



WEST COAST BANCORP AND WEST COAST BANK

CHARTER OF THE AUDIT AND COMPLIANCE COMMITTEE OF THE BOARD OF DIRECTORS

I. ORGANIZATION

Purpose

The Audit and Compliance Committee of West Coast Bancorp and West Coast Bank (the "Company") shall be responsible for the appointment, compensation, and oversight of the Company's independent auditors. The Committee shall also assist the Board of Directors in:

- 1) Fulfilling the Board's responsibility for oversight of the quality and integrity of the financial accounting, auditing and reporting practices of the Company; and
- 2) Performing such other duties as are from time to time requested or assigned by the Board of Directors.

This Charter supplements the provisions of the Company's Bylaws and further defines the role, authority and responsibility of the Committee.

Committee Membership and Independence

The Committee shall consist of at least three members, all of whom shall be Directors. Members of the Committee shall be appointed annually by Board Chair, subject to ratification by the Board of Directors and may be removed or replaced by the Board. Vacancies on the Committee shall be filled in the same manner.

Members of the Committee shall meet the independence and experience requirements of The Nasdaq Stock Market, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act"), Rule 10A-3 thereunder, the rules and regulations of the Securities and Exchange Commission ("SEC"), and other applicable law. Members shall be able to read and understand financial statements. At least one member shall be financially sophisticated as required by NASDAQ. At least one member of the Committee shall be an "audit committee financial expert" as defined by the SEC.

Members of the Committee shall be free from any relationship to the Company or its subsidiaries that, in the judgment of the Board of Directors, may interfere with the exercise of their independent judgment. Other than in their capacity as members of the Board of Directors, members of the Committee may not be affiliates, officers or employees of the Company or any of its subsidiaries and may not accept from the Company any consulting, advisory or other compensatory fees.

Meetings, Quorum, Informal Actions, Minutes

The Committee shall meet on a regular basis, but not less frequently than quarterly. Special meetings may be called by the Chair of the Committee. A majority of the members of the Committee shall constitute a quorum. Concurrence of a majority of the quorum (or, in case a quorum at the time consists of two members of the Committee, both members present) shall be required to take formal action of the Committee. Written minutes shall be kept for all formal meetings of the Committee.

The Committee may act by unanimous written consent without a meeting, and may conduct meetings via conference telephone or similar communication equipment. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, as, for example, review of press releases announcing results of the Company's operations. The Committee may conduct informal inquiries and studies without the necessity of formal meetings.

Committee Advisors

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors retained by the Committee.

Reliance Upon Officers, Employees and Advisors

In performing their responsibilities under this Charter, Committee members are entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, prepared or presented by:

- One or more officers or employees of the Company whom the Committee member reasonably believes to be reliable and competent in the matters presented;
- Legal counsel, independent auditors, or other persons (including, without limitation, independent advisors retained by the Committee) as to matters which the Committee member reasonably believes to be within the professional or expert competence of such person; and
- Other committees of the Company's Board of Directors, of which the Committee member is not a member, if the Committee member reasonably believes such other committee merits confidence.

Committee Reporting

The Committee shall:

- Regularly report to the Board of Directors with respect to the Committee's activities and recommendations.
- Annually review and reassess the adequacy of this Charter and recommend to the Board for approval any necessary or appropriate amendments to the Charter.
- Annually prepare the report of an audit committee required by the rules of the SEC to be included in the Company's proxy statement with respect to the annual meeting of shareholders.

II. FINANCIAL ACCOUNTING, AUDITING AND REPORTING

Authority and Responsibilities

The Committee shall have the sole authority to appoint or replace the Company's independent auditor. The Board of Directors may, in its discretion, determine to submit to shareholders for approval or ratification the appointment by the Committee of the independent auditor. The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor for the purpose of preparing or issuing an audit report and related work. The independent auditor shall report directly to the Committee.

The Committee shall pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Committee prior to the completion of the audit. The Committee may delegate to a subcommittee the authority to approve or disapprove audit and permitted non-audit services, provided that decisions of such subcommittee shall be presented to the full Committee at its next scheduled meeting.

