tangible)	166,936	177,262	188,184	191,408	201,117	209,665
Average balances:						
Loans held for sale	$	$	$1,012	$1,808	$1,719	$3,176
Loans, net	409,614	440,199	469,947	552,111	536,342	468,205
Securities	424,866	429,044	402,134	399,300	173,930	181,232
Total assets	1,025,911	1,079,059	1,142,555	1,336,232	1,012,830	724,746
Deposits	836,178	871,118	926,529	1,009,641	667,827	396,030
Shareholders equity	175,024	189,084	193,432	201,927	221,479	202,764
Selected ratios:						
Return on average shareholders equity (book)	(0.15)%	0.95%	2.81%	(2.29)%	(1.85)%	4.01%
Return on average shareholders equity (tangible)	(0.15)%	0.97%	2.85%	(2.33)%	(1.88)%	4.01%
Return on average total assets	(0.02)%	0.17%	0.48%	(0.35)%	(0.40)%	1.12%
Pre-tax pre provision return on average assets	(0.11)%	0.10%	0.59%	0.26%	0.30%	0.58%
Net interest spread	4.33%	4.47%	5.40%	3.35%	2.70%	2.69%
Net interest margin	4.45%	4.59%	5.54%	3.51%	3.09%	3.50%
Total revenue (net interest income + non-interest income)	43,173	44,612	12,703	57,044	43,858	33,141
Efficiency ratio	102.68%	97.54%	83.34%	93.80%	93.13%	87.42%

Intangible assets:						
CDI	$2,062	$2,523	$3,086	$3,246	$3,971	$
Total intangible assets (period end)	2,062	2,523	3,086	3,246	3,971	
Average intangible assets	2,295	2,815	3,190	3,445	3,624	
Average tangible equity	172,729	186,269	190,242	198,482	217,855	202,764

FDIC Indemnification Asset

Under the terms of the shared-loss agreements with the FDIC, the FDIC will reimburse Home Bank for most of the losses and certain related expenses and share in loss recoveries on loans, leases and REO covered under the shared-loss agreements. The FDIC indemnification asset is measured separately from each of the covered asset categories. The indemnification asset represents the present value of the estimated cash payments expected to be received from the FDIC for future losses on covered assets based on the credit adjustment estimated for each covered asset and the loss-sharing percentages. These cash flows are discounted to reflect the uncertainty of the timing and receipt of the loss sharing reimbursement from the FDIC. The FDIC indemnification asset will be reduced as loss sharing payments are received from the FDIC. Additionally, the

TABLE OF CONTENTS

difference between the present value and the undiscounted cash flow the Company expects to collect from the FDIC is accreted or amortized into noninterest income over the life of the FDIC indemnification asset.

Amounts receivable from the FDIC due to losses on covered assets purchased in the CFB Acquisition have been calculated at 80% of the first $34.0 million of losses on covered assets (acquired loans and REO). Estimated reimbursable losses in excess of $34.0 million have been calculated at 95% of the amount recoverable from the FDIC. Amounts receivable from the FDIC on covered assets purchased in the LibertyBank Acquisition have been estimated at 80% of all losses on covered assets. The following table summarizes activity in the FDIC indemnification asset during the periods presented (in thousands):

	Twelve Months Ended December 31, 2013	Twelve Months Ended December 31, 2012	Three Months Ended December 31, 2011	Twelve Months Ended September 30, 2011
Beginning balance	$ 10,846	$ 23,676	$ 33,863	$ 64,574
Increase due to LibertyBank Acquisition, net				
Amounts paid to (received from) the FDIC on recoveries or claims during the period	1,104	(2,290)	(5,063)	(35,009)
FDIC indemnification recovery (provision) for current period	(464)	(1,807)	(515)	9,313
Impairment of FDIC indemnification asset	(8,410)	(10,856)	(4,667)	(4,989)
Net increase (decrease) in estimated losses on REO and reimbursable expenses during the period	1,838	2,123	58	(26)
Ending balance	$ 4,914	$ 10,846	$ 23,676	$ 33,863

FDIC indemnification recovery (provision). The allowance for loan losses is increased by the provision for loan losses, which is charged against current period operating results and decreased by the amount of actual loan charge-offs, net of recoveries. Reductions in estimated or known losses may result in a reduction in the allowance for loan losses, which may be effected through a negative provision for loan losses. Provisions (including negative provisions) for losses on covered loans are recorded gross of recoverable amounts from the FDIC under the shared-loss agreements. The recoverable portion of the current period provision for loan losses on covered loans is recorded in noninterest income as FDIC indemnification recovery (provision) by multiplying the provision for loan losses by the indemnification rate (95% for CFB Acquisition loans and 80% for covered LibertyBank Acquisition loans). The following table details the provision for losses on covered loans and the related FDIC indemnification recovery (provision) for the periods presented (in thousands):

	Twelve Months Ended December 31, 2013	Twelve Months Ended December 31, 2012	Three Months Ended December 31, 2011	Twelve Months Ended September 30, 2011
Provision for loan losses on:				
Noncovered originated loans	$ (2,046)	$	$	$ 1,122
Purchased loans CFB Acquisition	(767)	(2,594)	(872)	7,320
Purchased loans LibertyBank Acquisition	327	829	398	2,954

Total gross provision for loan losses	(2,486)	(1,765)	(474)	11,396
Less: FDIC indemnification recovery (provision) reported in noninterest income:				
Noncovered originated loans				
Purchased loans CFB Acquisition	(729)	(2,464)	(829)	6,954
Purchased loans LibertyBank Acquisition	265	657	314	2,359
Total FDIC indemnification recovery (provision)	(464)	(1,807)	515	9,313

26

TABLE OF CONTENTS

	Twelve Months Ended December 31, 2013	Twelve Months Ended December 31, 2012	Three Months Ended December 31, 2011	Twelve Months Ended September 30, 2011
Net decrease (increase) to income before taxes				
Noncovered originated loans	(2,045)			1,122
Purchased loans CFB Acquisition	(38)	(130)	(43)	366
Purchased loans LibertyBank Acquisition	61	172	84	595
Net decrease (increase) in income (loss) before income taxes	$ (2,022)	$ 42	$ 41	$ 2,083

Impairment of FDIC indemnification asset. The difference between the present value and the undiscounted cash flow the Company expects to collect from the FDIC is amortized through noninterest income under Impairment of FDIC indemnification asset on the statement of operations. In October 2012, the Financial Accounting Standards Board issued Accounting Standard Update (ASU) 2012-06, *Subsequent Accounting for an Indemnification Asset Recognized at the Acquisition Date as a Result of a Government-Assisted Acquisition of a Financial Institution*, which requires post-acquisition changes in the value of an indemnification asset to be accounted for on the same basis as the change in the underlying asset subject to the indemnification. Any amortization of changes in value should be limited to the contractual term of the indemnification agreement (that is, the lesser of the term of the indemnification agreement or the remaining life of the indemnified assets). Therefore, the amount of impairment recorded each period is related to the estimated losses on and estimated cash flows from covered loans. The impairment is amortized over the life of the shared loss agreements (or the life of the related assets if shorter) and correlates to the cash flows of the related covered loans.

The amount of impairment recorded each period is highly volatile due the uncertainty of the timing of cash flows on the underlying covered loans. The rapid reduction in covered loan balances since the acquisitions has reduced expected future losses on covered loans. Fewer actual incurred losses and reimbursable expenses have been realized in the LibertyBank purchased loan portfolio than were originally estimated on the date of acquisition and the balance of covered loans classified as substandard has declined significantly, reducing estimated future losses and causing impairment in the FDIC indemnification asset. Additionally, the subsequent recovery from borrowers (or the sale of REO) of the indemnified balance of covered losses that had previously been submitted to the FDIC must be repaid to the FDIC by Home Bank. Therefore, a temporary impairment in the FDIC indemnification asset is recorded for the amounts to be paid to the FDIC at the next quarterly payment period to reflect the obligation.

TABLE OF CONTENTS

The following table summarizes the allocation of estimated losses in each of the acquisitions and the balance of total and classified covered loans (in thousands):

	December 31, 2013	December 31, 2012	December 31, 2011	September 30, 2011
Estimated losses recoverable at 80%	$ 2,966	$ 10,841	$ 23,786	$ 31,553
Estimated losses recoverable at 95%	2,675	2,288	4,892	9,074
Gross estimated losses	5,641	13,129	28,678	40,627
FDIC indemnification asset, net	$ 4,914	$ 10,846	$ 23,676	$ 33,863
Total covered assets, net of purchase discount	$ 64,000	$ 95,555	$ 153,398	$ 171,160
Covered loans classified substandard, net of purchase discount	9,750	22,444	41,671	41,965

The following table summarizes the impairment of the FDIC indemnification asset during the periods presented (in thousands):

	Twelve Months Ended December 31, 2013	Twelve Months Ended December 31, 2012	Three Months Ended December 31, 2011	Twelve Months Ended September 30, 2011
Impairment of FDIC indemnification asset	(8,410)	(10,856)	(4,667)	(4,989)

On the respective acquisition dates, the FDIC indemnification assets for the CFB Acquisition and the LibertyBank Acquisition were $30.0 million and $56.7 million, respectively. Through December 31, 2013, cumulative amounts received from the FDIC on losses on covered assets, net of recovery payments made by Home Bank to the FDIC, totaled $36.8 million and $29.2 million, on the covered assets purchased in the CFB Acquisition and LibertyBank Acquisition, respectively. At December 31, 2013, the FDIC indemnification asset balance of $4.9 million was comprised of $1.5 million of projected future losses on covered loans, $678,000 of incurred losses that were not yet eligible for submission to the FDIC and ($26,000) related to the estimate for recovery amounts to be paid to the FDIC in the fourth quarter of 2013. As a result, approximately $2.8 million of previously estimated losses will be amortized according to ASU 2012-06 through noninterest income between January 1, 2014, and September 30, 2015, which is the end of the agreement period for most of the covered assets under the LibertyBank Acquisition, unless additional losses are identified. Additionally, the amount of impairment could increase if projected losses are not incurred.

TABLE OF CONTENTS

UNAUDITED COMPARATIVE PER COMMON SHARE DATA

The following table shows per common share data regarding basic and diluted earnings, cash dividends and book value for (i) Cascade and Home on a historical basis, (ii) Cascade and Home on a pro forma combined basis and (iii) Home on a pro forma equivalent basis. The pro forma basic and diluted earnings per share information was computed as if the merger had been completed on December 31, 2013. The pro forma book value per share information was computed as if the merger had been completed on the dates presented.

The following pro forma information has been derived from and should be read in conjunction with Cascade s and Home s audited consolidated financial statements for the year ended December 31, 2013, included elsewhere in this document or incorporated by reference by Home. This information is presented for illustrative purposes only. You should not place undue reliance on the pro forma combined or pro forma equivalent amounts as they are not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the dates indicated, nor are they necessarily indicative of the future operating results or financial position of the surviving company. The pro forma information, although helpful in illustrating the financial characteristics of the surviving company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of restructuring and merger-related costs, or other factors that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results. The information below should be read in conjunction with the section entitled Unaudited Pro Forma Combined Condensed Consolidated Financial Statements beginning on page 124 and the other financial information contained in this document.

	Cascade Historical	Home Historical	Pro Forma Combined Cascade and Home	Pro Forma Home Shares Equivalent[(1)]
Book value per common share				
December 31, 2013	$ 3.97	$ 11.39 [(2)]	$ 4.39	$ 7.20
Cash dividends declared per common share[(3)]				
Year ended December 31, 2013	$ 0.00	$ 0.24	$ 0.00	$ 0.00
Basic earnings (loss) per common share				
Year ended December 31, 2013	$ 1.08	$ (0.02)	$ 0.78	$ 1.28
Diluted earnings (loss) per common share				
Year ended December 31, 2013	$ 1.07	$ (0.02)	$ 0.78	$ 1.27

(1) Computed by multiplying the Cascade pro forma combined amounts by the implied exchange ratio of 1.6389 as of December 31, 2013, and assuming that (i) there are no adjustments to the merger consideration as provided in the merger agreement and (ii) 14,832,757 shares of Home common stock, including Home restricted stock, are outstanding on December 31, 2013.

(2) Common equity of $168,998,000 divided by 14,832,757 shares of Home common stock.

(3) Pro forma cash dividends are based upon Cascade s historical practice of not paying dividends.

29

TABLE OF CONTENTS

COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION

The table below sets forth, for the calendar quarters indicated, the high and low closing prices per share, and the dividend paid per share, of Cascade common stock, which trades on the NASDAQ Capital Market under the symbol CACB, and Home common stock, which trades on the NASDAQ Global Select Market under the symbol HOME.

