

Creating the Premier Pacific Northwest Community Banking Franchise

 Columbia
Banking
System Inc.

Investor Presentation
September 26, 2012


WEST COAST
BANCORP

Cautionary Note: Forward Looking Statements

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements relate to future events and expectations and involve known and unknown risks and uncertainties. Actual results may differ materially from those currently expected or projected in these forward-looking statements. These forward-looking statements are based on current expectations and assumptions, and we assume no obligation to update these forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements. For risks relating to these forward-looking statements and factors that could cause actual results to differ materially from those anticipated, please review Columbia's latest Annual Report on Form 10-K and Quarterly Reports on Form 10-Q (including the "Risk Factors", "Business" and "Management's Discussion and Analysis" sections therein) and other filings with the Securities and Exchange Commission.

Such forward-looking statements include, but are not limited to, statements about the benefits of the business combination transaction involving Columbia and West Coast, including future financial and operating results, the combined company's plans, objectives, expectations and intentions and other statements that are not historical facts. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: (i) the possibility that the merger does not close when expected or at all because required regulatory, shareholder or other approvals and other conditions to closing are not received or satisfied on a timely basis or at all; (ii) changes in Columbia's stock price before closing, including as a result of the financial performance of West Coast prior to closing, or more generally due to broader stock market movements, and the performance of financial companies and peer group companies, (iii) the risk that the benefits from the transaction may not be fully realized or may take longer to realize than expected, including as a result of changes in general economic and market conditions, interest and exchange rates, monetary policy, laws and regulations and their enforcement, and the degree of competition in the geographic and business areas in which Columbia and West Coast operates; (iv) the ability to promptly and effectively integrate the businesses of Columbia and West Coast; (v) the reaction to the transaction of the companies' customers, employees and counterparties; and (vi) diversion of management time on merger-related issues.

Annualized, pro forma, projected and estimated numbers and percentages are used for illustrative purposes only, are not forecasts and may not reflect actual results.

Transaction Highlights

Transaction Rationale

- Creates the Premier Pacific Northwest Community Banking Franchise
 - #1 community bank in Washington and Oregon⁽¹⁾
 - Significantly increases Oregon deposit market share; especially within the Portland MSA
 - Enhances Washington deposit market share; adds significantly to presence in the Olympia MSA
 - Adds over 50 branches primarily along the I-5 corridor from Seattle to Eugene
- Effective use of capital, enhancing both profitability and shareholder value
- Culturally compatible banks with similar strong core deposit bases
- Enhances breadth of banking products for all customers and augments fee income generation

Attractive Financial Returns

- 20% of 2013e EPS accretion
- 33% of 2014e EPS accretion
- > 15% IRR

Transaction Overview

Transaction Value ⁽¹⁾	\$505.9 million
Price per Share ⁽¹⁾	\$23.10 / 14.5% premium to WCBO closing price ⁽²⁾
Consideration Mix	48% stock / 52% cash ⁽¹⁾ 12,809,525 in fixed shares of COLB \$264.5 million in cash
Board Seat	One current independent member from WCBO
Due Diligence	Completed; including an extensive loan review
Termination Fee	\$20.0 million for superior offer
Walk-Aways	Double trigger: COLB stock declining 17.5% relative to the KBW Regional Banking Index
Required Approval	Customary regulatory and shareholder approvals
Targeted Closing	Within 6 months

(1) Based on COLB's stock price as of 9/25/2012 and WCBO's fully diluted share count of 21.9 million. Transaction value, price per share, and consideration mix % will change based on the fluctuation in COLB's stock price. Please see Appendix.

4 (2) Based on WCBO's stock price as of 9/25/2012.

