



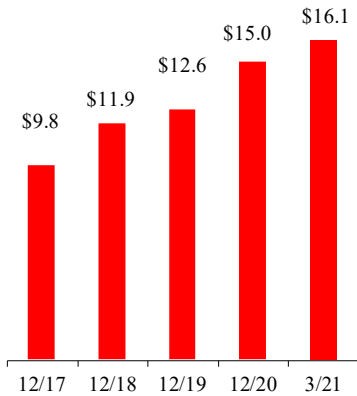
BANNER CORPORATION

NASDAQ: BANR
\$57.25 – 5/10/2021

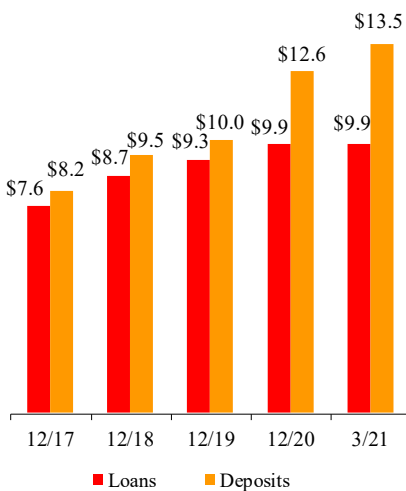
The IR Group

FACT SHEET

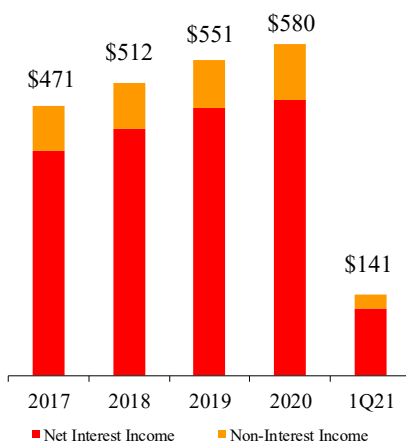
Total Assets (in billions)



Loans and Deposits (in billions)



Core Revenues (in millions)