	Cascade Common Stock			Home Common Stock		
	High	Low	Dividend	High	Low	Dividend
2012						
First quarter	$ 6.24	$ 4.32	$	$ 11.18	$ 9.46	$ 0.055
Second quarter	$ 6.04	$ 4.45	$	$ 10.50	$ 8.82	$ 0.055
Third quarter	$ 5.81	$ 4.52	$	$ 11.44	$ 9.67	$ 0.060
Fourth quarter	$ 6.26	$ 4.68	$	$ 12.43	$ 10.33	$ 0.180
2013						
First quarter	$ 7.18	$ 5.61	$	$ 13.96	$ 11.06	$ 0.060
Second quarter	$ 6.67	$ 5.60	$	$ 13.34	$ 11.60	$ 0.060
Third quarter	$ 6.82	$ 5.80	$	$ 14.55	$ 11.97	$ 0.060
Fourth quarter	$ 5.99	$ 4.99	$	$ 15.59	$ 12.20	$ 0.060
2014						
First quarter	$ 5.74	$ 4.49	$	$ 15.70	$ 14.09	$ 0.060
Second quarter (through April 9, 2014)	$ 5.68	$ 5.10	$	$ 15.67	$ 15.01	$

The following table sets forth the closing sale prices per share of Cascade common stock and Home common stock on October 22, 2013, the last trading day before the public announcement of the signing of the merger agreement, and on April 9, 2014, the latest practicable date before the date of this document. The following table also includes the equivalent market value per share of Home common stock on October 22, 2013, and April 9, 2014, which is the most recent practicable date before the mailing of this document. The equivalent price per share of Home common stock on October 22, 2013, was computed by multiplying the 20-day weighted average closing price of a share of Cascade common stock ten days prior to such date by an assumed exchange ratio of 1.6739 and adding $7.87 as assumed per share amount of cash consideration to be received by a Home stockholder in the merger. The equivalent market value per share of Home common stock on October 22, 2013, assumes (i) Home s closing tangible net worth is $168.2 million, (ii) Home s final transaction costs do not exceed $18.0 million, (iii) 14,522,196 shares of Home common stock, including Home restricted stock, are issued and outstanding and (iv) $6.6 million is paid to holders of Home stock options in the merger. The equivalent price per share of Home common stock on April 9, 2014, was computed by multiplying the 20-day weighted average closing price of a share of Cascade common stock ten days prior to such date by an assumed exchange ratio of 1.6389 and adding $8.05 as assumed per share amount of cash consideration to be received by a Home stockholder in the merger. The equivalent market value per share of Home common stock on April 9, 2014, assumes (i) Home s closing tangible net worth is $170.5 million, (ii) Home s final transaction costs do not exceed $18.0 million, (iii) 14,832,478 shares of Home common stock, including Home restricted stock, are issued and outstanding and (iv) $3.9 million is paid to holders of Home stock options in the merger.

	Cascade Common Stock	Home Common Stock	Equivalent Market Value per Share of

			Home Common Stock[1]
October 22, 2013	$ 5.96	$ 12.77	$ 17.63
April 9, 2014	$ 5.10	$ 15.01	$ 16.83

(1) The equivalent market value per share of Home common stock is based on the 20-day weighted average closing price of Cascade common stock ten days prior to October 22, 2013, and April 9, 2014, of $5.83 and $5.36, respectively. The equivalent market value per share of Home common stock based on the closing price of Cascade common stock on October 22, 2013, of $5.96 is $17.85. The equivalent market value per share of Home common stock based on the closing price of Cascade common stock on April 9, 2014, of $5.10 is $16.41.

30

TABLE OF CONTENTS

RISK FACTORS

The merger, including the issuance of Cascade common stock and the other transactions contemplated by the merger agreement, involves significant risks. In addition to the other information contained in this document, including the matters addressed under the caption entitled Cautionary Statement Regarding Forward-Looking Statements, Home stockholders and Cascade stockholders should carefully read and consider the following factors in deciding whether to vote for each company s respective proposals.

Risks Related to Cascade s Business

Cascade may be restricted from paying or may determine not to pay dividends.

Cascade has not paid dividends to Cascade stockholders in several years and does not currently have plans to pay dividends in the future. As a result, Home stockholders who rely on dividend income from Home will no longer receive regular dividends on their shares of Home common stock after the completion of the merger. In addition, the projected dividends for Home stockholders set forth in the prospective financial data included in the section under the heading Certain Home Unaudited Prospective Financial Information beginning on page 84 will not be paid if the merger is completed.

Also, Cascade is a separate legal entity from Cascade Bank and substantially all of its revenues are derived from Cascade Bank dividends. Oregon law prohibits Cascade Bank from paying dividends to Cascade unless Cascade Bank has positive retained earnings. Cascade Bank received regulatory approval to adjust retained earnings to zero at September 30, 2012, but Cascade Bank s payment of dividends will remain constrained under Oregon law by the amount of increases in its returned earnings from that date. In addition, regulators previously have required Cascade to obtain permission prior to payment of dividends on Cascade common stock and prior to taking a dividend from Cascade Bank. Although such requirements have been terminated, it is possible that regulators may impose the same or similar requirements or limitations on the dividends. If Cascade Bank is unable to pay dividends to Cascade in the future, Cascade may not be able to pay dividends on Cascade common stock or pay its creditors, which could have a material adverse effect on Cascade s financial condition and results of operations.

Difficult economic and market conditions may continue to adversely affect Cascade s industry and business.

Cascade is operating in a challenging and uncertain economic environment, including generally uncertain global, national and local conditions. The significant economic contraction of 2007 to 2009 adversely affected business activity across a wide range of industries and regions. Businesses and consumers were negatively impacted and capital and credit markets experienced volatility and disruption. Economic conditions affect the ability of borrowers to pay interest on and repay principal of outstanding loans and affect the value of collateral securing loans. The economic contraction and related declines in real estate values caused an elevated level of impaired loans and an associated increase in loan loss provision and charge-offs, leading to Cascade net losses in 2009, 2010 and 2011.

Cascade s business is closely tied to the economies of Oregon and Idaho in general and is particularly affected by the economies of Central, Southern and Northwest Oregon, as well as the greater Boise/Treasure Valley, Idaho area. In addition, Cascade has a significant concentration in real estate lending which is directly affected by local and regional economic conditions. Approximately 71% of Cascade Bank s loan portfolio at December 31, 2013 consisted of loans secured by real estate-related loans, including construction and development loans, residential mortgage loans and commercial loans secured by commercial real estate, the vast majority of which are located in Oregon and Idaho. The economies of Oregon and Idaho have generally stabilized and/or are recovering. The housing market has improved with prices increasing in 2013. Vacancy rates for commercial properties have stabilized and small business owners are increasingly considering bank borrowings in order to grow. However, slow economic growth and the lingering effect of the 2007 to 2009 downturn continue to make for challenging operating conditions which may continue for some time and may have an adverse impact on Cascade.

Cascade may be required to increase its reserve for credit losses and to charge off additional loans in the future, which could adversely affect Cascade s results of operations.

Cascade maintains a reserve for credit losses in an amount that Cascade believes is adequate to provide for losses inherent in the loan portfolio. The level of the reserve reflects Cascade management s continuing evaluation of specific credit risks; loan loss experience; current loan portfolio quality; present economic, political and regulatory conditions; industry concentrations; and other unidentified losses inherent in Cascade s current loan portfolio. The determination of the appropriate level of the reserve for credit losses inherently involves a high degree of subjectivity and judgment and requires Cascade to make significant estimates of current credit risks and future trends. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of Cascade s control, may require an increase in the reserve for credit losses. Increases in non-performing loans have a significant impact on Cascade s reserve for credit losses. Generally, Cascade s non-performing loans reflect difficulties of individual borrowers resulting from continued financial stress on the borrowers asset values and cash flow abilities due to the weakened economy.

If real estate markets or the economy in general deteriorate or do not sufficiently recover, Cascade may experience increased delinquencies and credit losses. The reserve for credit losses may not be sufficient to cover actual loan-related losses. Additionally, banking regulators may require Cascade to increase its reserve for credit losses in the future, which could have a negative effect on Cascade s financial condition and results of operations.

Cascade s reserve for credit losses is a significant accounting estimate and may not be adequate to cover future loan losses, which could adversely affect its results of operations.

Cascade maintains a reserve for credit losses in an amount that Cascade believes is adequate to provide for losses inherent in the loan portfolio. While Cascade strives to monitor credit quality and to identify adversely risk rated loans on a consistent and timely basis, including those that may become non-performing, at any time there are loans in the portfolio that could result in losses that have not been identified as problem or non-performing loans. Estimation of the reserve requires Cascade to make various assumptions and judgments about the collectability of loans in Cascade s loan portfolio. These assumptions and judgments include historical loan loss experience, current credit profiles of Cascade Bank s borrowers, adverse situations that have occurred that may affect a borrower s ability to meet its financial obligations, the estimated value of underlying collateral and general economic conditions. Determining the appropriateness of the reserve is complex and requires judgment by Cascade management about the effect of matters that are inherently uncertain. Cascade cannot be certain that it will be able to identify deteriorating loans before they become non-performing assets or that it will be able to limit losses on those loans that have been identified. As a result, future increases to the reserve for credit losses may be necessary. Additionally, future increases to the reserve for credit losses may be required based on changes in the composition of the loans comprising the loan portfolio, deteriorating values in underlying collateral (most of which consists of real estate in the markets served) and changes in the financial condition of borrowers, such as those that may result from changes in economic conditions or as a result of incorrect assumptions by Cascade management in determining the reserve for credit loss.

Cascade s financial condition and ability to fund operations could be impaired by liquidity risk.

Liquidity is essential to Cascade s business. Cascade s primary funding source is customer deposits. In addition, Cascade Bank has historically had access to advances from the Federal Home Loan Bank of Seattle, referred to as the FHLB, the Federal Reserve Bank of San Francisco, referred to as the FRB, discount window and other wholesale sources such as Internet-sourced deposits to fund operations. Although Cascade has historically been able to replace maturing deposits and advances as necessary, it might not be able to replace such funds in the future. An inability to raise funds through traditional deposits, brokered deposits, borrowings, the sale of securities or loans could have a substantial negative effect on Cascade s liquidity. Cascade s access to funding sources on terms which are acceptable to

Cascade could be impaired by factors that affect Cascade specifically or the financial services industry or economy in general. Cascade has established a significant liquidity reserve as of December 31, 2013; however, Cascade s ability to borrow or attract and retain deposits in the future could be adversely affected by Cascade s financial condition or regulatory restrictions, or impaired by factors that are not specific to Cascade, such as FDIC insurance changes, disruption in the financial markets or negative views and expectations about the prospects for the banking industry. Cascade Bank s primary counterparty for borrowing purposes is the FHLB and liquid assets are mainly held at correspondent banks or the FRB. Borrowing capacity from the FHLB or FRB may fluctuate based upon the condition of Cascade Bank or the acceptability and risk rating of securities or loan collateral and counterparties could adjust discount rates applied to such collateral at their discretion. The FRB or FHLB could restrict or limit Cascade s access to secured borrowings. Correspondent banks can withdraw unsecured lines of credit or require collateralization for the purchase of federal funds. Liquidity also may be affected by Cascade Bank s routine commitments to extend credit.

Sources of funds may not remain adequate for liquidity needs and Cascade Bank may be compelled to seek additional sources of financing in the future. Additional borrowings, if sought, may not be available or, if available, may not be on favorable terms. If additional financing sources are unavailable or not available on reasonable terms to provide necessary liquidity, Cascade s financial condition, results of operations and future prospects could be materially and adversely affected.

The soundness of other financial institutions could adversely affect Cascade.

Cascade Bank is a public depository and, accordingly, accepts deposit funds that belong to, or are held for the benefit of, the State of Oregon, political subdivisions thereof, municipal corporations and other public funds. In accordance with applicable state law, in the event of default of one bank, all participating banks in the state collectively assure that no loss of funds is suffered by any public depositor. Generally, in the event of default by a depository of public funds in excess of collateral pledged, an assessment applicable to all public depositories is allocated on a pro rata basis in proportion to the maximum liability of each public depository as it existed on the date of loss. The maximum liability is dependent upon potential changes in regulations, the occurrence of Oregon bank failures and the level of public fund deposits held by the failing bank and cannot be presently determined.

In 2013, the amount of collateral Cascade Bank was required to pledge against Oregon public deposits was 50% of the uninsured portion of these Oregon public deposits, but the percentage of collateral required to be pledged could be increased in the future.

Cascade s ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. As a result, defaults by, or even rumors or questions about, one or more financial services institutions or the financial services industry generally have led to market-wide liquidity problems and could lead to losses or defaults by Cascade or by other institutions. Many of these transactions expose Cascade to credit risk in the event of default of Cascade s counterparty or client. In addition, Cascade s credit risk may be exacerbated when the collateral held by Cascade cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the financial instrument exposure. Such losses may materially and adversely affect Cascade s results of operations.

Real estate values could decline leading to additional and greater-than-anticipated loan charge-offs and valuation write downs on OREO and OREO-related management and disposition expenses.