Overview of West Coast Bancorp⁽¹⁾ (NASDAQ: WCBO)

Overview

Headquarters:	Lake Oswego, OR
Established (BHC / Bank):	1982 / 1925
Assets (\$Millions):	\$2,408
Deposits (\$Millions):	\$1,877
Gross Loans (\$Millions):	\$1,496

Asset Quality

NPAs / Assets:	3.05%
NPAs / (Loans + OREO):	4.82%
Reserves / Loans:	2.22%
NCOs / Avg. Loans:	0.07%

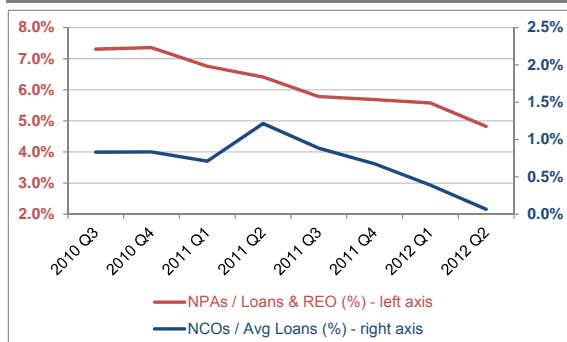
Balance Sheet & Capital

Loans / Deposits:	79.7%
Securities / Assets:	30.0%
DDAs / Deposits ⁽²⁾ :	33.2%
TCE / TA ⁽³⁾ :	13.62%
Tier 1 Leverage Ratio:	15.55%

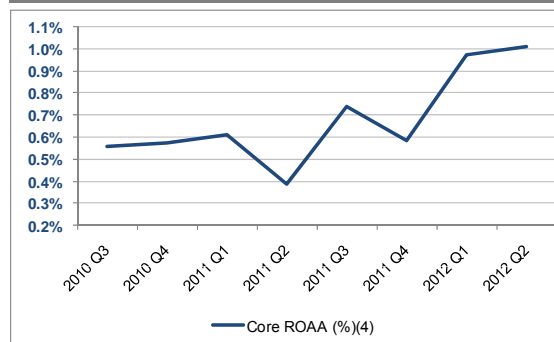
Performance (2Q 2012)

ROAA:	1.01%
ROAE:	7.50%
Net Interest Margin:	3.93%
Noninterest Income / Avg. Assets:	1.42%
Cost of Deposits:	0.09%
Efficiency Ratio:	70.9%

Reduction of NPAs



Profitability Improvement

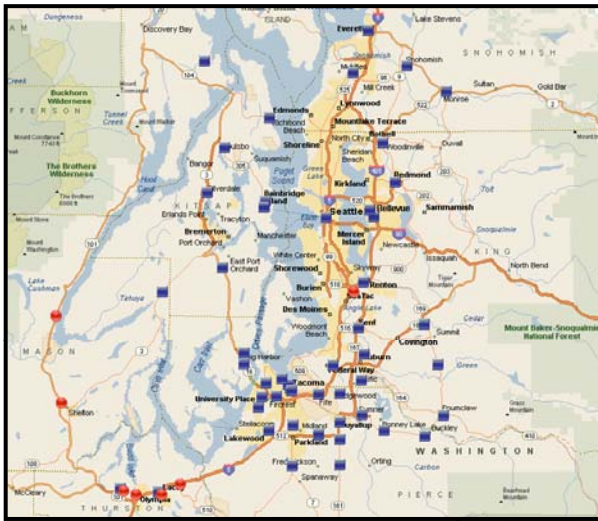


- (1) U.S. GAAP financial data as of and for the quarter ended 6/30/2012.
- (2) Calculated using average balances per WCBO's 2nd quarter earnings release.
- (3) Assumes the conversion of preferred shares into common.
- (4) Core ROAA in 2011 Q3 and 2011 Q4 was normalized for FHLB prepayment penalties, DTA reversals, and branch closures. All periods were taxed at a 35% rate.

