



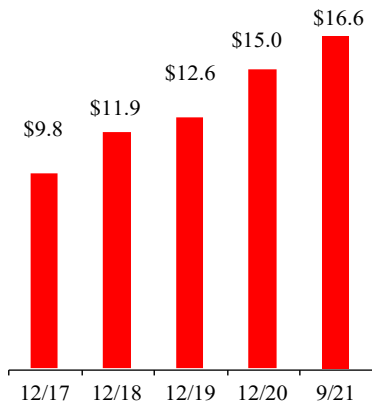
BANNER CORPORATION

NASDAQ: BANR
\$61.68 – 11/12/2021

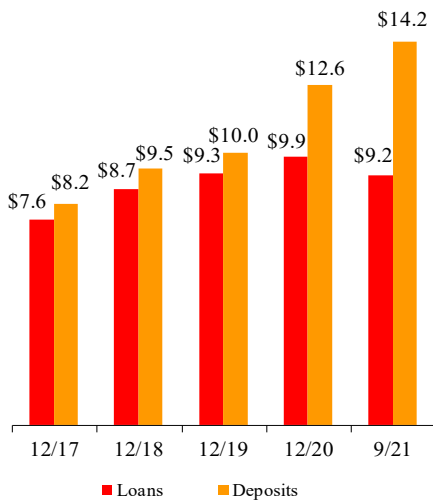
The IR Group

FACT SHEET

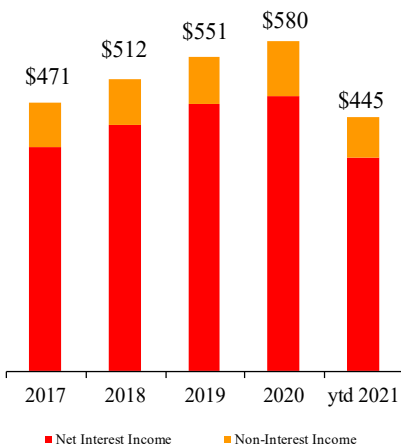
Total Assets (in billions)



Loans and Deposits (in billions)



Core Revenues (in millions)



Core revenues exclude gain on sale of securities and fair value adjustments.

HIGHLIGHTS

- ◆ Net income was \$49.9 million, or \$1.44 per diluted share, for the third quarter of 2021, an 8% decrease compared to \$54.4 million, or \$1.56 per diluted share, for the second quarter of 2021 and a 36% increase compared to \$36.5 million, or \$1.03 per diluted share, for the third quarter of 2020.
- ◆ Net interest income, before the recapture of provision for credit losses, increased to \$130.1 million in the third quarter of 2021, compared to \$127.6 million in the preceding quarter and \$121.0 million in the third quarter a year ago.
- ◆ Net interest margin on a tax equivalent basis was 3.47%, compared to 3.52% in the preceding quarter and 3.72% in the third quarter a year ago.
- ◆ Mortgage banking revenues increased 30% to \$9.8 million, compared to \$7.5 million in the preceding quarter, and decreased 41% compared to \$16.6 million in the third quarter a year ago.
- ◆ Return on average assets was 1.20%, compared to 1.36% in the preceding quarter and 1.01% in the third quarter a year ago.
- ◆ Net loans receivable decreased to \$9.08 billion at September 30, 2021, compared to \$9.51 billion at June 30, 2021, and decreased 9% when compared to \$10.00 billion at September 30, 2020. The decrease in loan balances was largely due to PPP loan forgiveness.
- ◆ Non-performing assets decreased to \$29.7 million, or 0.18% of total assets, at September 30, 2021, compared to \$31.5 million, or 0.19% of total assets in the preceding quarter, and decreased from \$36.7 million, or 0.25% of total assets, at September 30, 2020.
- ◆ The allowance for credit losses - loans was \$139.9 million, or 1.52% of total loans receivable, as of September 30, 2021, compared to \$148.0 million, or 1.53% of total loans receivable as of June 30, 2021 and \$168.0 million or 1.65% of total loans receivable as of September 30, 2020.
- ◆ Core deposits (non-interest-bearing and interest-bearing transaction and savings accounts) increased 4% to \$13.31 billion at September 30, 2021, compared to \$12.76 billion at June 30, 2021, and increased 18% compared to \$11.30 billion a year ago. Core deposits represented 94% of total deposits at September 30, 2021.
- ◆ Dividends to shareholders were \$0.41 per share in the quarter ended September 30, 2021.
- ◆ Common shareholders' equity per share increased 1% to \$48.67 at September 30, 2021, compared to \$48.31 at the preceding quarter end, and increased 4% from \$46.83 a year ago.
- ◆ Tangible common shareholders' equity per share* increased 1% to \$37.30 at September 30, 2021, compared to \$36.99 at the preceding quarter end, and increased 5% from \$35.56 a year ago.
- ◆ Banner repurchased 300,000 shares of its common stock during the quarter at an average cost of \$55.50 per share.
- ◆ After a comprehensive review of our business, we implemented Banner Forward, a bank-wide initiative to accelerate revenue growth and reduce operating expense. Implementation of this plan commenced during the third quarter of 2021 with full implementation expected by 2023, with the goal of producing meaningful results in the near term while staying true to our mission and value proposition of being connected, knowledgeable and responsive to our clients, communities and employees. The focus of Banner Forward is to accelerate growth in commercial banking, deepen relationships with retail customers, advance technology strategies to enhance our digital service channels, while streamlining underwriting and back office processes.