HIGHLIGHTS

- Revenues decreased to \$141.9 million, compared to \$144.9 million in the preceding quarter, and increased 3% when compared to \$138.4 million in the first quarter a year ago.
- Net interest income, before the recapture of provision for credit losses, decreased to \$117.7 million in the first quarter of 2021, compared to \$121.4 million in the preceding quarter and \$119.3 million in the first quarter a year ago.
- Net interest margin on a tax equivalent basis was 3.44%, compared to 3.64% in the preceding quarter and 4.25% in the first quarter a year ago.
- Mortgage banking revenues increased 7% to \$11.4 million, compared to \$10.7 million in the preceding quarter, and 12% compared to \$10.2 million in the first quarter a year ago.
- Return on average assets was 1.24%, compared to 1.04% in the preceding quarter and 0.54% in the first quarter a year ago.
- Net loans receivable increased to \$9.79 billion at March 31, 2021, compared to \$9.70 billion at December 31, 2020, and 7% when compared to \$9.16 billion at March 31, 2020.
- Non-performing assets increased slightly to \$37.0 million, or 0.23% of total assets, at March 31, 2021, compared to \$36.5 million, or 0.24% of total assets in the preceding quarter, and decreased from \$46.1 million, or 0.36% of total assets, at March 31, 2020.
- The allowance for credit losses - loans was \$156.1 million, or 1.57% of total loans receivable, as of March 31, 2021, compared to \$167.3 million, or 1.69% of total loans receivable as of December 31, 2020 and \$130.5 million or 1.41% of total loans receivable as of March 31, 2020.
- A \$1.2 million recapture of provision for credit losses - unfunded loan commitments was recorded and the allowance for credit losses - unfunded loan commitments was \$12.1 million as of March 31, 2021, compared to \$13.3 million as of December 31, 2020 and \$11.5 million as of March 31, 2020.
- Core deposits (non-interest-bearing and interest-bearing transaction and savings accounts) increased 8% to \$12.64 billion at March 31, 2021, compared to \$11.65 billion at December 31, 2020, and increased 36% compared to \$9.28 billion a year ago. Core deposits represented 93% of total deposits at March 31, 2021.
- Dividends to shareholders were \$0.41 per share in the quarter ended March 31, 2021.
- Common shareholders' equity per share decreased 2% to \$46.60 at March 31, 2021, compared to \$47.39 at the preceding quarter end, and increased 2% from \$45.63 a year ago.
- Tangible common shareholders' equity per share* decreased 2% to \$35.29 at March 31, 2021, compared to \$36.17 at the preceding quarter end, and increased 3% from \$34.23 a year ago.
- SBA Paycheck Protection Program. The U.S. Small Business Administration (SBA) provides assistance to small businesses impacted by COVID-19 through the Paycheck Protection Program (PPP), which was designed to provide near-term relief to help small businesses sustain operations. Under the initial PPP program, Banner funded 9,103 applications totaling \$1.15 billion of loans in its service area. In January 2021, Banner began accepting and processing loan applications under the second PPP program enacted in December 2020. As of March 31, 2021, Banner had funded 4,107 applications totaling \$410.8 million of loans under the second PPP program. As of March 31, 2021, Banner had received SBA forgiveness for 1,255 PPP loans totaling \$259.9 million.
- Loan Accommodations. Banner is continuing to offer payment and financial relief programs for borrowers impacted by COVID-19. These programs include initial loan payment deferrals or interest-only payments for up to 90 days, waived late fees, and, on a more limited basis, waived interest and temporarily suspended foreclosure proceedings. Deferred loans are re-evaluated at the end of the initial deferral period and will either return to the original loan terms or may be eligible for an additional deferral period for up to 90 days. In addition, Banner has entered into payment forbearance agreements with other clients for periods of up to six months. At March 31, 2021, Banner had 91 loans totaling \$33.9 million still on deferral. Of the loans still on deferral, 79 loans totaling \$25.7 million are mortgage loans operating under forbearance agreements. Since these loans were performing loans that were current on their payments prior to the COVID-19 pandemic, these modifications are not considered to be troubled debt restructurings pursuant to applicable accounting and regulatory guidance.
- Allowance for Credit Losses. Banner recorded a recapture of provision for credit losses of \$8.0 million for the first quarter of 2021. This compares to a \$601,000 recapture of provision for credit losses recorded in the preceding quarter and a \$21.7 million provision for credit losses recorded in the first quarter a year ago. The recapture of provision for credit losses for the current quarter primarily reflects the decrease in loan balances, excluding the increase in PPP loans, as well as improvement in the forecasted economic indicators, while the recapture of the provision for credit losses recorded in the preceding quarter primarily reflected the decrease in loan balances. The provision for credit losses recorded in the first quarter a year ago reflected the deterioration in forecasted economic indicators and the economic outlook that existed at March 31, 2020 as a result of the COVID-19 pandemic.
- Branch Operations, IT Changes and One-Time Expenses. Banner has been taking steps to resume more normal branch activities with specific guidelines in place to help safeguard the safety of our clients and personnel. To further the well-being of staff and clients, Banner implemented measures to allow employees to work from home to the extent practicable. To facilitate this approach, Banner allocated additional computer equipment to staff and enhanced Banner's network capabilities with several upgrades. These expenses plus other expenses incurred in response to the COVID-19 pandemic resulted in \$148,000 of related costs during the first quarter of 2021, compared to \$333,000 of related costs in the preceding quarter and \$239,000 of related costs in the first quarter a year ago.
- Capital Management. At March 31, 2021, the tangible common shareholders' equity to tangible assets* ratio was 7.80% and Banner's capital was well in excess of all regulatory requirements. On December 21, 2020, Banner announced that its Board of Directors authorized the repurchase of up to 1,757,781 shares of Banner's common stock, which is equivalent to approximately 5% of its common stock. During the current quarter, Banner repurchased 500,000 shares of its common stock at an average cost of \$50.62 per share.

*Non GAAP

SUMMARY

Banner Corporation is a \$16.12 billion bank holding company operating one commercial bank in four Western states through a network of branches offering a full range of deposit services and business, commercial real estate, construction, residential, agricultural and consumer loans. Visit Banner Bank on the Web at www.bannerbank.com.



Share Data as of 5/10/2021

Recent Price	\$57.25	Book Value	\$46.60
Shares Outstanding	34.7M	Price/Book	1.23x
Estimated Float	34.3M	Tangible Book Value	\$35.29
Insider Ownership	2%	Price/Tangible Book	1.62x
Institutional Ownership	84%	1Q21 Net Interest Margin*	3.44%
Avg. Daily Volume	190,000	*Tax Equivalent	

Quarterly Financial Highlights (\$ in thousands)