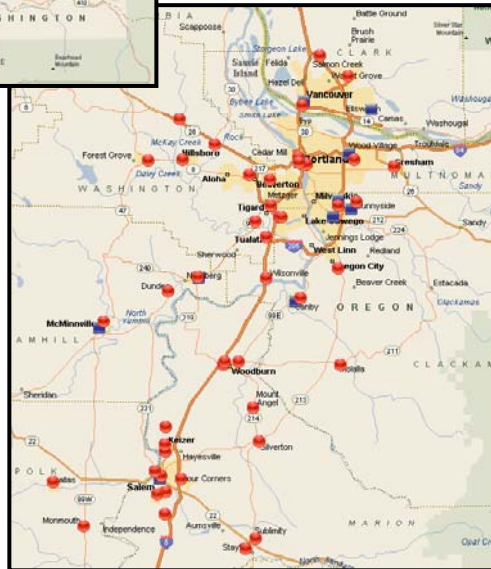
Note: NPAs include performing TDRs.
Source: WCBO Filings and SNL Financial.

Largest Community Bank in the Pacific Northwest

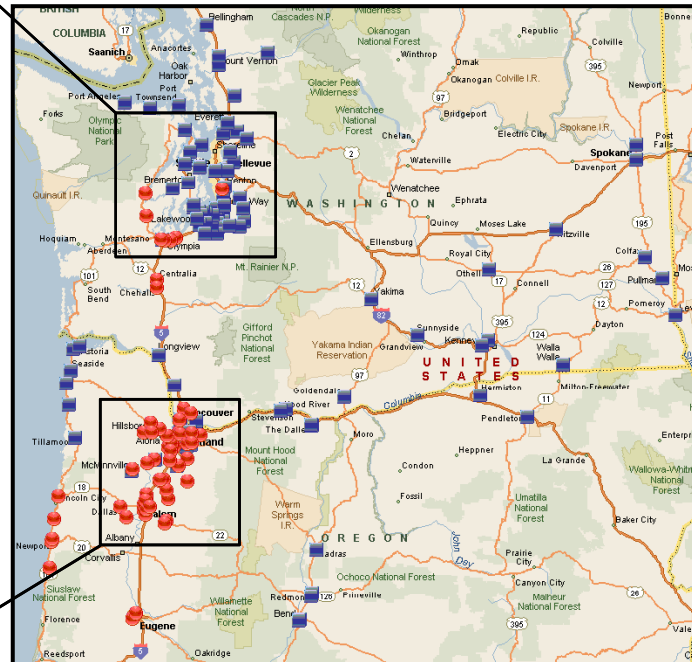
COLB (101 branches) ● WCBO (58 branches)



Puget Sound



Portland



	COLB (\$Millions)	WCBO (\$Millions)	Pro Forma ⁽¹⁾ (\$Millions)
Assets:	4,789	2,408	7,198
Gross Loans:	2,934	1,496	4,430
Deposits:	3,831	1,877	5,708

(1) Pro forma excludes purchase accounting marks.
Source: Company Filings, SNL Financial and Microsoft MapPoint.

Deposit Franchise Expansion

Washington State

2011 Rank	Institution (ST)	Branches	2011 Deposits (\$000s)	2011 Market Share (%)
1	Bank of America Corp. (NC)	221	23,755,153	21.74
2	Wells Fargo & Co. (CA)	156	11,354,756	10.39
3	U.S. Bancorp (MN)	188	10,632,752	9.73
4	JPMorgan Chase & Co. (NY)	209	9,461,001	8.66
5	KeyCorp (OH)	167	8,130,850	7.44
6	Washington Federal Inc. (WA)	66	4,382,831	4.01
7	Sterling Financial Corp. (WA)	87	3,896,409	3.57
	Pro Forma Company	89	3,713,705	3.40
8	Columbia Banking System Inc. (WA)	77	3,360,889	3.08
9	W.T.B. Financial Corp. (WA)	26	2,735,229	2.50
10	Banner Corp. (WA)	67	2,713,231	2.48
11	Mitsubishi UFJ Finl Grp Inc	45	2,102,838	1.92
12	Washington Banking Co. (WA)	30	1,487,923	1.36
13	HomeStreet Inc. (WA)	16	1,411,823	1.29
14	Yakima FS&LA (WA)	10	1,348,792	1.23
15	SKBHC Holdings LLC (WA)	42	1,249,545	1.14
16	Heritage Financial Corp. (WA)	32	1,111,957	1.02
17	Peoples Bancorp (WA)	23	1,069,851	0.98
18	Opus Bank (CA)	23	1,057,712	0.97
19	Umpqua Holdings Corp. (OR)	33	1,047,344	0.96
20	Cashmere Valley Financial Corp (WA)	11	1,010,282	0.92
34	West Coast Bancorp (OR)	12	352,816	0.32
	Other institutions in market (77)	341	15,588,235	14.29
Total For Institutions In Market		1,882	109,262,219	100.00