Real estate owned by Cascade Bank and not used in the ordinary course of its operations is referred to as other real estate owned, or OREO. In its normal lending process, Cascade Bank may take a security interest in real estate as collateral for loans. In the event of obligor default, Cascade Bank may have the right to foreclose on such collateral and take title to it. At December 31, 2013, Cascade Bank had OREO with a carrying value of approximately $3.1 million. Generally, higher levels of OREO lead to greater expenses as Cascade Bank incurs costs to manage and dispose of the properties, including personnel costs, insurance, taxes, completion costs, repair costs and other costs associated with property ownership. There are also funding costs associated with OREO. Cascade Bank evaluates property values periodically and establishes valuation reserves, as appropriate, to adjust the carrying value of the properties to the lesser of book or appraised value, net of selling costs and any additional liquidation reserves to expedite the sale of such properties. Decreases in market prices may lead to additional OREO valuation reserves, with a corresponding expense in Cascade s consolidated statement of operations. Further valuation reserves of OREO or an inability to sell OREO properties could have a material adverse effect on Cascade s results of operations and financial condition.

TABLE OF CONTENTS

The banking industry and Cascade operate under certain regulatory requirements that may change significantly and in a manner that further impairs revenues, operating income and financial condition.

Cascade operates in a highly regulated industry and is subject to examination, supervision and comprehensive regulation by the Oregon Division, the FDIC and the Federal Reserve Board. The regulations affect Cascade s investment practices, lending activities and dividend policy, among other things. Moreover, federal and state banking laws and regulations undergo frequent and often significant changes and have been subject to significant change in recent years, sometimes retroactively applied, and may change significantly in the future. Changes to these laws and regulations or other actions by regulatory agencies could, among other things, make regulatory compliance more difficult or expensive for Cascade, limit the products Cascade can offer or increase the ability of non-banks to compete and could adversely affect Cascade in significant but unpredictable ways, which in turn could have a material adverse effect on Cascade s financial condition or results of operations.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, referred to as the Dodd-Frank Act, instituted major changes to the banking and financial institutions regulatory regimes in light of the performance of and government intervention in the financial services sector. Included in the Dodd-Frank Act are, for example, changes related to deposit insurance assessments, executive compensation and corporate governance requirements, payment of interest on demand deposits, interchange fees and overdraft services. The Dodd-Frank Act also requires the implementation of the Volcker Rule for banks and bank holding companies, which would prohibit proprietary trading, investment in and sponsorship of hedge funds and private equity funds, and otherwise limit the relationships with such funds. See the section entitled About Cascade Description of Cascade s Business The Dodd-Frank Act for more information. Many aspects of the Dodd-Frank Act are subject to rulemaking by various regulatory agencies and will take effect over several years, making it difficult at this time to anticipate the overall financial impact of this expansive legislation on Cascade, its customers or the financial industry generally. Likewise, any new consumer financial protection laws enacted by the Consumer Financial Protection Bureau, which was established pursuant to the Dodd-Frank Act, would apply to all banks and thrifts, and may increase Cascade s compliance and operational costs in the future.

In addition, the banking regulatory agencies adopted a final rule in July 2013 that implements the Basel III changes to the international regulatory capital framework and revises the U.S. risk-based and leverage capital requirements for U.S. banking organizations to strengthen identified areas of weakness in the capital rules and to address relevant provisions of the Dodd-Frank Act. The final rule establishes a stricter regulatory capital framework that requires banking organizations to hold more and higher-quality capital to act as a financial cushion to absorb losses and help banking organizations better withstand periods of financial stress. See the risk factor entitled Cascade may be subject to more stringent capital and liquidity requirements which would adversely affect Cascade s net income and future growth for more information.

Cascade cannot predict the substance or impact of pending or future legislation or regulation. Cascade s compliance with these laws and regulations is costly and may restrict certain activities, including payment of dividends, mergers and acquisitions, investments, loans and interest rates charged, interest rates paid on deposits, access to capital and brokered deposits and locations of banking offices. Failure to comply with these laws or regulations could result in fines, penalties, sanctions and damage to Cascade s reputation which could have an adverse effect on Cascade s business and financial results.

If Cascade fails to maintain sufficient capital under regulatory requirements, whether due to losses, an inability to raise additional capital or otherwise, that failure would adversely affect Cascade s financial condition, liquidity and results of operations, as well as Cascade s ability to maintain regulatory compliance.

Cascade and Cascade Bank must meet regulatory capital requirements and maintain sufficient liquidity. Cascade s ability to raise additional capital, when and if needed, will depend on conditions in the capital markets, economic conditions and a number of other factors, including investor preferences regarding the banking industry and market condition and governmental activities, many of which are outside Cascade s control, and on Cascade s financial condition and performance. Accordingly, Cascade may not be able to raise

TABLE OF CONTENTS

additional capital if needed or on terms acceptable to Cascade. If Cascade fails to meet these capital and other regulatory requirements, Cascade s financial condition, liquidity and results of operations would be materially and adversely affected.

Cascade may be subject to more stringent capital and liquidity requirements which would adversely affect Cascade s net income and future growth.

On July 2, 2013, the Federal Reserve Board, and on July 9, 2013, the FDIC and Office of the Comptroller of Currency, adopted a final rule that implements the Basel III changes to the international regulatory capital framework and revises the U.S. risk-based and leverage capital requirements for U.S. banking organizations to strengthen identified areas of weakness in capital rules and to address relevant provisions of the Dodd-Frank Act.

The final rule establishes a stricter regulatory capital framework that requires banking organizations to hold more and higher-quality capital to act as a financial cushion to absorb losses and help banking organizations better withstand periods of financial stress. The final rule increases capital ratios for all banking organizations and introduces a capital conservation buffer which is in addition to each capital ratio. If a banking organization dips into its capital conservation buffer, it may be restricted in its ability to pay dividends and discretionary bonus payments to its executive officers. The final rule assigns a higher risk weight (150%) to exposures that are more than 90 days past due or are on nonaccrual status and to certain commercial real estate facilities that finance the acquisition, development or construction of real property. The final rule also requires unrealized gains and losses on certain available-for-sale securities holdings to be included for purposes of calculating regulatory capital requirements unless a one-time opt-in or opt-out is exercised. The final rule also includes changes in what constitutes regulatory capital, some of which are subject to a two-year transition period. These changes include the phasing-out of certain instruments as qualifying capital. In addition, Tier 2 capital is no longer limited to the amount of Tier 1 capital included in total capital. Mortgage servicing rights, certain deferred tax assets and investments in unconsolidated subsidiaries over designated percentages of common stock will be required to be deducted from capital, subject to a two-year transition period. Finally, Tier 1 capital will include accumulated other comprehensive income (which includes all unrealized gains and losses on available for sale debt and equity securities), subject to a two-year transition period. Cascade has the one-time option in the first quarter of 2015 to permanently opt out of the inclusion of accumulated other comprehensive income in its capital calculation. Cascade is considering whether to opt out in order to reduce the impact of market volatility on its regulatory capital levels.

The final rule becomes effective for Cascade on January 1, 2015. Cascade has conducted a pro forma analysis of the application of these new capital requirements as of December 31, 2013 and has determined that Cascade meets all of these new requirements, including the full capital conservation buffer, as if these new requirements had been in effect on that date.

Although Cascade currently cannot predict the specific impact and long-term effects that Basel III will have on Cascade and the banking industry more generally, Cascade will be required to maintain higher regulatory capital levels which could impact Cascade s operations, net income and ability to grow. Furthermore, Cascade s failure to comply with the minimum capital requirements could result in Cascade s regulators taking formal or informal actions against Cascade which could restrict Cascade s future growth or operations.

The downgrade of U.S. government securities by the credit rating agencies could have a material adverse effect on Cascade s operations, results of operations and financial condition.

The recent debate in Congress regarding the national debt ceiling, federal budget deficit concerns and overall weakness in the economy resulted in actual and threatened downgrades of United States government securities by the various major credit ratings agencies, including Standard and Poor s and Fitch Ratings. While the federal banking agencies, including the Federal Reserve Board and the FDIC, have issued guidance indicating that, for risk-based capital purposes, the risk weights for United States Treasury securities and other securities issued or guaranteed by the United States government, government agencies and government-sponsored entities will not be affected by the downgrade, the downgrade of United States government securities by Standard and Poor s and the possible future downgrade of the federal government s credit rating by one or both of the other two major rating agencies (which has been forewarned by Fitch Ratings), could create

TABLE OF CONTENTS

uncertainty in the United States and global financial markets and cause other events which, directly or indirectly, could adversely affect Cascade s operations, results of operations and financial condition.

Cascade Bank s deposit insurance premium could be higher in the future, which could have a material adverse effect on its future results of operations.

The FDIC insures deposits at FDIC-insured financial institutions, including Cascade Bank. The FDIC charges the insured financial institutions assessments to maintain the Deposit Insurance Fund at a certain level; if an FDIC-insured financial institution fails, payments of deposits up to insured limits are made from the Deposit Insurance Fund. An increase in the risk category of Cascade Bank, adjustments to assessment rates and/or a special assessment could have an adverse effect on Cascade s results of operations.

Changes in the Federal Reserve Board s monetary or fiscal policies could adversely affect Cascade s results of operations and financial condition.

Cascade s results of operations will be affected by domestic economic conditions and the monetary and fiscal policies of the United States government and its agencies. The Federal Reserve Board has, and is likely to continue to have, an important impact on the operating results of depository institutions through its power to implement national monetary policy, among other things, in order to curb inflation or combat a recession. The Federal Reserve Board affects the levels of bank loans, investments and deposits through its control over the issuance of United States government securities, its purchases of government and other securities, its regulation of the discount rate applicable to member banks and its influence over reserve requirements to which member banks are subject. Cascade cannot predict the nature or impact of future changes in monetary and fiscal policies.

Cascade s controls and procedures may fail or be circumvented.

Management regularly reviews and updates Cascade s internal controls, disclosure controls and procedures and corporate governance policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met.

Historically low interest rates and changes in interest rates may adversely affect Cascade s net interest income and profitability.

In recent years, it has been the policy of the Federal Reserve Board to maintain interest rates at historically low levels through its targeted federal funds rate and the purchase of mortgage-backed securities. As a result, market rates on the loans Cascade has originated and the yields on securities Cascade has purchased have been at lower levels than available prior to 2008. This has been a significant factor in the decrease in the amount of Cascade s interest income to $51.0 million for the year ended December 31, 2013 from $54.9 million for the year ended December 31, 2012, and from $67.1 million for the year ended December 31, 2011. As a general matter, Cascade s interest-bearing assets reprice or mature slightly more quickly than Cascade s interest-earning liabilities, which have resulted in decreases in net interest income as interest rates decreased. However, Cascade s ability to lower its interest expense is limited at these interest rate levels while the average yield on Cascade s interest-earning assets may continue to decrease. The Federal Reserve Board has indicated its intention to maintain low interest rates for the next several years. Accordingly, Cascade s net interest income (the difference between interest income earned on assets and interest expense paid on liabilities) may continue to decrease, which will have an adverse effect on Cascade s profitability.

In addition, Cascade s results of operations are highly dependent on the difference between the interest earned on loans and investments and the interest paid on deposits and borrowings. Changes in market interest rates impact the rates earned on loans and investment securities and the rates paid on deposits and borrowings. In addition, changes to the market interest rates may impact the level of loans, deposits and investments and the credit quality of existing loans. These rates may be affected by many factors beyond Cascade s control, including general economic conditions and the monetary and fiscal policies of various governmental and regulatory authorities. Changes in interest rates may negatively impact Cascade s ability to attract deposits, make loans and achieve satisfactory interest rate spreads, which could adversely affect Cascade s financial condition or results of operations.

TABLE OF CONTENTS

Changes in accounting standards could affect reported earnings.

The bodies responsible for establishing accounting standards, including the Financial Accounting Standards Board, the SEC and other regulatory bodies, periodically change the financial accounting and reporting guidance that governs the preparation of Cascade s consolidated financial statements. These changes can be hard to predict and can materially impact how Cascade records and reports its financial condition and results of operations. In some cases, Cascade could be required to apply new or revised guidance retroactively.

The financial services business is intensely competitive and Cascade may not be able to compete effectively.

Cascade faces competition for its services from a variety of competitors. Cascade s future growth and success depend on its ability to compete effectively. Cascade competes for deposits, loans and other financial services with numerous financial service providers including banks, thrifts, credit unions, mortgage companies, broker dealers and insurance companies. To the extent these competitors have less regulatory constraints, lower cost structures or increased economies of scale, they may be able to offer a greater variety of products and services or more favorable pricing for such products and services. In addition, improvements in technology, communications and the Internet have intensified competition. As a result, Cascade s competitive position could be weakened, which could adversely affect Cascade s financial condition and results of operations.

Cascade Bank is a community bank and its ability to maintain its reputation is critical to the success of its business and the failure to do so may materially adversely affect Cascade s performance.