*Non GAAP

SUMMARY

Banner Corporation is a \$16.64 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 11/12/2021

Recent Price	\$61.68	Market Cap	\$2.113B
Shares Outstanding	34.3M	Book Value	\$48.67
Estimated Float	33.8M	Price/Book	1.27x
Insider Ownership	2%	Tangible Book Value	\$37.30
Institutional Ownership	86%	Price/Tangible Book	1.65x
Avg. Daily Volume	189,000	3Q21 Net Interest Margin*	3.47%

*Tax Equivalent

Quarterly Financial Highlights

(\$ in thousands)

Income Statement

	Quarters Ended		
	Sep 30, 2021	Jun 30, 2021	Sep 30, 2020
Interest Income	\$ 135,868	\$ 133,565	\$ 129,581
Interest Expense	5,722	6,011	8,555
Net Interest Income			
before Provision for Loan Losses	130,146	127,554	121,026
Provision for Loan Losses	(8,638)	(10,256)	15,180
Net Interest Income			
after Provision for Loan Losses	138,784	137,810	105,846
Non-Interest Income	23,500	22,201	27,541
Net gain on sale of securities	56	77	644
Net change in valuation of financial instruments carried at fair value	1,778	58	37
Total Non-Interest Income	25,334	22,336	28,222
Non-Interest Expense	102,091	92,428	89,245
COVID-19 expenses	44	117	778
Acquisition Related Expenses	10	79	5
Total Non-Interest Expense	102,145	92,624	90,028
Income before provision for income taxes	61,973	67,522	44,040
Provision for Income Taxes	12,089	13,140	7,492
Net Income	\$ 49,884	\$ 54,382	\$ 36,548
Diluted Earnings per Share	\$ 1.44	\$ 1.56	\$ 1.03
Cumulative Dividends per Share	\$ 0.41	\$ 0.41	\$ 0.41
Diluted Weighted Avg. Shares O/S	34,669,492	34,933,714	35,316,679

Balance Sheet

	Sep 30, 2021	Jun 30, 2021	Sep 30, 2020
Total Assets	\$ 16,637,879	\$ 16,181,857	\$ 14,642,075
Total Shareholders' Equity	\$ 1,667,119	\$ 1,669,211	\$ 1,646,529
Tangible Common Shareholders' Equity	\$ 1,277,569	\$ 1,278,086	\$ 1,250,117
Common shareholders' equity per share (1)	\$ 48.67	\$ 48.31	\$ 46.83
Common shareholders' tangible equity per share (1) (2)	\$ 37.30	\$ 36.99	\$ 35.56
Common shareholders' tangible equity to tangible assets (2)	7.86%	8.09%	8.78%
Consolidated Tier 1 Leverage capital ratio	8.79%	8.86%	9.56%

Key Financial Ratios

Net interest margin, as reported	3.41%	3.45%	3.65%
Net interest margin (tax equivalent)	3.47%	3.52%	3.72%
Return on average assets	1.20%	1.36%	1.01%
Return on average equity	11.79%	13.32%	8.92%
Efficiency ratio (3)	65.70%	61.79%	60.32%
Adjusted efficiency ratio (4)	59.65%	58.50%	58.02%

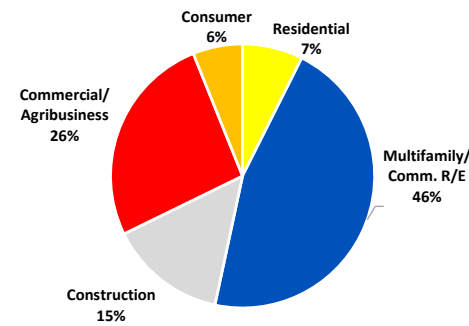
(1) Calculation is based on number of common shares outstanding at the end of the period rather than weighted average shares outstanding.

(2) Common shareholders' tangible equity excludes goodwill and other intangibles. Tangible assets exclude goodwill and other intangible assets. These ratios represent non-GAAP financial measures.

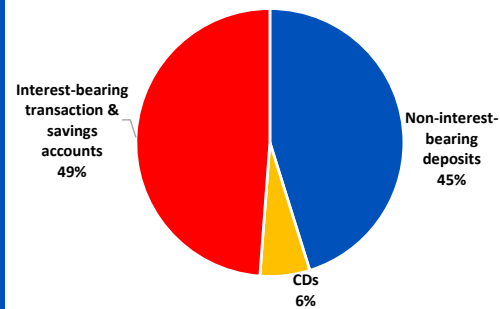
(3) Non-interest expense divided by the total of net interest income (before provision for loan losses) and non-interest income.

(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

Loan Portfolio



Deposit Portfolio



Analyst Coverage

D.A. Davidson & Co.

Jeff Rulis - October 21, 2021

Janney

Tim Coffey - October 21, 2021

Raymond James

David Feaster - October 22, 2021

Piper Sandler

Andrew Liesch - October 22, 2021

Stephens Inc.

Andrew Terrell - October 21, 2021

Standard & Poor's

Corporate Information

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

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