Oregon State

2011 Rank	Institution (ST)	Branches	2011 Deposits (\$000s)	2011 Market Share (%)
1	U.S. Bancorp (MN)	196	10,875,875	19.08
2	Bank of America Corp. (NC)	83	9,315,139	16.34
3	Wells Fargo & Co. (CA)	125	8,826,005	15.48
4	Umpqua Holdings Corp. (OR)	78	4,653,693	8.16
5	JPMorgan Chase & Co. (NY)	115	4,083,463	7.16
6	KeyCorp (OH)	79	3,348,734	5.88
	Pro Forma Company	74	2,325,902	4.08
7	Washington Federal Inc. (WA)	52	2,055,779	3.61
8	Sterling Financial Corp. (WA)	66	1,802,392	3.16
9	West Coast Bancorp (OR)	48	1,588,541	2.79
10	BNP Paribas	31	1,080,989	1.90
11	Cascade Bancorp (OR)	19	852,792	1.50
12	Pacific Continental Corp. (OR)	11	773,262	1.36
13	Columbia Banking System Inc. (WA)	26	737,361	1.29
14	Home Federal Bancorp (ID)	17	609,101	1.07
15	Banner Corp. (WA)	16	591,518	1.04
16	PremierWest Bancorp (OR)	17	508,526	0.89
17	Citizens Bancorp (OR)	14	340,504	0.60
18	Evergreen FS&LA (OR)	6	304,065	0.53
19	Community Bancshares Inc. (OR)	12	296,450	0.52
20	Mitsubishi UFJ Finl Grp Inc	3	287,388	0.50
	Other institutions in market (37)	107	4,065,813	7.13
Total For Institutions In Market		1,121	56,997,390	100.00

☑ Elevates COLB to #1 ranked community bank⁽¹⁾ in Oregon and solidifies COLB's already strong position in Washington

Conservative Cost Savings

- Cost savings of ~25% of West Coast's noninterest expense
- 8-10 branch consolidations assumed

Expense Items	Approximate Value in Millions
Compensation & benefits	\$10.6
Occupancy & equipment	\$4.0
Marketing & promotion	\$0.4
Professional fees	\$1.3
Technology & communications	\$1.2
Other	\$3.4
TOTAL	\$20.9

Credit Due Diligence and Fair Value Marks

- Estimated credit mark of \$73.5 million or ~5.0% of loans
- Comprehensive credit review covering ~65% of loans and 100% of OREO
 - Analyzed credit files, underwriting methodology, and policy and portfolio management processes
 - Reviewed approximately 650 loans and 100% of OREO properties

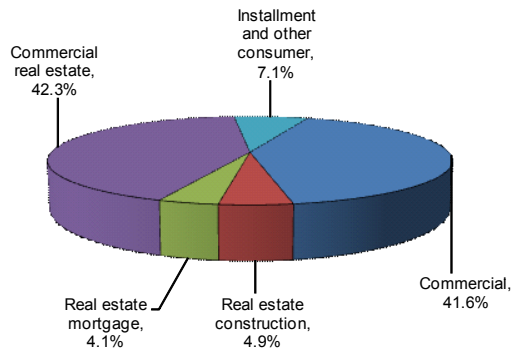
Summary of Other Estimated Fair Value Adjustments