Cascade Bank is a community bank, and its reputation is one of the most valuable components of its business. A key component of Cascade Bank s business strategy is to rely on its reputation for customer service and knowledge of local markets to expand its presence by capturing new business opportunities from existing and prospective customers in its market area and contiguous areas. As such, Cascade Bank strives to conduct its business in a manner that enhances its reputation. This is done, in part, by recruiting, hiring and retaining employees who share Cascade Bank s core values of being an integral part of the communities Cascade Bank serves, delivering superior service to its customers and caring about its customers and associates. If Cascade s or Cascade Bank s reputation is negatively affected, by the actions of their employees, by their inability to conduct their operations in a manner that is appealing to current or prospective customers, or otherwise, Cascade s business and, therefore, its operating results may be materially adversely affected.

Cascade relies heavily on technology and computer systems, and computer failure could result in loss of business and adversely affect Cascade s financial condition and results of operations.

Advances and changes in technology could significantly affect Cascade s business, financial condition, results of operations and future prospects. Cascade faces many challenges, including the increased demand for providing customers access to their accounts and the systems to perform banking transactions electronically. Cascade s ability to compete depends on its ability to continue to adapt technology on a timely and cost-effective basis to meet these demands. In addition, Cascade s business and operations are susceptible to negative effects from computer system failures, communication and energy disruption and unethical individuals with the technological ability to cause disruptions or failures of its data processing systems.

Risks associated with Cascade s Internet-based systems and online commerce security, including hacking and identify theft, could adversely affect Cascade s business.

Cascade has a website and conducts a portion of its business over the Internet. Cascade relies heavily upon data processing, including loan servicing and deposit processing software, communications systems and information systems from a number of third parties to conduct its business. Third party, or internal, systems and networks may fail to operate properly or become disabled due to deliberate attacks or unintentional events. Cascade s operations are vulnerable to disruptions from human error, natural disasters, power loss, computer viruses, spam attacks, denial of service attacks, unauthorized access and other unforeseen events. Undiscovered data corruption could render Cascade s customer information inaccurate. These events may obstruct Cascade s ability to provide services and process transactions. While Cascade believes that it is in compliance with all applicable privacy and data security laws, an incident could put its customer confidential information at risk.

37

TABLE OF CONTENTS

Although Cascade has not experienced a cyber-incident that has been successful in compromising its data or systems, Cascade can never be certain that all of its systems are entirely free from vulnerability to breaches of security or other technological difficulties or failures. Cascade monitors and modifies, as necessary, its protective measures in response to the perpetual evolution of cyber threats.

A breach in the security of any of Cascade s information systems, or other cyber incident, could have an adverse impact on, among other things, its revenue, ability to attract and maintain customers and business reputation. In addition, as a result of any breach, Cascade could incur higher costs to conduct its business, to increase protection, or related to remediation.

Furthermore, Cascade s customers could incorrectly blame Cascade and terminate their accounts with Cascade for a cyber-incident which occurred on their own system or with that of an unrelated third party. In addition, a security breach could also subject Cascade to additional regulatory scrutiny and expose Cascade to civil litigation and possible financial liability.

Finally, on February 12, 2013, the Obama Administration released an executive order, Improving Critical Infrastructure Cybersecurity, referred to as the Executive Order, which is focused primarily on government actions to support critical infrastructure owners and operators in protecting their systems and networks from cyber threats. The Executive Order requires the development of risk-based cybersecurity standards, methodologies, procedures, and processes, a so-called Cybersecurity Framework, that can be used voluntarily by critical infrastructure companies to address cyber risks. The Executive Order also will steer certain private sector companies to comply voluntarily with the Cybersecurity Framework. It is unclear at this time what impact the Executive Order will have on Cascade s internet-based systems and online commerce security.

Cascade continually encounters technological changes which could result in Cascade having fewer resources than many of its competitors to continue to invest in technological improvements.

Frequent introductions of new technology-driven products and services in the financial services industry result in the need for rapid technological change. In addition, the effective use of technology may result in improved customer service and reduced costs. Cascade s future success depends, to a certain extent, on its ability to identify the needs of customers and address those needs by using technology to provide the desired products and services and to create additional efficiencies in its operations. Certain competitors may have substantially greater resources to invest in technological improvements. Cascade may not be able to successfully implement new technology-driven products and services or to effectively market these products and services to Cascade s customers. Failure to implement the necessary technological changes could have a material adverse impact on Cascade s business and, in turn, Cascade s financial condition and results of operations.

Cascade may not be able to attract or retain key banking employees which could adversely impact Cascade s business and operations.

Cascade expects future success to be driven in large part by the relationships maintained with its customers by its executives and senior lending officers. Cascade has entered into employment agreements with several members of senior management. The existence of such agreements, however, does not necessarily ensure that Cascade will be able to continue to retain their services.

Cascade s future successes and profitability are substantially dependent upon the management and banking abilities of its senior executives. Cascade strives to attract and retain key banking professionals, management and staff. Competition to attract the best professionals in the industry can be intense which will limit Cascade s ability to hire new professionals. Banking-related revenues and net income could be adversely affected in the event of the unexpected loss of key personnel.

Changes or disruptions in the market for certain securities in Cascade s investment portfolio could negatively affect the value of those securities.

Cascade s investment portfolio securities include obligations of, and mortgage-backed securities guaranteed by, government sponsored enterprises such as the Federal National Mortgage Association, referred to as Fannie Mae, the Government National Mortgage Association, referred to as Ginnie Mae, the Federal Home

38

Loan Mortgage Corporation, referred to as Freddie Mac, and the FHLB or otherwise backed by Federal Housing Administration or Veteran s Administration guaranteed loans; however, volatility or illiquidity in financial markets may cause investment securities held within Cascade s investment portfolio to fall in value or become less liquid. The FRB s actions to increase the money supply (sometimes referred to as quantitative easing) may be curtailed or ended which may cause a decline in the value of securities held by Cascade. Uncertainty surrounding the credit risk associated with mortgage collateral or guarantors may cause material discrepancies in valuation estimates obtained from third parties. Volatile market conditions may reduce valuations due to the perception of heightened credit and liquidity risks in addition to interest rate risk typically associated with these securities. Declines in market value associated with these disruptions would result in impairments of these assets, which would lead to accounting charges that could have a material adverse effect on Cascade s results of operations, equity and capital ratios.

Cascade could be subject to environmental liabilities with respect to properties to which it takes title.

In the course of business, Cascade may foreclose and take title to real estate and could be subject to environmental liabilities with respect to these properties. Cascade may be held liable to a governmental entity or to third parties for property damage, personal injury and investigation and clean-up costs incurred by these parties in connection with environmental contamination or may be required to investigate or remediate hazardous or toxic substances at a property. The costs associated with investigation or remediation activities could be substantial. In addition, if Cascade is the owner or former owner of a contaminated site, it may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the contaminated site. If Cascade becomes subject to significant environmental liabilities, its business, financial condition and results of operations could be adversely affected.

Cascade s profitability and liquidity may be adversely affected by deterioration in the credit quality of, or defaults by, third parties who owe it money.

Cascade is exposed to the risk that third parties that owe it money will not perform their obligations. These parties may default on their obligations to Cascade due to bankruptcy, lack of liquidity, operational failure or other reasons. Cascade s rights against third parties may not be enforceable in all circumstances. In addition, deterioration in the credit quality of third parties whose securities or obligations Cascade holds could result in losses and/or adversely affect Cascade s ability to use those securities or obligations for liquidity purposes. Cascade relies on representations of potential borrowers and/or guarantors as to the accuracy and completeness of certain financial information. Cascade s financial condition and results of operations could be negatively impacted if the financial statements or other information that Cascade relies upon is materially misleading.

Realization of deferred tax assets is dependent upon Cascade generating future taxable income and is subject to limitations arising from the Capital Raise that could result in permanent impairment of a material portion of Cascade s deferred tax assets and/or limit deductibility of certain losses.

Realization of deferred tax assets is generally dependent upon Cascade s ability to generate future taxable income. In addition, application of complex tax regulations arising from the Capital Raise (which Capital Raise is discussed under the section entitled About Cascade Description of Cascade s Business Capital Raise and Sale of Loans Completed in 2011) may otherwise limit tax deductions. As broadly defined in Section 382 of the Internal Revenue Code, the issuance of Cascade common stock in connection with the Capital Raise in 2011 resulted in an ownership change of Cascade. As a result of the ownership change, utilization of Cascade s net operating loss carry-forwards, tax credit carry-forwards and certain built-in losses under federal income tax laws will be subject to annual limitations and may be disallowed. The annual limitation imposed under Section 382 of the Internal Revenue Code may limit the deduction for both the carry-forward tax attributes, and for any built-in losses realized within five years of the date of the ownership change. For more information about Cascade s deferred tax assets, see the section entitled Cascade s Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Acounting Policies and Estimates Deferred Income Taxes.

39

TABLE OF CONTENTS

Cascade could be subject to fines, sanctions or other adverse consequences if it fails to comply with the USA PATRIOT Act, Bank Secrecy Act, Real Estate Settlement Procedures Act, Truth in Lending Act, Home Mortgage Disclosure Act, Fair Lending Laws or other laws and regulations.

Financial institutions are required under the USA PATRIOT Act and Bank Secrecy Act to develop programs to prevent financial institutions from being used for money-laundering and terrorist activities. Financial institutions are also obligated to file suspicious activity reports with the United States Treasury Department s Office of Financial Crimes Enforcement Network if such activities are detected. These rules also require financial institutions to establish procedures for identifying and verifying the identity of customers seeking to open new financial accounts. Failure or the inability to comply with these regulations could result in fines or penalties, intervention or sanctions by regulators and costly litigation or expensive additional controls and systems. In recent years, several banking institutions have received large fines for non-compliance with these laws and regulations. In addition, Cascade is required to develop compliance management systems designed to detect and prevent violations of the Real Estate Settlement Procedures Act, Truth in Lending Act, Home Mortgage Disclosure Act, Fair Lending Laws and similar laws and regulations. The federal government has imposed and is expected to expand these and other laws and regulations relating to residential and consumer lending activities that create significant new compliance burdens and financial risks. Cascade has developed policies and continue to augment procedures and systems designed to assist in compliance with these laws and regulations, however it is possible for such safeguards to fail or prove deficient during the implementation phase to avoid non-compliance with such laws.

Cascade s operations may be adversely affected by reliance on certain external vendors.

Cascade relies on certain external vendors to provide products and services necessary to maintain day-to-day operations of Cascade. Accordingly, Cascade s operations are exposed to risk that these vendors will not perform in accordance with the contracted arrangements under service level agreements. The failure of an external vendor to perform in accordance with the contracted arrangements under service level agreements, because of changes in the vendor s organizational structure, financial condition, support for exiting products and services or strategic focus or for any other reason, could be disruptive to operations, which could have a material adverse impact on Cascade s business and, in turn, financial condition and results of operations.

Risks Related to the Merger

Because the market price of Cascade common stock will fluctuate and the stock consideration and the cash consideration are subject to adjustment, Home stockholders cannot be certain of the market value of the merger consideration they will receive.

If the merger is completed, each holder of Home common stock outstanding immediately prior to the completion of the merger will receive his, her or its proportional share of (1) 24,309,066 shares of Cascade common stock, referred to as the stock consideration, and (2) $120,800,000 in cash (x) plus or minus the amount by which Home s closing tangible net worth is above or below $168,100,000, as the case may be, (y) minus the aggregate cash paid to holders of Home stock options in the merger and (z) minus the amount that Home s transaction costs exceed $18,000,000, referred to as the cash consideration.

The market value of the merger consideration on the date the merger is completed may differ from the market value of the merger consideration on the date Cascade announced the merger, on the date that this document was mailed to Cascade stockholders or Home stockholders, and on the date of the Cascade special meeting or the Home special meeting. In addition, the exact value of the cash consideration cannot be determined at the time of the Home special meeting because it is subject to adjustment based on Home s closing tangible net worth, the aggregate cash paid to holders of Home stock options in the merger and Home s transaction costs incurred or accrued through the effective time of the merger. Any change in the market price of Cascade common stock or Home s closing tangible net worth prior to the completion of the merger will affect the value of the merger consideration that Home stockholders will receive upon completion of the merger. Changes in Cascade stock price or Home s closing tangible net worth may result from a variety of factors that are beyond the control of Cascade and Home, including but not limited to general market and economic conditions, changes in Cascade s and Home s respective businesses, operations and prospects and regulatory considerations. The number of Home stock options that are in-the-money at the effective time of the merger and the extent to which Home s transaction costs exceed $18,000,000 will also affect the value of the cash consideration that Home stockholders will receive upon completion of the merger. Home s transaction costs include, among other things, costs and expenses associated with obtaining regulatory approvals or waivers and third-party consents, the preparation of this document and legal fees and expenses associated with the merger agreement, the merger and Home stockholder litigation relating to the merger. Therefore, at the time of the Home special meeting, Home stockholders will not know the precise value of the merger consideration they will be entitled to receive upon the completion of the merger. Home stockholders should obtain current market quotations for shares of Cascade common stock and for shares of Home common stock.

