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Interviews & News!

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Independent surveys show that West Coast Bancorp has very high customer and employee satisfaction ratings, which are the necessary ingredients for successful organic growth



Financial
Regional - Pacific Banks
(WCBO-NASDAQ)

West Coast Bancorp

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Robert D. Szniewajs
President and CEO

BIO:

Robert (Bob) D. Szniewajs, President & CEO, has more than 30 years of experience in the banking industry and was named President & CEO of West Coast Bancorp in January 2000 after serving as Vice Chairman at U.S. Bancorp.

He earned a bachelor of science in accounting and a master of business ad-

ministration in finance from the University of Detroit and is a certified public accountant.

Bob's professional affiliations include Board of Directors of the Portland Branch of the Federal Reserve Bank of San Francisco, Oregon Bankers Association Board of Directors (OBA), Christie School Board of Directors, Association for Corporate Growth (ACG) Board of Directors and Coinstar Board of Directors.

As President of West Coast Bank, Bob Szniewajs oversees more than 800 employees and 60 branches throughout Oregon and Washington.

Company Profile:

West Coast Bancorp (NASDAQ:WCBO), one of Oregon Business Magazine's 100 Best Companies to Work For, is a Northwest bank holding company with \$2.5 billion in assets, operating 60 offices in Oregon and Washington. The company combines the sophisticated products and expertise of larger banks with the local decision making, market knowledge and customer service of a community bank.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Szniewajs, it has been almost two years since we have spoken. West Coast has been on a growth strategy plan; how is that going?

Mr. Szniewajs: "The growth strategy plan is going fine. We have had significant balance sheet growth, which has translated into strong earnings per share growth. This year our first quarter earnings per share (EPS) growth was 10% over the first quarter of last year. Our

growth has been virtually all organic with the exception of a small acquisition we made in mid 2006 with Mid-Valley Bank in the Willamette Valley. We've grown organically by adding to our product set along with people and new locations."

CEOCFO: What brings someone to West Coast Bank?

Mr. Szniewajs: "We believe that high employee satisfaction and high customer satisfaction are the ingredients necessary for successful organic growth."

"We have very high employee satisfaction. It is something that we monitor all the time. We've conducted an annual employee opinion survey for five or six years now. That employee satisfaction is verified in the fact through an independent third party. For four consecutive years, we've ranked among Oregon's 100 Best Companies To Work For based on a direct survey from an independent party. We are ranked against other companies our size, so it is not only an absolute, but is relative to other companies in the area.

"We also have high customer satisfaction. Greenwich Associates has conducted independent surveys of our commercial customers over the last two years based on sales size below and above \$10 million in the Portland metropolitan area. In each of those surveys, we ranked as having the highest overall business customer satisfaction of any bank in the Portland area."

CEOCFO: Are there one or two items both for the employee side and the customer side that are key to the satisfaction?

Mr. Szniewajs: "No, it covers a broad range of things, because customers look for a lot of different avenues. For example, our customers are extremely happy

with the local service they get in the branch. They are extremely happy with the relationship officers that they do business with, and they indicate that the level of accuracy in handling their financial affairs is very high. On the employee side, the people like their jobs. They like the culture and, for the most part, believe that things are fair and people are treated even-handedly.”

CEO CFO: It is a matter of attitude, respect and how you treat everyone!

Mr. Szniewajs: “Yes, it is very important that customers and employees know their value and that they are treated fairly with respect and dignity. It doesn’t mean they have to like every decision, but they do feel like they have a reasonable voice.”

CEO CFO: Are there new products and services in the works?

Mr. Szniewajs: “We are going to add a new website. That is an area where we have had a lot customer feedback. Our current website allows customers to comment about our online Internet banking. Quite honestly, they don’t give us very high marks for it; however, we have made some improvements over the last couple of months. Customers can now see their transaction balance as soon as they complete a point-of-sale transaction. We have devoted a lot of time and effort to the website, have listened to what customers have had to say, and believe that the changes we roll out over the next six to twelve months will go a long way towards enhancing customer satisfaction as it relates to our website.”

CEO CFO: What areas of your business are the most profitable for you and how do you grow in all areas?

Mr. Szniewajs: “Profitability is usually a combination of things. Our job is making loans, gathering deposits and handling peoples’ affairs with a high degree of accuracy and in an efficient manner. The pricing is a competitive environment set by the marketplace for deposits, home equity loans, business and other loans,

and it is our job to deliver a return to our shareholders.”