- Estimated OREO markdown of \$5.0 million
- Estimated Investment Securities markdown of \$3.0 million
- Estimated Core Deposit Intangible equaling 1.0% of West Coast's core deposits⁽¹⁾

Pro Forma Loan & Deposit Composition (6/30/2012)

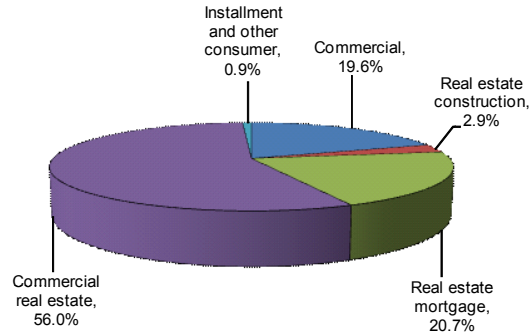
LOANS

COLB



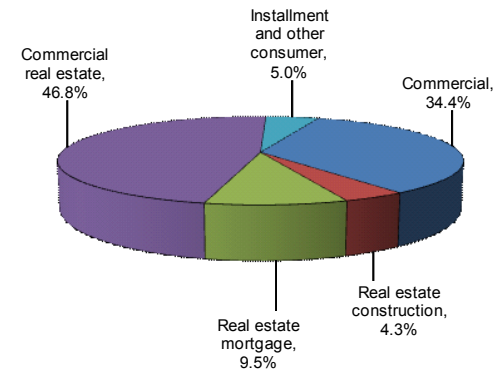
Total Loans: \$3,057,715

WCBO



Total Loans: \$1,495,797

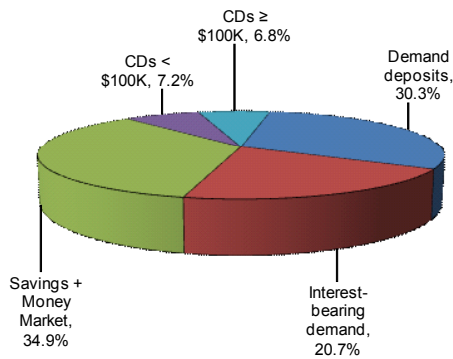
Pro Forma



Total Loans: \$4,553,512

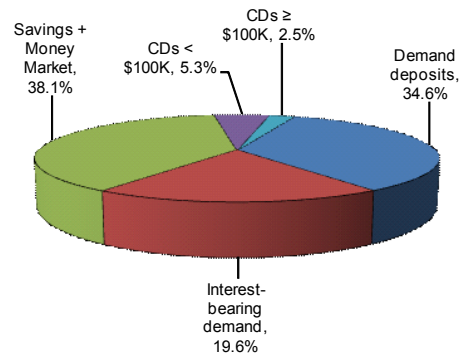
DEPOSITS

COLB



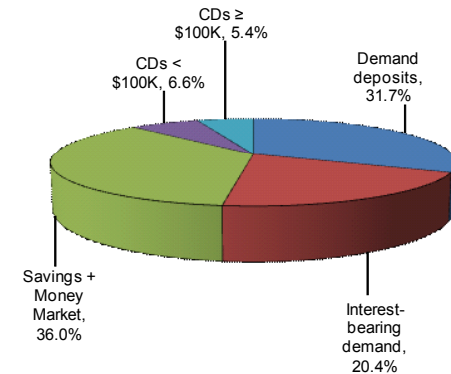
Total Deposits: \$3,830,648

WCBO



Total Deposits: \$1,876,886

Pro Forma



Total Deposits: \$5,707,534

Pro Forma Financial Impact

Transaction Assumptions

Consideration:	12,809,525 in fixed shares of COLB \$264.5 million in fixed cash
Earnings Estimates ⁽¹⁾ :	2013e of \$1.25 and 2014e of \$1.32 for COLB 2013e of \$1.17 and 2014e of \$1.29 for WCBO
Cost Savings:	Approximately \$21 million or 25% Phased-in 50% in 2013 and 100% in 2014
Deal Related Expenses:	Approximately \$30 million, pre-tax
Assumed Credit Mark:	5.0% of WCBO's gross loans ⁽²⁾ Credit mark less LLR is accreted back into interest income ⁽³⁾
Revenue Enhancements:	None assumed
Core Deposit Intangible:	1.0% of WCBO's core deposits Amortized on a Sum of the Years Digits basis over 10 years
Targeted Closing:	Within 6 months

(1) Mean Street Consensus Estimates from Thomson Financial, as of 9/25/2012. WCBO's 2014e is based on a 10% long-term growth rate.



(2) Company management per 3rd party loan review.

(3) Accretion was recognized over a 5 year period with a 50% recapture rate.

Pro Forma Financial Impact

2013e EPS Accretion ⁽¹⁾ :	20%
2014e EPS Accretion ⁽²⁾ :	33%
IRR ⁽³⁾ :	> 15%
Tangible Book Value Earnback Period ⁽⁴⁾ :	~7 years, using incremental earnings

Capital Ratios

	COLB	WCBO	PRO FORMA
			
TCE / TA:	13.43%	12.74%	9.35%