For additional information on how the merger consideration will be determined, see the sections under the headings The Merger Terms of the Merger Merger Consideration beginning on page 58 and The Merger Terms of the Merger Illustrative Calculations of the Per Share Merger Consideration beginning on page 62.

Cascade stockholders and Home stockholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

Cascade stockholders currently have the right to vote in the election of the Cascade board of directors and on other matters affecting Cascade. Home stockholders currently have the right to vote in the election of the Home board of directors and on other matters affecting Home. Upon the completion of the merger, each company s stockholders will be a stockholder of Cascade with a percentage ownership of Cascade that is smaller than such stockholder s current percentage ownership of Cascade or Home, as applicable. It is currently expected that the former stockholders of Home as a group will receive shares of Cascade common stock in the merger constituting approximately 33.82% of the outstanding shares of the surviving company s common stock immediately after the merger. As a result, current Cascade stockholders as a group will own approximately 66.18% of the outstanding shares of the surviving company immediately after the merger. Because of this, Home stockholders and Cascade stockholders will have less influence on the management and policies of the surviving company than they now have on the management and policies of Cascade or Home, as applicable.

The issuance of shares of Cascade common stock to Home stockholders in connection with the merger will substantially dilute the voting power of current Cascade stockholders.

Pursuant to the terms of the merger agreement, and based on the number of shares of Home common stock outstanding as of the date of the merger agreement, it is anticipated that Cascade will issue shares of Cascade common stock to Home stockholders representing approximately 33.82% of the outstanding shares of Cascade common stock as of immediately following the completion of the merger. Accordingly, the issuance of shares of Cascade common stock to Home stockholders in connection with the merger will significantly reduce the relative voting power of each share of Cascade common stock held by current Cascade stockholders.

Sales of substantial amounts of Cascade common stock in the open market by former Home stockholders could depress Cascade stock price.

Shares of Cascade common stock that are issued to Home stockholders in the merger will be freely tradable without restrictions or further registration under the Securities Act. As of the record date, Cascade had approximately 47,562,849 shares of common stock outstanding and 4,572,513 shares of Cascade common stock were reserved for issuance under the Cascade stock plan. Unless the number of shares of Cascade common stock is adjusted as required by the merger agreement, Cascade will issue 24,309,066 shares of Cascade common stock in connection with the merger.

If the merger is completed and if Home s former stockholders sell substantial amounts of Cascade common stock in the public market following completion of the merger, the market price of Cascade common stock may decrease. These sales might also make it more difficult for Cascade to sell equity or equity-related securities at a time and price that it otherwise would deem appropriate.

41

The merger is subject to certain closing conditions that, if not satisfied or waived, will result in the merger not being completed, which may cause the prices of Cascade common stock or Home common stock to decline.

The merger is subject to customary conditions to closing, including the receipt of required regulatory approvals or waivers and approval of the Cascade stockholders and Home stockholders. If any condition to the merger is not satisfied or waived, to the extent permitted by law, the merger will not be completed. In addition, Cascade and Home may terminate the merger agreement under certain circumstances even if the merger agreement is approved by Cascade stockholders and Home stockholders. If Cascade and Home do not complete the merger, the trading prices of Cascade common stock or Home common stock may decline to the extent that the current prices reflect a market assumption that the merger will be completed. In addition, neither company would realize any of the expected benefits of having completed the merger. If the merger is not completed and the Home board of directors seeks another merger or business combination, Home stockholders cannot be certain that Home will be able to find a party willing to offer equivalent or more attractive consideration than the consideration Cascade has agreed to provide in the merger. If the merger is not completed, additional risks could materialize, which could materially and adversely affect the business, financial condition and results of Cascade or Home.

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be met.

Before the transactions contemplated by the merger agreement, including the merger and the bank merger, may be completed, various approvals or waivers must be obtained from bank regulatory authorities. These governmental entities may impose conditions on the granting of such approvals or waivers. Such conditions or changes and the process of obtaining regulatory approvals or waivers could have the effect of delaying completion of the merger or of imposing additional costs or limitations on Cascade following the merger. The regulatory approvals or waivers may not be received at all, may not be received in a timely fashion or may contain conditions on the completion of the merger that are not anticipated or cannot be met. If the completion of the merger is delayed, including by a delay in receipt of necessary governmental approvals or waivers, the business, financial condition and results of operations of each company may also be materially adversely affected. In addition, in some circumstances, the merger agreement requires Cascade to pay Home a termination fee equal to $8,000,000 if the merger agreement is terminated due to the failure to receive certain required regulatory approvals or waivers.

The merger is conditioned on obtaining consents from third parties that may not be obtained or that may contain an unfavorable restriction or condition.

Cascade s obligation to complete the merger is conditioned on, among other things, obtaining certain consents or waivers from third parties doing business with Home. The consents or waivers may not be obtained at all, the consents or waivers may not be obtained in a timely fashion or the terms of the consents or, if obtained, waivers may contain a restriction or condition that would have an adverse effect on the surviving company.

Cascade intends to fund the cash consideration through the Cascade Bank stock purchase which requires regulatory approval that may not be obtained.

Cascade intends to fund the cash consideration and its transaction costs in the merger by completing the Cascade Bank stock purchase. The Cascade Bank stock purchase requires the approval of the Oregon Division and the FDIC. The

Oregon Division or the FDIC may not approve the Cascade Bank stock purchase at all, in a timely manner or with conditions that are not anticipated or cannot be met. In that event, Cascade would have to fund the transactions by other means or restructure the merger in accordance with the merger agreement so that Cascade Bank pays the cash consideration directly to the Home stockholders.

Combining the two companies may be more difficult, costly or time consuming than expected and the anticipated benefits and cost savings of the merger may not be realized.

Cascade and Home have operated and, until the completion of the merger, will continue to operate, independently. The success of the merger, including anticipated benefits and cost savings, will depend, in part, on the successful combination of the businesses of Cascade and Home. To realize these anticipated benefits

TABLE OF CONTENTS

and cost savings, after the completion of the merger, Cascade expects to integrate Home s business into its own. It is possible that the integration process could result in the loss of key employees, the disruption of each company s ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the surviving company s ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits and cost savings of the merger. These transition matters could have an adverse effect on each of Cascade and Home during the pre-merger period and for an undetermined amount of time after the completion of the merger. In addition, it is also possible that clients, customers, depositors and counterparties of Cascade or Home could choose to discontinue their relationships with the surviving company after the merger is completed because they prefer doing business with an independent company or for any other reason, which would have an adverse effect on the surviving company s financial results and the value of its common stock. If Cascade experiences difficulties with the integration process, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected.

Failure of the merger to be completed, the termination of the merger agreement or a significant delay in the completion of the merger could negatively impact Cascade and Home.

The merger agreement is subject to a number of conditions which must be fulfilled in order to complete the merger. Those conditions include, among others: (i) approval of the merger agreement by Home stockholders and the Cascade stockholders, (ii) approval of the issuance of the shares of Cascade common stock in connection with the merger by Cascade stockholders, (iii) receipt of requisite regulatory approvals or waivers, (iv) absence of any governmental order or law prohibiting completion of the merger, (v) effectiveness of the registration statement of which this document is a part, (vi) receipt of certain consents of third parties and (vii) Home s closing tangible net worth is not less than $150,000,000.

These conditions to the completion of the merger may not be fulfilled and, accordingly, the merger may not be completed. In addition, if the merger is not completed by June 30, 2014, either Cascade or Home may choose not to proceed with the merger, and the companies can mutually decide to terminate the merger agreement at any time, before or after stockholder approval.

If the merger is not completed, the ongoing business, financial condition and results of operations of each company may be materially adversely affected and the market price of each company s common stock may decline significantly, particularly to the extent that the current market price reflects a market assumption that the merger will be completed. If the completion of the merger is delayed, the business, financial condition and results of operations of each company may be materially adversely affected.

In addition, each company has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement. If the merger is not completed, the companies would have to recognize these expenses without realizing the expected benefits of the transaction. Any of the foregoing, or other risks arising in connection with the failure of or delay in completing the merger, including the diversion of management attention from pursuing other opportunities and the constraints in the merger agreement on the ability to make significant changes to each company s ongoing business during the pendency of the merger, could have a material adverse effect on each company s business, financial condition and results of operations.

Additionally, Cascade s or Home s business may have been adversely impacted by the failure to pursue other beneficial opportunities due to the focus of management on the merger, without realizing any of the anticipated benefits of completing the merger, and the market price of Cascade common stock or Home common stock might decline to the extent that the current market price reflects a market assumption that the merger will be completed. If the merger agreement is terminated and a company s board of directors seeks another merger or business combination, such company s stockholders cannot be certain that such company will be able to find a third party willing to engage in a transaction on more attractive terms than the merger.

43

TABLE OF CONTENTS

Cascade and Home will be subject to business uncertainties and contractual restrictions while the merger is pending that could adversely affect Cascade s and Home s business, financial condition and results of operations.

Uncertainty about the effect of the merger on employees, customers, suppliers and vendors may have an adverse effect on the business, financial condition and results of operations of Home and Cascade. These uncertainties may impair Cascade s or Home s ability to attract, retain and motivate key personnel, depositors and borrowers pending the completion of the merger, as such personnel, depositors and borrowers may experience uncertainty about their future roles following the completion of the merger. Additionally, these uncertainties could cause customers (including depositors and borrowers), suppliers, vendors and others who deal with the companies to seek to change existing business relationships with the companies or fail to extend an existing relationship with the surviving company. In addition, competitors may target each company s existing customers by highlighting potential uncertainties and integration difficulties that may result from the merger.

Cascade and Home have a small number of key personnel. The pursuit of the merger and the preparation for the integration may place a burden on each company s management and internal resources. Any significant diversion of management attention away from ongoing business concerns and any difficulties encountered in the transition and integration process could have a material adverse effect on each company s business, financial condition and results of operations.

In addition, the merger agreement restricts each company from taking certain actions without the other company s consent while the merger is pending. These restrictions may, among other matters, prevent Home from pursuing otherwise attractive business opportunities, selling assets, incurring indebtedness, engaging in significant capital expenditures in excess of certain limits set forth in the merger agreement, entering into other transactions or making other changes to Home s business prior to completion of the merger or termination of the merger agreement. These restrictions may prevent Cascade from issuing securities, incurring indebtedness (other than in connection with the transactions contemplated by the merger agreement, drawing on Cascade s existing credit facility or indebtedness incurred by Cascade Bank) or taking other significant actions. These restrictions could have a material adverse effect on each company s business, financial condition and results of operations. Please see the section entitled The Merger Agreement Conduct of Business Prior to the Completion of the Merger beginning on page 109 for a description of the restrictive covenants applicable to Home and Cascade.

Home directors and executive officers have interests in the merger different from the interests of other Home stockholders.

Home s executive officers and directors have interests in the merger that are different from, or in addition to, the interests of Home stockholders generally. Such interests include the rights to accelerated vesting of equity awards, payments in connection with the termination of service and the right to indemnification and insurance coverage following the completion of the merger. These interests are described in more detail under the section entitled The Merger Interests of Home Directors and Executive Officers in the Merger beginning on page 97.

Shares of Cascade common stock to be received by Home stockholders as a result of the merger will have rights different from the shares of Home common stock.

Upon completion of the merger, the rights of former Home stockholders will be governed by the articles of incorporation and bylaws of Cascade. The rights associated with Home common stock are different from the rights associated with Cascade common stock. In addition, Home and Cascade are organized under Maryland law and Oregon law, respectively. Please see the section entitled Comparison of Stockholders Rights beginning on page 184 for a discussion of the different rights associated with Cascade common stock.

The merger agreement limits Home s ability to pursue an alternative transaction and requires Home to pay a termination fee of $8,000,000 under certain circumstances relating to accepting a superior proposal.

The merger agreement includes a general prohibition on Home from soliciting or, subject to certain exceptions, entering into discussions with any third party regarding any acquisition proposal or offers for competing transactions. Under the merger agreement, Home is also required to pay Cascade a termination fee

TABLE OF CONTENTS

equal to $8,000,000 if it terminates the merger agreement to accept a superior proposal. These provisions may discourage a potential competing acquirer that might have an interest in acquiring Home from considering or proposing such an acquisition. For further information, please see the section entitled The Merger Agreement No Solicitation beginning on page 114.

The surviving company expects to incur substantial expenses related to the merger that could adversely affect its business after the merger.

The surviving company expects to incur substantial expenses in connection with completion of the merger and combining the business, operations, networks, systems, technologies, policies and procedures of the two companies. Although Cascade and Home have assumed that a certain level of transaction and combination expenses would be incurred, there are a number of factors beyond their control that could affect the total amount or the timing of their combination expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. Due to these factors, the transaction and combination expenses associated with the merger could, particularly in the near term, exceed the savings that the surviving company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the combination of the businesses following the completion of the merger. As a result of these expenses, both Cascade and Home expect to take charges against their earnings before and after the completion of the merger. The charges taken in connection with the merger are expected to be significant, although the aggregate amount and timing of such charges are uncertain at present.