CEO CFO: Many banks have been having a hard time in the current interest rate environment. West Coast is having less of a hard time; what are you doing differently?

Mr. Szniewajs: “I can only speak for us. The financial goals that we set out for our shareholders are EPS (earnings per share) growth of greater than 10% (we have actually done closer to 14% over the last three or four years), and a return on equity in excess of 15%, which we have also exceeded. Our goal is to manage the balance sheet and the income statement in such a way that we can deliver sustainable, predictable returns to our shareholders. Our job is to manage both

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through the interest rate cycle and the business cycle. We have to not only be aware of the current environment from each of those, but also anticipate what that environment is going to be and structure our resources and our balance sheet so that we can meet our goals regardless of what is going on in those two cycles.”

CEO CFO: What is the economy like in the area you serve?

Mr. Szniewajs: “We are blessed with a very good economy. We have low unemployment, in migration and good rising values of real estate, although not to the degree that some extreme areas have had (like San Diego, California or Naples, Florida). It has been a balanced economy;

we have had good growth and values, a strong employment picture and the desire of people to live in the Northwest.”

CEO CFO: Do you see the balance changing between commercial and consumer?

Mr. Szniewajs: “On the deposit side, our deposits are basically split fifty/fifty between business and personal, which is a big improvement from where we were four or five years ago. On the asset side of the balance sheet, only 10% of our loans are to the consumer and that doesn’t include small business, which is somewhere between personal and commercial because of the way people operate. I am very pleased with the split we have.”

CEO CFO: New branches for the future?

Mr. Szniewajs: “Yes. We have relocated three branches and announced two new branches so far this year. I expect there will be a couple more by the end of the year or early next year, so we will continue on with new branches.”

CEO CFO: Please tell us about the Coinstar machines that you are adding at your branches.

Mr. Szniewajs: “The coin counting machines are very similar to what you might find in grocery stores. I am a director of Coinstar (Coinstar Inc, Nasdaq-CSTR), so I have knowledge about the company. I very much like the value proposition of putting the machines in some of our branches, which allows customers to have their coins counted with no fee. With certain machines, customers can redeem their coin for a gift card of some sort. In other cases, they get a voucher to swap for cash or to deposit in their account. This is a service for small business as well as consumers. Later this year, the small business customers will be able count their coins and have the money deposit directly into their account without a voucher. The service is helpful for our employees and it provides another branch service for the customer.”

CEO CFO: Please tell us about community involvement for the bank.

Mr. Sznewajs: “A high percentage of our people are very involved in their communities...the branches are probably in 35 or 40 different communities in Oregon and Washington. We run a decentralized model from that point of view. We expect and encourage our people to be involved in the community, become a community leader, contribute and represent the bank well. All regions have their own marketing budgets to use at a local level; I want them to decide what they want to do, which activity they want to support and become involved with.”

CEOCFO: How do you maintain the personal touch as you grow?

Mr. Sznewajs: “It takes a lot of hard work and dedication. We maintain a personal touch by interaction with people to determine what they are thinking about things. Certainly, the employee opinion survey is a powerful tool that we use and actively manage. Clearly, not every area of the bank has the optimal survey results from our perspective, so we develop an action plan to work on the

things that need improvement. The senior management team is very involved and it is a high priority for all of us.”

CEOCFO: What should we look for in the next few years at West Coast Bank?

Mr. Sznewajs: “Our strategy is going to be the same...to continue to grow organically. If an acquisition came along, we

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would certainly look at it and be anxious to do it if we felt it was the right thing at the right time; however, our strategy is not dependent upon an acquisition. We will continue to opportunistically add new people, grow branches and enhance our products.”

CEOCFO: Why should investors be looking at West Coast?

Mr. Sznewajs: “Investors should look at us because of the financial goals that we have held for ourselves. We are doing greater than 10% growth and earnings per share, delivering better than a 15% return on equity. If that fits their investment style and what they are looking for, then I think we should be a candidate. I think it is important that the interest of those shareholders be aligned with the interest of management and the plan, and, obviously, to hold management accountable to do what they say they are going to do.”

CEOCFO: In closing, what should people remember most when they think of West Coast

Bancorp?

Mr. Sznewajs: “Our employees view us as a fun place to work, where they can make friends, enjoy the day and work as an opportunity to grow both personally and professionally.”



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