Leverage Ratio:	12.88%	15.55%	9.31%
Tier 1 Common Ratio:	19.51%	16.37%	12.37%
Tier 1 Ratio:	19.51%	20.33%	13.43%
Total Risk-based Capital Ratio:	20.78%	21.50%	14.66%

(1) Based on mean street consensus estimates of \$1.25 / share for COLB and \$1.17 / share for WCBO from Thomson Financial, as of 9/25/2012.

(2) Based on mean street consensus estimates of \$1.32 / share for COLB from Thomson Financial as of 9/25/2012 and \$1.29 / share for WCBO, grown using the mean street long term earnings growth rate from Thomson Financial as of 9/25/2012 of 10% from 2013e EPS.

(3) Forward projections based on mean street analyst Long Term Growth Rate of 10%. Realized cost savings of 50% in 2013 and 100% in 2014, and grown at a 5% rate thereafter.

(4) Incremental Tangible Book Value Earnback represents the number of years to eliminate tangible book value dilution at closing utilizing incremental earnings created in the merger including earnings from WCBO, cost savings and purchase accounting adjustments.

Note: Pro forma capital ratios are calculated as of 6/30/2012.

Source: SNL Financial and KBW IBD.

Attractive Investment Opportunity

Attractive Investment Opportunity

Leading Community Bank in the Pacific Northwest

- Creates the Premier Pacific Northwest Community Banking Franchise
- Culturally compatible banks with similar strong core deposit bases
- Enhances breadth of banking products for all customers and augments fee income generation

Financially Attractive

- Highly accretive to earnings with conservative cost save assumptions
- Efficient Use of Capital with combined capital ratios in excess of well-capitalized guidelines
- Strong IRR of > 15%

Augments Presence in Key Markets

- Increases visibility in the Portland MSA and enhances presence in the Pacific Northwest
- Pacific Northwest considered one of 5 U.S. "regions to watch" for brightest economic future.⁽¹⁾