Members of the Committee shall meet periodically with officers or employees of the Company and its subsidiaries, with the Company's independent auditors and with the Director of the Company's Internal Audit Department. The Committee shall periodically meet with the Company's independent auditor and the internal auditor in executive sessions without the presence of management. The Committee shall be responsible for the resolution of disagreements between management and the independent auditor regarding financial reporting.

While the Committee has the oversight responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate, or are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor. Nor is it the duty of the Committee to conduct investigations or to assure compliance with laws and regulations and the Company's Code of Ethical Conduct.

Financial Statement and Disclosure Matters

The following activities are set forth as guidelines for the Committee in performing its responsibilities with respect to financial statement and disclosure matters. The Committee may diverge from these guidelines as it considers appropriate. The Committee is authorized to:

- Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in Management's Discussion and Analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K.
- Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Quarterly Report on Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements.
- Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the

Company's internal controls and any special steps adopted in light of material control deficiencies.

- Review and discuss quarterly reports from the independent auditors on:
 - Critical accounting policies and practices to be used.
 - Alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
 - Material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- Discuss with management the Company's earnings press releases, including the use of any "pro forma" or "adjusted" non-GAAP information, as well as any financial information or earnings guidance provided by the Company to analysts or rating agencies. (Such discussions may consist primarily of a discussion of the general kinds or categories of information to be disclosed and the types of presentations to be made.)
- Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as any "off-balance sheet" transactions on the Company's financial statements.
- Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
- Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
- Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Company's reports on SEC Forms 10-K and 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
- Require the Company's Chief Executive Officer and Chief Financial Officer to promptly report to the Committee any failure to certify the Company's reports on SEC Forms 10-K and 10-Q in a timely fashion.
- Review the procedures followed to support and facilitate certification of the Company's annual and quarterly reports by the Company's Chief Executive Officer and Chief Financial Officer.

- Review and discuss with management and/or the independent auditor any correspondence with regulators or governmental agencies and any published reports, which raise material issues regarding the Company's financial statements or accounting policies.
- Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.

Oversight of the Company's Relationship with the Independent Auditor

The Committee shall oversee the independence and performance of the Company's independent auditor. Without limitation, the Committee shall:

- Obtain and review a report from the independent auditor at least annually regarding:
 - the independent auditor's internal quality-control procedures,
 - any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm,
 - any steps taken to deal with any such issues, and
 - all relationships between the independent auditor and the Company, consistent with Independence Standards Board Standard No. 1.
- Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and internal auditors.
- Report its conclusions with respect to the independent auditor to the Board of Directors.
- Discuss with the independent auditor any disclosed relationships or services that may impact the objectivity and independence of the auditor, and take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the outside auditor.
- Require rotation of the audit partners as required by applicable law. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.
- Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.
- Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

Oversight of Internal Audit Function

The Committee shall perform an oversight role with respect to the Company's internal audit function and shall review the significant reports prepared by the Internal Auditing Department and management's responses. The Committee shall be consulted with respect to the appointment, dismissal or replacement of the Director of the Internal Auditing Department. Members of the Committee shall meet periodically with the Director.

Complaint Procedures

The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

III. COMPLIANCE OVERSIGHT

In aid of the Committee's role in assisting the Board of Directors in the oversight of the integrity of the Company's financial statements and compliance with legal and regulatory requirements, the Committee shall, if appropriate in the Committee's judgment:

1. Consider and resolve questions of possible conflicts between the interests of the Company and the interests of Board members or executive officers of the Company, including, without limitation, matters involving corporate opportunities of the Company.
2. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act (dealing with certain illegal acts) has not been implicated.
3. Obtain reports from management, the Director of the Company's Internal Auditing Department and the independent auditor that the Company and its affiliated entities conform to applicable legal requirements and the Company's Code of Ethical Conduct.
4. Review reports and disclosures of insider and affiliated party transactions.
5. Advise the Board of Directors with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Ethical Conduct.
6. Review the report of each examination made by bank supervising authorities and management's responses thereto.

IV. APPROVAL OF RELATED PARTY TRANSACTIONS

The Committee shall approve all related party transactions. A related party transaction is approved if it received the affirmative vote of a majority of the members of the Committee who are not interested in the transaction. These transactions may not be approved by a single director. For purposes of this section, a "related party transaction" is a transaction required to be disclosed under SEC Regulation S-K, item 404.