Pending litigation against Home and its directors could result in an injunction preventing the completion of the merger or a judgment resulting in the payment of damages in the event the merger is completed and may adversely affect the surviving company s business, financial condition or results of operations and cash flows following the merger.

In connection with the merger, purported Home stockholders have filed a putative stockholder class action and derivative lawsuit against Home and its directors. Among other remedies, the plaintiffs seek to enjoin the merger. The outcome of any such litigation is uncertain. While the defendants have entered into a memorandum of understanding with the plaintiff that contemplates a settlement between the parties, which must be approved by the court, there can be no assurance that the parties will enter into a stipulation of settlement or that the stipulation will be approved by the court. If the parties do not enter into the stipulation of settlement or the court does not approve the proposed settlement, this litigation could prevent or delay completion of the merger and result in substantial costs to Home and Cascade, including any costs associated with the advancement of expenses to and indemnification of Home s directors and officers. In addition, the litigation may increase Home s transaction costs or reduce Home s closing tangible net worth, which could reduce the cash consideration payable in the merger. Plaintiffs may file additional lawsuits against Home, Cascade and/or the directors and officers of either company in connection with the merger. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect the surviving company s business, financial condition, results of operations and cash flows. For more information, see the section entitled Litigation Related to the Merger beginning on page 119.

The unaudited pro forma combined condensed consolidated financial information included in this document is illustrative only and the actual financial condition and results of operations after the merger may differ

materially.

The unaudited pro forma combined condensed consolidated financial information in this document is presented for illustrative purposes only and is not necessarily indicative of what Cascade s actual financial condition or results of operations would have been had the merger been completed on the dates indicated. The pro forma combined condensed consolidated financial information reflects adjustments, which are based upon preliminary estimates, to record the Home identifiable tangible and intangible assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation reflected in this document is preliminary and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of Home as of the date of the completion of the merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this document. For more information, please see the section entitled Unaudited Pro Forma Combined Condensed Consolidated Financial Statements beginning on page 124.

The fairness opinions of Home s and Cascade s respective financial advisors have not been, and are not expected to be, updated to reflect changes in circumstances between the dates of the opinions and the special meetings or the completion of the merger.

Each of the Home and Cascade board of directors received an opinion from its respective financial advisor on October 22, 2013, to address the fairness of the merger consideration from a financial point of view as of that date. Subsequent changes in the operations and prospects of Home or Cascade, general market and economic conditions and other factors that may be beyond the control of Home or Cascade, and on which Home s and Cascade s financial advisors opinions were based, may significantly alter the value of Home or Cascade or the prices of the shares of Cascade common stock or Home common stock by the time the merger is completed. Because Home and Cascade do not anticipate asking their respective financial advisors to update their opinions, the opinions will not address the fairness of the merger consideration from a financial point of view at the time the merger is completed or as of any other date other than the date of such opinions. For a description of the opinions that Cascade and Home received from their respective financial advisors, please refer to the sections entitled The Merger Opinion of Home s Financial Advisor beginning on page 76 and The Merger Opinion of Cascade s Financial Advisor beginning on page 89.

TABLE OF CONTENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words or phrases such as may, will, anticipate, estimate, expect, possible, project, intend, plan, believe, target, forecast and other words and terms o Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. Cascade and Home caution readers that any forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. Such forward-looking statements include, but are not limited to, statements about the benefits of the merger, including future financial and operating results, Cascade s or Home s plans, objectives, expectations and intentions, the expected timing of completion of the merger and other statements that are not historical facts. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include risks and uncertainties relating to: (i) the ability to obtain the requisite Cascade and Home stockholder approvals; (ii) the risk that Cascade or Home may be unable to obtain governmental and regulatory approvals or waivers required for the merger, or required governmental and regulatory approvals or waivers may delay the merger or result in the imposition of conditions that could cause the companies to abandon the merger; (iii) the risk that a condition to the completion of the merger may not be satisfied; (iv) the timing to complete the merger; (v) the risk that Cascade s and Home s respective businesses will not be integrated successfully; (vi) the risk that the cost savings and any other synergies from the merger may not be fully realized or may take longer to realize than expected; (vii) disruption from the merger making it more difficult to maintain relationships with customers, employees or vendors; (viii) the diversion of management time on merger-related issues; (ix) general worldwide economic conditions and related uncertainties; (x) changes in accounting policies or accounting standards; (xi) liquidity risk affecting Cascade s ability to meet its obligations when they come due; (xii) excessive loan losses; (xiii) the effect of changes in governmental regulations; and (xiv) other factors discussed or referred to in the Risk Factors section of this document. Each forward-looking statement speaks only as of the date of the particular statement and, except as otherwise required by law, neither Cascade nor Home undertakes any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

TABLE OF CONTENTS

HOME SPECIAL MEETING OF STOCKHOLDERS

Date, Time and Place

The special meeting of Home stockholders will be held at Home s headquarters located at 500 12th Avenue South, Nampa, Idaho 83651 at 10:00 a.m., Mountain time, on May 16, 2014. On or about April 16, 2014, Home commenced mailing this document and the enclosed form of proxy to its stockholders entitled to vote at the Home special meeting.

Purpose of Home Special Meeting

At the Home special meeting, Home stockholders will be asked to:

- approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, referred to as the Home merger proposal;
- approve, on an advisory (non-binding) basis, specified compensation that may become payable to the named executive officers of Home in connection with the merger, referred to as the Home advisory (non-binding) proposal on specified compensation;
- approve one or more adjournments of the Home special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the Home merger proposal, referred to as the Home adjournment proposal; and
- transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Recommendation of the Home Board of Directors

The Home board of directors recommends that you vote FOR the Home merger proposal, FOR the Home advisory (non-binding) proposal on specified compensation and FOR the Home adjournment proposal (if necessary or appropriate). Please see the section entitled The Merger Recommendation of the Home Board of Directors and Reasons for the Merger beginning on page 74.

Each of the directors and certain officers of Home has entered into a separate voting agreement with Cascade, referred to as a Home voting agreement, pursuant to which they have agreed to vote in favor of the Home merger proposal and otherwise in favor of the transactions contemplated by the merger agreement. A copy of the form of Home voting agreement is attached to this document as Appendix C and incorporated by reference. For more information regarding the Home voting agreements, please see the section entitled The Merger Agreement Voting Agreements beginning on page 118.

Home Record Date and Quorum

The Home board of directors has fixed the close of business on April 4, 2014 as the record date for determining the holders of Home common stock entitled to receive notice of and to vote at the Home special meeting.

As of the Home record date, there were 14,832,478 shares of Home common stock outstanding and entitled to vote at the Home special meeting held by 785 holders of record. Each share of Home common stock entitles the holder to one vote at the Home special meeting on each proposal to be considered at the Home special meeting.

The representation of holders of at least one-third of the votes entitled to be cast on the matters to be voted on at the Home special meeting constitutes a quorum for transacting business at the Home special meeting. All shares of Home common stock, whether present in person or represented by proxy, including abstentions and broker non-votes, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the Home special meeting.

As of the record date, directors and executive officers of Home owned and were entitled to vote 539,649 shares of Home common stock, representing approximately 3.64% of the shares of Home common stock outstanding on that date. Under the Home voting agreements, Home s directors and executive officers are

48

required to vote their shares of Home common stock in favor of Home merger proposal. As of the record date, Cascade held no beneficially owned shares of Home common stock.

Required Vote

The affirmative vote of a majority of the outstanding shares of Home common stock entitled to vote is required to approve the Home merger proposal.

The affirmative vote of a majority of the shares of Home common stock represented in person or by proxy at the Home special meeting and entitled to vote is required to approve each of the Home advisory (non-binding) proposal on specified compensation and the Home adjournment proposal.

Treatment of Abstentions; Failure to Vote

For purposes of the Home special meeting, an abstention occurs when a Home stockholder attends the Home special meeting, either in person or represented by proxy, but abstains from voting.

For the Home merger proposal, if a Home stockholder present in person at the Home special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast **AGAINST** this proposal. If a Home stockholder is not present in person at the Home special meeting and does not respond by proxy, it will have the same effect as a vote cast **AGAINST** the Home merger proposal.

For the Home advisory (non-binding) proposal on specified compensation and the Home adjournment proposal, if a Home stockholder present in person at the Home special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast **AGAINST** these proposals. If a Home stockholder is not present in person at the Home special meeting and does not respond by proxy, it will have no effect on the vote count for these proposals.

Voting on Proxies; Incomplete Proxies

Giving a proxy means that a Home stockholder authorizes the persons named in the enclosed Home proxy card to vote such holder s shares at the Home special meeting in the manner such holder directs. A Home stockholder may vote by proxy or in person at the Home special meeting. If you hold your shares of Home common stock in your name as a stockholder of record, to submit a proxy, you, as a Home stockholder, may use one of the following methods:

By telephone: Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week. Have your proxy card handy when you call. You will be prompted to enter your control number(s), which is located on your proxy card, and then follow the directions given.

Through the Internet: Use the Internet to vote your proxy 24 hours a day, 7 days a week. Have your proxy card handy when you access the website. You will be prompted to enter your control number(s), which is located on your proxy card, to create and submit an electronic ballot.

By mail: Complete and return the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

Home requests that Home stockholders vote by telephone, over the Internet or by completing, dating and signing the accompanying proxy and returning it to Home as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy is returned properly executed, the shares of Home common stock represented by it will be voted at the Home special meeting in accordance with the instructions contained on the proxy card.

If any proxy is returned without indication as to how to vote, the shares of Home common stock represented by the proxy will be voted as recommended by the Home board of directors. Unless a Home stockholder checks the box on its proxy card to withhold discretionary authority, the proxy holders may use their discretion to vote on any other matters voted upon at the Home special meeting.

If a Home stockholder s shares are held in street name by a broker, bank or other nominee, the stockholder should check the voting form used by that institution to determine the procedure for voting those shares.

TABLE OF CONTENTS

Every Home stockholder s vote is important. Accordingly, each Home stockholder should sign, date and return the enclosed proxy card, or vote via the Internet or by telephone, whether or not the Home stockholder plans to attend the Home special meeting in person.

Shares Held in Street Name

If you are a Home stockholder and your shares are held in street name through a bank, broker or other holder of record, you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by the bank, broker or other nominee. You may not vote shares held in street name by returning a proxy card directly to Home or by voting in person at the Home special meeting unless you provide a legal proxy, which you must obtain from your broker, bank or other nominee. Further, brokers, banks or other nominees who hold shares of Home common stock on behalf of their customers may not give a proxy to Home to vote those shares with respect to any of the proposals without specific instructions from their customers, as brokers, banks and other nominees do not have discretionary voting power on these matters. Therefore, if you are a Home stockholder and you do not instruct your broker, bank or other nominee on how to vote your shares:

your broker, bank or other nominee may not vote your shares on the Home merger proposal, which broker non-votes will have the same effect as a vote **AGAINST** this proposal; and
your broker, bank or other nominee may not vote your shares on the Home advisory (non-binding) proposal on specified compensation or the Home adjournment proposal, which broker non-votes will have no effect on the vote count for these proposals.

Revocability of Proxies and Changes to a Home Stockholder s Vote

A Home stockholder has the power to change its vote at any time before its shares of Home common stock are voted at the Home special meeting by:

sending a notice of revocation to Home s corporate secretary at Home Federal Bancorp, Inc., 500 12th Avenue South, Nampa, Idaho 83651, Attn: Corporate Secretary, stating that you would like to revoke your proxy;
logging onto the Internet website specified on your proxy card in the same manner you would to submit your proxy electronically or by calling the telephone number specified on your proxy card, in each case if you are eligible to do so and following the instructions on the proxy card;
sending a completed proxy card bearing a later date than your original proxy card; or
attending the Home special meeting and voting in person.

If you choose any of the first three methods, you must take the described action no later than the beginning of the Home special meeting. If you choose to send a completed proxy card bearing a later date than your original proxy card or a notice of revocation, the new proxy card or notice of revocation must be received before the beginning of the Home special meeting. If you choose the fourth option, you must vote in person at the Home special meeting because your attendance at the Home special meeting will not, in itself, constitute revocation of your previously submitted proxy. If you have instructed your bank, broker or other nominee to vote your shares of Home common stock, you must follow the directions you receive from your bank, broker or other nominee in order to change or revoke your vote.

Solicitation of Proxies

The cost of solicitation of proxies from Home stockholders will be borne by Home. Home will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock. In addition to solicitations by mail, Home s directors, officers and regular employees may solicit proxies personally or by telephone without additional compensation. Home has also engaged Alliance Advisors, LLC, a proxy soliciting firm, to assist in the solicitation of proxies for a fee of $7,500 plus reimbursement of out-of-pocket expenses.