Appendix: Merger Consideration

Merger Consideration

Defined Terms in the Merger Agreement

Purchaser Avg Closing Price	Total Stock Consideration	Total Cash Amount	Aggregate Consideration	Per Share Consideration	Exchange Ratio	Cash Percentage	Stock Percentage
\$17.00	\$217.8	\$264.5	\$482.2	\$22.07	1.2982	54.8%	45.2%
\$17.25	\$221.0	\$264.5	\$485.4	\$22.21	1.2875	54.5%	45.5%
\$17.50	\$224.2	\$264.5	\$488.6	\$22.35	1.2771	54.1%	45.9%
\$17.75	\$227.4	\$264.5	\$491.8	\$22.49	1.2669	53.8%	46.2%
\$18.00	\$230.6	\$264.5	\$495.0	\$22.63	1.2571	53.4%	46.6%
\$18.25	\$233.8	\$264.5	\$498.2	\$22.77	1.2475	53.1%	46.9%
\$18.50	\$237.0	\$264.5	\$501.4	\$22.91	1.2382	52.7%	47.3%
\$18.75	\$240.2	\$264.5	\$504.6	\$23.05	1.2291	52.4%	47.6%
As of 9/25/12	\$18.85	\$241.5	\$505.9	\$23.10	1.2255	52.3%	47.7%
\$19.00	\$243.4	\$264.5	\$507.8	\$23.18	1.2203	52.1%	47.9%
\$19.25	\$246.6	\$264.5	\$511.1	\$23.32	1.2116	51.7%	48.3%
\$19.50	\$249.8	\$264.5	\$514.3	\$23.46	1.2033	51.4%	48.6%
\$19.75	\$253.0	\$264.5	\$517.5	\$23.60	1.1951	51.1%	48.9%
\$20.00	\$256.2	\$264.5	\$520.7	\$23.74	1.1871	50.8%	49.2%
\$20.25	\$259.4	\$264.5	\$523.9	\$23.88	1.1794	50.5%	49.5%
\$20.50	\$262.6	\$264.5	\$527.1	\$24.02	1.1718	50.2%	49.8%
\$20.75	\$265.8	\$264.5	\$530.3	\$24.16	1.1644	49.9%	50.1%
\$21.00	\$269.0	\$264.5	\$533.5	\$24.30	1.1571	49.6%	50.4%

Additional Information

In connection with the proposed transaction, Columbia will file with the U.S. Securities and Exchange Commission (the “SEC”) a Registration Statement on Form S-4 that will include a Joint Proxy Statement of Columbia and West Coast and a Prospectus of Columbia, as well as other relevant documents concerning the proposed transaction. Shareholders of Columbia and West Coast are urged to read the Registration Statement and the Joint Proxy Statement/Prospectus regarding the transaction when it becomes available and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they will contain important information. The Joint Proxy Statement/Prospectus and other relevant materials (when they become available) filed with the SEC may be obtained free of charge at the SEC’s Website at <http://www.sec.gov>. Shareholders are urged to read the Joint Proxy Statement and the other relevant materials before voting on the transaction.

Investors will also be able to obtain these documents, free of charge, from Columbia at www.columbiabank.com under the tab “About Us” and then under the heading “Investor Relations” or from West Coast by accessing West Coast’s website at www.wcb.com under the heading “Investor Relations.” Copies can also be obtained, free of charge, by directing a written request to Columbia Banking System, Inc., Attention: Corporate Secretary, 1301 A Street, Suite 800, Tacoma, Washington 98402 or to West Coast Bancorp, 5335 Meadows Road, Suite 201, Lake Oswego, Oregon 97035.

Columbia and West Coast and certain of their directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Columbia and West Coast in connection with the merger. Information about the directors and executive officers of Columbia and their ownership of Columbia common stock is set forth in the proxy statement for Columbia’s 2012 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 22, 2012. Information about the directors and executive officers of West Coast and their ownership of West Coast common stock is set forth in the proxy statement for West Coast’s 2012 annual meeting of shareholders, as filed with the SEC on a Schedule 14A on March 13, 2012. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the Joint Proxy Statement regarding the merger when it becomes available. Free copies of this document may be obtained as described in the preceding paragraph.



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You'll Notice the Difference.