COLUMBIA BANKING SYSTEM INC
Form 425
May 10, 2007

Filed by Columbia Banking System, Inc.

Pursuant to Rule 425 under the Securities Act of 1933

And Deemed Filed Pursuant to Rule 14a-12

Under the Securities Exchange Act of 1934

Subject Company: Town Center Bancorp

Columbia Bank Commission File No. 0-20288

The slides below form a part of a presentation by representatives of Columbia Banking System, Inc. (Columbia), to investors, analysts and other interested parties at the D.A. Davidson Financial Services Conference in Seattle, Washington, on May 9, 2007, and similar future presentations. The slides, which include information about Columbia s proposed acquisition of Town Center Bancorp (and a separate proposed acquisition of Mountain Bank Holding Company), are hereby filed by Columbia pursuant to Rule 425 under the Securities Act of 1933 in connection with the acquisition of Town Center Bancorp.

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COLB
March 31, 2007

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Safe Harbor Statement

This presentation may include forward-looking statements. Actual results may differ materially from those currently expected. Additional information concerning factors that could cause such differences is contained in Columbia s Annual

Report on Form 10-K and other filings with the
Securities and Exchange Commission.

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Full-service commercial bank
South Sound area expansion began in August 1993
Since 1993, grown from 4 to 40 branches in Washington and NW Oregon
Assets have grown from $211 million to $2.7 billion, with over 85% de novo growth

21% compounded net income growth for last 5 years
Columbia Banking System, Inc.
March 31, 2007

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The Northwest Economy
Diversified economy
Solid real estate and commercial business loan growth
Good housing market; low default rate
Job market growth tops national pace
Increase in personal income

Strong growth opportunities

5
Economic Drivers

6
Columbia Franchise
Columbia Bank
Washington
Pierce County
22
King County

8
Cowlitz County
3
Kitsap County
1
Thurston County
1
Bank of Astoria
Oregon
Clatsop County
4
Tillamook County
1
33%
13%
16%
1%
6%
Deposit Market Share
Source: FDIC Annual Deposit Report as of June 30, 2006

7
An Attractive Footprint

8
Pro Forma Consolidated Overview
$312
Equity ($ mil)
$2,335
Deposits ($ mil)
$1,963

Net Loans ($ mil)
$2,945
Assets ($ mil)
52
Branches
Columbia Banking System, Inc.
December 31, 2006

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Building On Our Strengths

Vibrant Pacific Northwest markets

Ability to leverage strong retail system

Broad-based products & services

Diversified loan portfolio

Decision-making close to clients

Experienced relationship managers
Measurable excellence in customer service

10
Success Strategy
Strong branch network; core deposits represent 73%
of total deposits
Expand branch footprint --
de novo expansion and
accretive acquisitions in the Pacific Northwest

Fee income growth
Become *THE* community bank in all the communities
we serve.
Build shareholder value

11
Financial Performance

12
$0
$5
$10
$15
$20
$25

$30
$35
2002
2003
2004
2005
2006
Q1 '07
Net Income
In millions
Note: The Bank of Astoria acquisition closed on October 1, 2004.

21% CAGR (2002-2006)

$29.6
$22.5
$10.9
$19.5
$32.1
$7.3

13
$0.00
$0.50
$1.00
$1.50
$2.00
2002

2003
2004
2005
2006
Q1 '07
Earnings Per Share Growth
$1.87
$1.52
$0.78
$1.37
$1.99
(Diluted)
$0.45

14
$0.00
$0.02
$0.04
$0.06
$0.08
$0.10

$0.12
$0.14
$0.16
$0.18
$0.20
Q1 '05
Q2 '05
Q3 '05
Q4 '05
Q1 '06
Q2 '06
Q3 '06
Q4 '06
Q1 '07
Dividends Per Share
$0.07
$0.17

15
Total Revenue
$-
$20
$40
$60
$80

$100
$120
$140
2002
2003
2004
2005
2006
Q1 '07
Net Interest Income
Noninterest Income
(in millions)
$115.7
$94.2
$84.3
$86.7
$122.4
$30.9

16
Efficiency Ratio
50%
55%
60%
65%
70%

2002
2003
2004
2005
2006
Q1 '07
63.20%
61.20%
62.86%
64.46%
58.95%
63.39%

17
Profitability Measures
0.00%
0.20%
0.40%
0.60%
0.80%

1.00%
1.20%
1.40%
Return on Average Assets
Note: The Bank of Astoria acquisition closed on October 1, 2004.
0.0%
3.0%
6.0%
9.0%
12.0%
15.0%
Return on Average Equity