Income Statement

	Quarters Ended		
	Mar 31, 2021	Dec 31, 2020	Mar 31, 2020
Interest Income	\$ 124,521	\$ 129,153	\$ 131,665
Interest Expense	6,860	7,716	12,407
Net Interest Income			
before Provision for Loan Losses	117,661	121,437	119,258
Provision for Loan Losses	(8,031)	(601)	21,748
Net Interest Income			
after Provision for Loan Losses	125,692	122,038	97,510
Non-Interest Income	23,728	21,608	23,683
Net gain on sale of securities	485	197	78
Net change in valuation of financial instruments carried at fair value	59	1,704	(4,596)
Total Non-Interest Income	24,272	23,509	19,165
Non-Interest Expense	91,588	95,847	93,804
COVID-19 expenses	148	333	239
Acquisition Related Expenses	571	579	1,142
Total Non-Interest Expense	92,307	96,759	95,185
Income before provision for income taxes	57,657	48,788	21,490
Provision for Income Taxes	10,802	9,831	4,608
Net Income	\$ 46,855	\$ 38,957	\$ 16,882
Diluted Earnings per Share	\$ 1.33	\$ 1.10	\$ 0.47
Cumulative Dividends per Share	\$ 0.41	\$ 0.41	\$ 1.41
Diluted Weighted Avg. Shares O/S	35,303,483	35,425,810	35,640,463

Balance Sheet

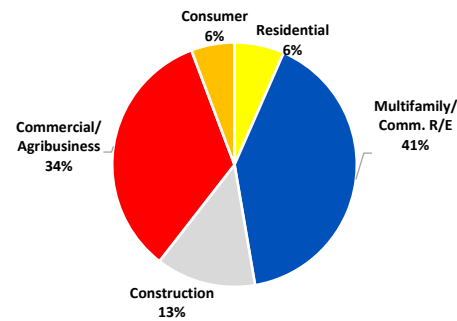
	Mar 31, 2021	Dec 31, 2020	Mar 31, 2020
Total Assets	\$ 16,119,792	\$ 15,031,623	\$ 12,780,950
Total Stockholders' Equity	\$ 1,618,817	\$ 1,666,264	\$ 1,601,700
Tangible Common Stockholders' Equity	\$ 1,225,981	\$ 1,271,717	\$ 1,201,422
Common stockholders' equity per share (1)	\$ 46.60	\$ 47.39	\$ 45.63
Common stockholders' tangible equity per share (1) (2)	\$ 35.29	\$ 36.17	\$ 34.23
Common stockholders' tangible equity to tangible assets (2)	7.80%	8.69%	9.70%
Consolidated Tier 1 Leverage capital ratio	9.10%	9.50%	10.45%

Key Financial Ratios

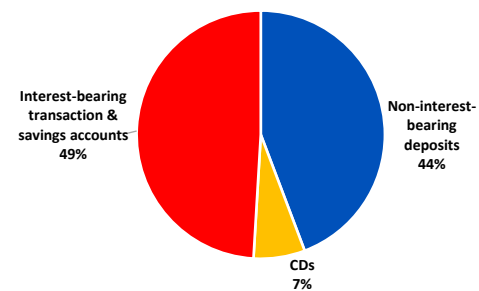
Net interest margin, as reported	3.38%	3.57%	4.19%
Net interest margin (tax equivalent)	3.44%	3.64%	4.25%
Return on average assets	1.24%	1.04%	0.54%
Return on average equity	11.54%	9.42%	4.23%
Efficiency ratio (3)	65.04%	66.76%	68.76%
Adjusted efficiency ratio (4)	63.85%	64.31%	62.26%

- (1) Calculation is based on number of common shares outstanding at the end of the period rather than weighted average shares outstanding.
- (2) Common stockholders' tangible equity excludes goodwill and other intangibles. Tangible assets exclude goodwill and other intangible assets. These ratios represent non-GAAP financial measures.
- (3) Non-interest expense divided by the total of net interest income (before provision for loan losses) and non-interest income.
- (4) Adjusted non-interest expense divided by adjusted revenue. Adjusted revenue excludes net gain (loss) on sale of securities and fair value adjustments. Adjusted non-interest expense excludes acquisition related expenses, COVID-19 expenses, amortization of core deposit intangibles, REO gain (loss), FHLB prepayment penalties and state/municipal business and use taxes. These represent non-GAAP financial measures.

Loan Portfolio



Deposit Portfolio



Analyst Coverage

D.A. Davidson & Co.
Jeff Rulis - April 22, 2021

Janney
Tim Coffey - April 22, 2021

Raymond James
David Feaster - April 21, 2021

Keefe, Bruyette & Woods
Jacquelynn Chimera - April 21, 2021

Piper Sandler
Andrew Liesch - April 22, 2021

Stephens Inc.
Andrew Terrell - April 21, 2021

Standard & Poor's

Corporate Information

Mark J. Grescovich, President & CEO
Peter J. Conner, EVP & CFO

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