TABLE OF CONTENTS

Attending the Home Special Meeting

Subject to space availability, all Home stockholders as of the record date, or their duly appointed proxies, may attend the Home special meeting.

To gain admittance to the Home special meeting, you must present valid photo identification, such as a driver s license or passport. If your shares of Home common stock are held through a broker, bank or other nominee, please bring to the special meeting a copy of a legal proxy from your broker, bank or other nominee. If you are the representative of a corporate or institutional stockholder, you must present valid photo identification along with proof that you are the representative of such stockholder. Please note that cameras, recording devices and other electronic devices will not be permitted at the Home special meeting.

HOME PROPOSALS

Home Merger Proposal

As discussed throughout this document, Home is asking its stockholders to approve the Home merger proposal. Holders of Home common stock should read carefully this document in its entirety, including the appendices, for more detailed information concerning the merger agreement and the merger. In particular, holders of Home common stock are directed to the merger agreement, a copy of which is attached as Appendix A to this document and incorporated in this document by reference.

The Home board of directors recommends a vote ***FOR*** *the Home merger proposal.*

Home Advisory (Non-Binding) Proposal on Specified Compensation

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act, Home is providing the Home stockholders with the opportunity to cast an advisory (non-binding) vote on the compensation that may be payable to Home s named executive officers in connection with the merger, the value of which is set forth in the table included in the section of this document entitled The Merger Interests of Home Directors and Executive Officers in the Merger Golden Parachute Compensation beginning on page 100. As required by Section 14A of the Exchange Act, Home is asking the Home stockholders to vote on the approval of the following resolution:

RESOLVED, that the compensation that may be paid or become payable to Home s named executive officers in connection with the merger, as disclosed in the table in the section of the joint proxy statement/prospectus statement entitled The Merger Interests of Home Directors and Executive Officers in the Merger Golden Parachute Compensation, including the associated narrative discussion, is hereby APPROVED.

The vote on executive compensation payable in connection with the merger is a vote separate and apart from the vote to approve the merger. Accordingly, a stockholder may vote to approve the executive compensation and vote not to approve the merger and vice versa. Because the vote is advisory in nature only, it will not be binding on either Home or Cascade. Accordingly, because Home is contractually obligated to pay the compensation, the compensation will be payable, subject only to the conditions applicable thereto, if the merger is approved and regardless of the outcome of the advisory vote.

The Home board of directors recommends a vote ***FOR*** *the Home advisory (non-binding) proposal on specified compensation.*

Home Adjournment Proposal

The Home special meeting may be adjourned to another time or place, if necessary or appropriate, to permit, among other things, the solicitation of additional proxies if there are insufficient votes at the time of the Home special meeting to approve the Home merger proposal.

If, at the Home special meeting, the number of shares of Home common stock present or represented and voting in favor of the Home merger proposal is insufficient to approve the Home merger proposal, Home intends to move to adjourn the Home special meeting in order to enable the Home board of directors to solicit additional proxies for approval of the Home merger proposal. In that event, Home will ask the Home stockholders to vote only upon the Home adjournment proposal, and not the Home merger proposal or the Home advisory (non-binding) proposal on specified compensation.

In the Home adjournment proposal, Home is asking the Home stockholders to authorize the holder of any proxy solicited by the Home board of directors to vote in favor of granting discretionary authority to the proxy holders to adjourn the Home special meeting to another time and place for the purpose of soliciting additional proxies. If the Home stockholders approve the Home adjournment proposal, Home could adjourn the Home special meeting and any adjourned session of the Home special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from Home stockholders who have previously voted.

The Home board of directors recommends a vote ***FOR*** *the Home adjournment proposal.*

Other Matters to Come Before the Home Special Meeting

No other matters are intended to be brought before the Home special meeting by Home, and Home does not know of any matters to be brought before the Home special meeting by others. If, however, any other matters properly come before the Home special meeting, the persons named in the proxy will vote the shares represented thereby in accordance with their best judgment on any such matter.

CASCADE SPECIAL MEETING OF STOCKHOLDERS

Date, Time and Place

The special meeting of Cascade stockholders will be held at 1100 N.W. Wall Street, Bend, Oregon 97701, at 9:00 a.m., Pacific time, on May 16, 2014. On or about April 16, 2014, Cascade commenced mailing this document and the enclosed form of proxy to its stockholders entitled to vote at the Cascade special meeting.

Purpose of Cascade Special Meeting

At the Cascade special meeting, Cascade stockholders will be asked to:

- approve the merger agreement, referred to as the Cascade merger proposal;
- approve the issuance of Cascade common stock in the merger, referred to as the Cascade stock issuance proposal;
- approve one or more adjournments of the Cascade special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the Cascade merger proposal or the Cascade stock issuance proposal, referred to as the Cascade adjournment proposal; and
- transact such other business as may properly come before the meeting or any adjournment thereof.

Recommendation of the Cascade Board of Directors

The Cascade board of directors recommends that you vote FOR the Cascade merger proposal, FOR the Cascade stock issuance proposal and FOR the Cascade adjournment proposal (if necessary or appropriate). Please see the section entitled The Merger Recommendation of the Cascade Board of Directors and Reasons for the Merger beginning on page 86.

Certain stockholders of Cascade have entered into voting agreements with Home, referred to as the Cascade voting agreements, pursuant to which they have agreed to vote FOR the Cascade merger proposal and FOR the Cascade stock issuance proposal. A copy of the form of Cascade voting agreement is attached to this document as Appendix B and incorporated in this document by reference. For more information regarding the Cascade voting agreements, please see the section entitled The Merger Agreement Voting Agreements beginning on page 118.

Cascade Record Date and Quorum

The Cascade board of directors has fixed the close of business on April 4, 2014, as the record date for determining the holders of Cascade common stock entitled to receive notice of and to vote at the Cascade special meeting.

As of the Cascade record date, there were 47,562,849 shares of Cascade common stock outstanding and entitled to vote at the Cascade special meeting held by 405 holders of record. Each share of Cascade common stock entitles the holder to one vote at the Cascade special meeting on each proposal to be considered at the Cascade special meeting.

The representation of holders of at least a majority of the votes entitled to be cast on the matters to be voted on at the Cascade special meeting constitutes a quorum for transacting business at the Cascade special meeting. All shares of Cascade common stock, whether present in person or represented by proxy, including abstentions and broker non-votes, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the Cascade special meeting.

As of the record date, directors and executive officers of Cascade owned and were entitled to vote 7,042,925 shares of Cascade common stock, representing approximately 14.81% of the shares of Cascade common stock outstanding on that date. Cascade currently expects that Cascade s directors and executive officers will vote their shares in favor of each of the Cascade proposals. As of the record date, Home held no beneficially owned shares of Cascade common stock.

Required Vote

The affirmative vote of a majority of the outstanding shares of Cascade common stock entitled to vote is required to approve the Cascade merger proposal.

The affirmative vote of a majority of the votes cast by the holders of Cascade common stock represented in person or by proxy at the Cascade special meeting and entitled to vote is required to approve the Cascade stock issuance proposal and the Cascade adjournment proposal.

Treatment of Abstentions; Failure to Vote

For purposes of the Cascade special meeting, an abstention occurs when a Cascade stockholder attends the Cascade special meeting, either in person or by proxy, but abstains from voting.

For the Cascade merger proposal, if a Cascade stockholder present in person at the Cascade special meeting abstains from voting, or responds by proxy with an abstain vote, it will have the same effect as a vote cast **AGAINST** the Cascade merger proposal. If a Cascade stockholder is not present in person at the Cascade special meeting and does not respond by proxy, it will have the same effect as a vote cast **AGAINST** the Cascade merger proposal.
For the Cascade stock issuance proposal and the Cascade adjournment proposal, if a Cascade stockholder present in person at the Cascade special meeting abstains from voting, or responds by proxy with an abstain vote, it will have no effect on the vote count for these proposals. If a Cascade stockholder is not present in person at the Cascade special meeting and does not respond by proxy, it will have no effect on the vote count for these proposals.

Voting on Proxies; Incomplete Proxies

Giving a proxy means that a Cascade stockholder authorizes the persons named in the enclosed proxy card to vote such holder s shares at the Cascade special meeting in the manner such holder directs. A Cascade stockholder may vote by proxy or in person at the Cascade special meeting. If you hold your shares of Cascade common stock in your name as a stockholder of record, to submit a proxy, you, as a Cascade stockholder must complete and return the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

Cascade requests that Cascade stockholders vote by completing and signing the accompanying proxy and returning it to Cascade as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy is returned properly executed, the shares of Cascade common stock represented by it will be voted at the Cascade special meeting in accordance with the instructions contained on the proxy card.

If any proxy is returned without indication as to how to vote, the shares of Cascade common stock represented by the proxy will be voted as recommended by the Cascade board of directors. Unless a Cascade stockholder checks the box on its proxy card to withhold discretionary authority, the proxy holders may use their discretion to vote on any other matters voted upon at the Cascade special meeting.

If a Cascade stockholder s shares are held in street name by a broker, bank or other nominee, the stockholder should check the voting form used by that institution to determine the procedure for voting those shares.

TABLE OF CONTENTS

Every Cascade stockholder s vote is important. Accordingly, each Cascade stockholder should sign, date and return the enclosed proxy card whether or not the Cascade stockholder plans to attend the Cascade special meeting in person.

Shares Held in Street Name

If you are a Cascade stockholder and your shares are held in street name through a bank, broker or other holder of record, you must provide the record holder of your shares with instructions on how to vote the shares. Please follow the voting instructions provided by the bank, broker or other nominee. You may not vote shares held in street name by returning a proxy card directly to Cascade or by voting in person at the Cascade special meeting unless you provide a legal proxy, which you must obtain from your broker, bank or other nominee. Further, brokers, banks or other nominees who hold shares of Cascade common stock on behalf of their customers may not give a proxy to Cascade to vote those shares with respect to any of the proposals without specific instructions from their customers, as brokers, banks and other nominees do not have discretionary voting power on these matters. Therefore, if you are a Cascade stockholder and you do not instruct your broker, bank or other nominee on how to vote your shares:

your broker, bank or other nominee may not vote your shares on the Cascade merger proposal, which broker non-votes will have the same effect as a vote **AGAINST** this proposal;
your broker, bank or other nominee may not vote your shares on the Cascade stock issuance proposal, which broker non-votes will have no effect on the vote count for this proposal; and
your broker, bank or other nominee may not vote your shares on the Cascade adjournment proposal, which broker non-votes will have no effect on the vote count for this proposal.

Revocability of Proxies and Changes to a Cascade Stockholder s Vote

A Cascade stockholder has the power to change its vote at any time before its shares of Cascade common stock are voted at the Cascade special meeting by:

sending a notice of revocation to Cascade Bancorp, Attention: Corporate Secretary, 1100 NW Wall Street, Bend, Oregon 97701 stating that you would like to revoke your proxy;
sending a completed proxy card bearing a later date than your original proxy card; or
attending the Cascade special meeting and voting in person.

If you choose to send a completed proxy card bearing a later date than your original proxy card or a notice of revocation, the new proxy card or notice of revocation must be received before the beginning of the Cascade special meeting. If you choose the third option, you must vote in person at the Cascade special meeting because your attendance at the Cascade special meeting will not, in itself, constitute revocation of your previously submitted proxy. If you have instructed a bank, broker or other nominee to vote your shares of Cascade common stock, you must follow the directions you receive from your bank, broker or other nominee in order to change or revoke your vote.

Solicitation of Proxies

The cost of solicitation of proxies from Cascade stockholders will be borne by Cascade. Cascade will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock. In addition to solicitations by mail, Cascade s directors, officers and regular employees may solicit proxies personally or by telephone without additional compensation.

Discontinuing Multiple Mailings

If you are a stockholder of record and have more than one account in your name or at the same address as other stockholders of record, you may authorize Cascade to discontinue mailings of multiple annual reports and proxy statements, including this document. To discontinue multiple mailings, or to reinstate multiple mailings, please mail your request to Cascade Bancorp, Attention: Investor Relations, 1100 NW Wall Street, P.O. Box 369, Bend, Oregon 97701.

TABLE OF CONTENTS

Attending the Cascade Special Meeting

Subject to space availability, all Cascade stockholders as of the record date, or their duly appointed proxies, may attend the Cascade special meeting.

To gain admittance to the Cascade special meeting, you must present valid photo identification, such as a driver s license or passport. If your shares of Cascade common stock are held through a broker, bank or other nominee, please bring to the special meeting a legal proxy from your broker, bank or other nominee. If you are the representative of a corporate or institutional stockholder, you must present valid photo identification along with proof that you are the representative of such stockholder. Please note that cameras, recording devices and other electronic devices will not be permitted at the Cascade special meeting.