18
Net Interest Margin
3.50%
3.75%
4.00%
4.25%
4.50%

4.75%
2002
2003
2004
2005
2006
1Q 2007
4.19%
4.44%
4.23%
4.50%
4.49%
4.37%

19
Deposits
$2.08 Billion at March 31, 2007
$0
$300
$600
$900

$1,200
$1,500
$1,800
$2,100
2002
2003
2004
2005
2006
Q1
'07
Core Deposits
Other
($ in 000s)
CDs
Savings
Money Market
Interest Checking
Checking
27.0%
21.5%
20.7%
25.5%
5.3%
Average Cost of Deposits:
3.11%

20
Loans
$1.83 Billion at March 31, 2007
Commercial
Business
Other
Commercial Real

Estate
(In millions)
44.7%
18.2%
37.1%
Average Loan Yield:
7.82%
$0
$200
$400
$600
$800
$1,000
$1,200
$1,400
$1,600
$1,800
$2,000
2002
2003
2004
2005
2006
Q1 '07

21
Strong Asset Quality
0.00%
0.50%
1.00%
1.50%
2002

2003
2004
2005
2006
Q1 '07
Columbia
Peer Group
NPL / Total Loans
0.31%
0.62%
1.45%
1.23%
0.20%
0.18%

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Columbia Banking System, Inc.
Strong capital position (RBC = 12.70%
Strong credit quality (NPL/total loans: 0.18%)
Strong liquidity (loan to deposit ratio: 88%)
Low-cost deposit gathering (avg. cost: 3.11%)

23
1/1/04
6/4/04
11/8/04
4/14/05
9/16/05
2/21/06

7/27/06
12/29/06
80
100
120
140
160
180
200
COLB Stock Price Performance
Relative Stock Price Performance
Last Three Years
S&P 500 Index
27.6%
COLB
70.3%
NASDAQ
BANKS
17.9%
Source: Factset as of 12/31/06.
COLB
NASDAQ / Banking Index
S&P 500 Index

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COLB
Melanie J. Dressel
President & Chief Executive Officer
P.O. Box 2156
Tacoma, WA 98401-2156
253-305-1911

mdressel@columbiabank.com
Gary R. Schminkey
EVP & Chief Financial Officer
P.O. Box 2156
Tacoma, WA 98401-2156
253-305-1966
garys@columbiabank.com

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Columbia Note Regarding Forward Looking Statements

The slides include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which can be identified by words such as may, expected, anticipate, continue, or other comparable words. In addition, all statements other than statements of historical facts that address activities that Columbia expects or anticipates will or may occur in the future are forward-looking statements. Readers are encouraged to read the reports of Columbia filed with the Securities and Exchange Commission (the SEC), particularly its Form 10-K for the fiscal year ended December 31, 2006, for a discussion of risks, uncertainties and other factors that may cause actual results to differ materially from those contemplated by the forward looking statements. Additional factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include failure of the respective companies shareholders to approve either or both of the transactions discussed in the slides, delays or other difficulties in obtaining required regulatory approvals of one or both of the transactions, or failure to consummate one or both of the transactions for any other reason.

Additional Information About the Transaction and Where to Find It

In connection with the proposed acquisition of Town Center Bancorp, Columbia intends to file with the SEC a Registration Statement on Form S-4 that will include a proxy statement of Town Center Bancorp that also constitutes a prospectus of Columbia. Town Center will mail the proxy statement/prospectus to its shareholders. **Shareholders of Town Center and other interested parties are urged to read the proxy statement/prospectus when it becomes available and other relevant documents Columbia has filed or will file with the SEC at the SEC s website at www.sec.gov because they contain important information.** The proxy statement/prospectus (when it is available) and other documents may also be obtained free of charge by requesting them in writing from Columbia Banking System, Inc., Attention: Corporate Secretary, 1301 A Street, Suite 800, Tacoma, Washington 98402. Copies of the proxy statement/prospectus may also be obtained for free by contacting Bob Ekblad, Executive Vice President & Chief Financial Officer, Town Center Bancorp, 0413 SE 82nd Avenue, Portland, OR 97266.

Participants in the Solicitation

Town Center, Columbia and their respective directors, executive officers and certain other members of management may be deemed to be participants in the solicitation of proxies from Town Center shareholders in favor of the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of the Town Center shareholders in connection with the proposed transaction will be set forth in the proxy statement/prospectus when it is filed with the SEC. You can find information about Columbia s executive officers and directors in Columbia s definitive proxy statement on Schedule 14A filed with the SEC on March 19, 2007. Information relating to Town Center s directors and executive officers will be included in the proxy statement/prospectus that will be filed with the SEC. You can also obtain free copies of these documents from Columbia using the contact information above.