55

TABLE OF CONTENTS

CASCADE PROPOSALS

Cascade Merger Proposal

As discussed throughout this document, Cascade is asking the Cascade stockholders to approve the Cascade merger proposal. It is a condition to completion of the merger that the Cascade stockholders approve the merger agreement. Holders of Cascade common stock should read carefully this document in its entirety, including the appendices, for more detailed information concerning the merger agreement and the merger. In particular, holders of Cascade common stock are directed to the merger agreement, a copy of which is attached as Appendix A to this document and incorporated in this document by reference.

The Cascade board of directors recommends a vote ***FOR*** *the Cascade merger proposal.*

Cascade Stock Issuance Proposal

It is a condition to completion of the merger that the Cascade stockholders approve the issuance of shares of Cascade common stock in the merger. Under NASDAQ rules, a company is required to obtain stockholder approval prior to the issuance of securities if the number of shares of common stock to be issued is, or will be upon issuance, equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the common stock or of securities convertible into or exercisable for common stock. If the merger is completed pursuant to the merger agreement, Cascade will issue approximately 24,309,066 shares of Cascade common stock in connection with the merger, subject to adjustment pursuant to the merger agreement as described in more detail under the heading The Merger Terms of the Merger Merger Consideration beginning on page 58. Accordingly, the aggregate number of shares of Cascade common stock that Cascade will issue in the merger will exceed 20% of the shares of Cascade common stock outstanding before such issuance, and for this reason, Cascade is seeking the approval of the Cascade stockholders of the Cascade stock issuance proposal.

In the event the Cascade stock issuance proposal is not approved by Cascade stockholders, the merger cannot be completed. In the event the Cascade stock issuance proposal is approved by Cascade stockholders, but the merger agreement is terminated (without the merger being completed) prior to the issuance of shares of Cascade common stock pursuant to the merger agreement, Cascade will not issue the shares of Cascade common stock.

The Cascade board of directors recommends a vote ***FOR*** *the Cascade stock issuance proposal.*

Cascade Adjournment Proposal

The Cascade special meeting may be adjourned to another time or place, if necessary or appropriate, to permit, among other things, further solicitation of proxies if necessary to obtain additional votes in favor of the Cascade merger proposal or Cascade stock issuance proposal.

If, at the Cascade special meeting, the number of shares of Cascade common stock present or represented and voting in favor of the Cascade merger proposal and/or the Cascade stock issuance proposal is insufficient to approve such proposals, Cascade intends to move to adjourn the Cascade special meeting in order to enable the Cascade board of directors to solicit additional proxies for approval of such proposals.

In the Cascade adjournment proposal, Cascade is asking the Cascade stockholders to authorize the holder of any proxy solicited by the Cascade board of directors to vote in favor of granting discretionary authority to the proxy holders, to adjourn the Cascade special meeting to another time and place for the purpose of soliciting additional proxies. If the Cascade stockholders approve the Cascade adjournment proposal, Cascade could adjourn the Cascade special meeting and any adjourned session of the Cascade special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from Cascade stockholders who have previously voted.

The Cascade board of directors recommends a vote ***FOR*** *the Cascade adjournment proposal.*

56

TABLE OF CONTENTS

Other Matters to Come Before the Cascade Special Meeting

No other matters are intended to be brought before the Cascade special meeting by Cascade, and Cascade does not know of any matters to be brought before the Cascade special meeting by others. If any proxy is returned without indication as to how to vote, the shares of Cascade common stock represented by the proxy will be voted as recommended by the Cascade board of directors. Unless a Cascade stockholder checks the box on its proxy card to withhold discretionary authority, the proxy holders may use their discretion to vote on any other matters voted upon at the Cascade special meeting.

INFORMATION ABOUT THE COMPANIES

Cascade Bancorp
1100 NW Wall Street,
Bend, Oregon 97701
Phone: (877) 617-3400

Cascade is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. Cascade is a publicly traded bank holding company that was formed in 1990, is incorporated in Oregon and is headquartered in Bend, Oregon. Cascade and Cascade Bank operate in Oregon and Idaho markets. At December 31, 2013, Cascade had total consolidated assets of approximately $1.4 billion, net loans of approximately $973.6 million and deposits of approximately $1.2 billion. Cascade has no significant assets or operations other than Cascade Bank.

Cascade Bank is an Oregon state chartered bank, which opened for business in 1977 and operates 28 branches serving communities in Central, Southern and Northwest Oregon, as well as in the greater Boise/Treasure Valley, Idaho area. Cascade Bank offers a broad range of commercial and retail banking services to its customers. Cascade Bank s lending activities are focused on small to medium-sized businesses, municipalities and public organizations, and professional and consumer relationships. Cascade Bank provides commercial real estate loans, real estate construction and development loans, and commercial and industrial loans, as well as consumer installment, line-of-credit, credit card, and home equity loans. Cascade Bank originates residential mortgage loans that are mainly sold on the secondary market. Cascade Bank provides consumer and business deposit services including checking, money market and time deposit accounts and related payment services, Internet banking, electronic bill payment and remote deposits. In addition, Cascade Bank serves business customer deposit needs with a suite of cash management services. Cascade Bank also provides trust-related services to its clientele.

Cascade common stock is traded on the NASDAQ Capital Market under the symbol CACB.

For more information about Cascade, see the section entitled About Cascade beginning on page 132.

Home Federal Bancorp, Inc.
500 12th Avenue South
Nampa, Idaho 83651
Phone: (208) 466-4634

Home is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. Home is a publicly traded bank holding company that was formed in 2004, is incorporated in Maryland and is headquartered in Nampa, Idaho. Home and Home Bank operate in Oregon, Utah and Idaho markets. At December 31, 2013, Home had total consolidated assets of approximately $1.0 billion, net loans of approximately $407.5 million and deposits of approximately $818.5 million. Home has no significant operations other than Home Bank.

Home Bank is an Idaho state chartered bank, which opened for business in 1920 and operates 24 branches and three commercial lending centers serving communities in the greater Boise/Treasure Valley, Idaho area, as well as in Central and Southern Oregon. Home Bank offers a broad range of commercial and retail banking services to its clients. Home Bank s lending activities are focused on small to medium-sized businesses and professional and consumer relationships. Home Bank provides commercial real estate loans, real estate construction and development loans, and commercial and industrial loans, as well as consumer installment, line-of-credit and home equity loans. Home Bank provides consumer and business deposit services including

57

TABLE OF CONTENTS

checking, money market and time deposit accounts and related payment services, Internet banking, electronic bill payment and remote deposits. In addition, Home Bank serves business customer deposit needs with a suite of cash management services. Home Bank also provides investment-related services to its clients.

Home stock is traded on the NASDAQ Global Select Market under the symbol HOME.

THE MERGER

The following is a discussion of the merger and the material terms of the merger agreement. You are urged to read carefully the merger agreement in its entirety, a copy of which is attached as Appendix A to this document and incorporated in this document by reference. This summary may not contain all of the information about the merger or the merger agreement that is important to you. This section is not intended to provide you with any factual information about Cascade or Home. Such information can be found elsewhere in this document and in the public filings Home makes with the SEC, as described in the section entitled Where You Can Find More Information beginning on page i.

Terms of the Merger

Transaction Structure

The Cascade board of directors and the Home board of directors have approved the merger agreement. The merger agreement provides for the merger of Home with and into Cascade, with Cascade continuing as the surviving company. Immediately after the merger, Home Bank, a bank chartered under the laws of the State of Idaho and a wholly owned subsidiary of Home, will merge with and into Cascade Bank, a bank chartered under the laws of the State of Oregon and a wholly owned subsidiary of Cascade, with Cascade Bank being the surviving bank.

Merger Consideration

Pursuant to the merger agreement, all of the issued and outstanding shares of Home common stock (including Home restricted stock) will be cancelled and converted into, in the aggregate, (1) 24,309,066 shares of Cascade common stock, referred to as the stock consideration, and (2) $120,800,000 in cash (x) plus or minus the amount by which Home s closing tangible stockholders equity (determined without taking into account Home s transaction costs) as of the last day of the calendar month preceding the effective time of the merger, referred to as Home s closing tangible net worth, is above or below $168,100,000, as the case may be, (y) minus the aggregate cash paid to holders of Home stock options in the merger and (z) minus the amount that Home s transaction costs exceed $18,000,000, referred to as the cash consideration. The merger consideration will be paid pro rata to holders of Home common stock as of immediately prior to the effective time of the merger.

The value of the stock consideration may fluctuate between the date of the merger agreement, the dates of the special meetings and the completion of the merger based upon the market value of Cascade common stock. In addition, the exact value of the cash consideration cannot be determined at the time of the Home special meeting because it is subject to adjustment based on the following:

- Home s tangible stockholders equity;
- the aggregate cash paid to holders of Home stock options in the merger; and
- the amount by which Home s transaction costs exceed $18,000,000.

Under the merger agreement, the number of shares of Cascade common stock comprising the stock consideration is subject to adjustment as follows:

if (i) the average of the volume weighted closing price (rounded to the nearest one ten thousandth) of Cascade common stock for the 20 trading days immediately preceding the tenth day prior to the closing date of the merger, referred to as the Cascade average closing price, is less than $4.25 but not less than $4.00 and (ii) the number obtained by dividing the Cascade average closing price by $5.75 (the Closing Price Change Ratio) is less than the number obtained by (A) dividing the Final Index Price (as defined below) by the Initial Index Price (as defined below) and (B) then

58

TABLE OF CONTENTS

multiplying the quotient so obtained by 0.90, Home can terminate the merger agreement unless Cascade increases the aggregate stock consideration by a number of shares of Cascade common stock obtained by multiplying 24,309,066 by the difference between 0.90 and the Closing Price Change Ratio;

if the Cascade average closing price is less than $4.00, Home can terminate the merger agreement unless Cascade adjusts the aggregate stock consideration to equal a number of shares of Cascade common stock equal to the quotient obtained by dividing $97,236,264 by the Cascade average closing price; or

to give effect to any stock split, reverse stock split, recapitalization, reclassification or similar transaction with respect to the outstanding shares of Cascade common stock occurring after the date of the merger agreement and prior to the closing date.

The merger agreement does not provide for a resolicitation of either company s stockholders if the Cascade average closing price falls below $4.25 per share and the Home board of directors nevertheless chooses to complete the transaction. The Home board of directors has made no decision as to whether it would exercise its right to terminate the merger agreement under the circumstances described above, and the Cascade board of directors has made no decision as to whether it would authorize Cascade to increase the number of shares of Cascade common stock to be issued in the merger if Home decided to exercise its right to terminate the merger agreement. In making any such decision, each company s respective board of directors would consider all relevant facts and circumstances that exist at the time and would consult with its financial advisor and legal counsel.

For purposes of the foregoing description, these terms have the following meanings:

Final Index Price means (i) the sum of the average of the volume weighted closing prices (rounded to the nearest one ten thousandth) of a share of common stock of each entity comprising the index group for the 20 trading days immediately preceding the tenth day prior to the closing date of the merger (ii) divided by nine.

Initial Index Price means (i) the sum of the price per share of the common stock of each entity comprising the Index Group as reported on the date of the merger agreement, (ii) divided by nine.

Index Group means the following entities: Washington Federal, Inc., Glacier Bancorp, Inc., First Interstate BancSystem, Inc., Columbia Banking System, Inc., Banner Corporation, HomeStreet, Inc., Washington Banking Company, Pacific Continental Corporation and Heritage Financial Corporation.

As noted above, the cash consideration will be reduced to the extent Home s transaction costs, whether paid prior to the effective time of the merger or accrued, exceed $18,000,000. To the extent any transaction costs are unknown or cannot be calculated prior to the closing, the merger agreement provides that Cascade and Home must confer in good faith and agree upon reasonable estimates thereof for purposes of determining Home s final transaction costs. Under the merger agreement, Home s transaction costs include, among other things:

Home s professional, advisory, brokerage and fairness opinion fees and expenses incurred in connection with the merger agreement or the Agreement and Plan of Merger, dated September 24, 2013, between Home and Banner Corporation;

payments to the FDIC in connection with any consent or approval granted under any shared-loss agreement with Home Bank;

the termination, remaining historical conversion costs, estimated conversion costs and penalty costs associated with vendor contracts and/or commitments to which Home is a party or otherwise bound that Cascade does not intend to continue after the effective time of the merger (other than for a transition period);

the value of any consideration paid and/or to be subsequently paid to any third party in connection with or relating to any consent or approval granted to Home pertaining to the mergers;

59

TABLE OF CONTENTS

Home s costs and expenses relating to the printing and mailing of this document;

the cost of compensation and other benefits to be provided under Home s change in control, severance, employment or similar agreements (assuming for such purposes that the employee or service provider experiences a discharge by the employer without cause or a resignation with good reason in connection with the merger); estimated costs to be incurred in connection with terminations under the Home Federal Bank Employee Severance Compensation Plan, including severance, paid time off and similar costs; the unaccrued present value cost of benefits under Home s deferred compensation plans, including all non-qualified retirement and salary continuation benefits (assuming for such purposes a change in control in connection with the merger); unaccrued paid time off at Home; and any retention payments to be made by Home or Cascade to Home s employees; and