



BANNER CORPORATION

NASDAQ: BANR

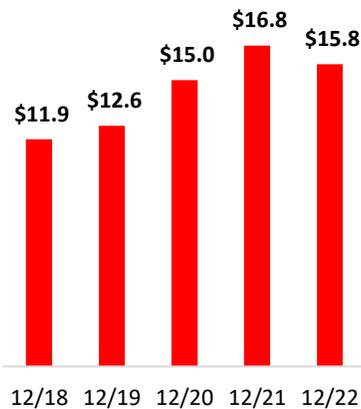
\$67.80 – 1/20/2023

The IR Group

FACT SHEET

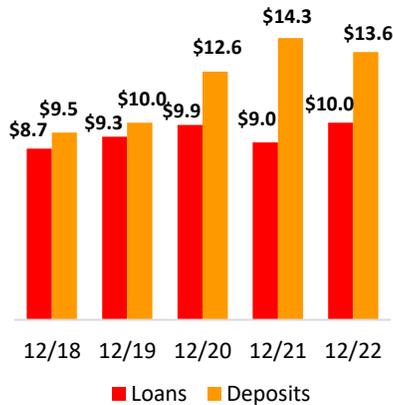
Total Assets

(in billions)



Loans and Deposits

(in billions)



Core Revenue

(in millions)



Core revenue excludes gain on sale of securities, fair value adjustments and the gain on sale of branches.

FOURTH QUARTER HIGHLIGHTS

- Revenues increased 6% to \$172.1 million, compared to \$162.0 million in the preceding quarter, and increased 18% compared to \$146.0 million in the fourth quarter a year ago.
- Net interest income increased 9% to \$159.1 million in the fourth quarter of 2022, compared to \$146.4 million in the preceding quarter and increased 31%, compared to \$121.5 million in the fourth quarter a year ago.
- Net interest margin, on a tax equivalent basis, was 4.23%, compared to 3.85% in the preceding quarter and 3.17% in the fourth quarter a year ago.
- Mortgage banking revenues increased to \$2.3 million, compared to \$105,000 in the preceding quarter, and decreased 59% compared to \$5.6 million in the fourth quarter a year ago.
- Return on average assets was 1.34%, compared to 1.18% in both the preceding quarter and fourth quarter a year ago.
- Net loans receivable increased 3% to \$10.01 billion at December 31, 2022, compared to \$9.69 billion at September 30, 2022, and increased 12% compared to \$8.95 billion at December 31, 2021.
- Non-performing assets increased to \$23.4 million, or 0.15% of total assets, at December 31, 2022, compared to \$15.6 million, or 0.10% of total assets at September 30, 2022, and decreased slightly compared to \$23.7 million, or 0.14% of total assets, at December 31, 2021.
- The allowance for credit losses - loans was \$141.5 million, or 1.39% of total loans receivable, as of December 31, 2022, compared to \$135.9 million, or 1.38% of total loans receivable as of September 30, 2022 and \$132.1 million, or 1.45% of total loans receivable as of December 31, 2021.
- Core deposits (non-interest-bearing and interest-bearing transaction and savings accounts) decreased to \$12.90 billion at December 31, 2022, compared to \$13.51 billion at September 30, 2022, and \$13.49 billion a year ago. Core deposits represented 95% of total deposits at December 31, 2022.
- Dividends paid to shareholders were \$0.44 per share in the quarter ended December 31, 2022. Announced 9% increase in dividend to \$0.48 per share to be paid in February 2023.
- Common shareholders' equity per share increased 3% to \$42.59 at December 31, 2022, compared to \$41.20 at the preceding quarter end, and decreased 14% from \$49.35 a year ago.

*Non-GAAP (Generally Accepted Accounting Principles) measure

SUMMARY

Banner Corporation is a \$15.83 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 1/20/23

Recent Price	\$64.43	Market Cap	\$2.203B
Shares Outstanding	34.2M	Book Value	\$42.59
Estimated Float	33.6M	Price/Book	1.51x
Insider Ownership	2%	Tangible Book Value	\$31.41
Institutional Ownership	88%	Price/Tangible Book	2.05x
Avg. Daily Volume	181,000	4Q22 Net Interest Margin*	4.23%

*Tax Equivalent

Quarterly Financial Highlights

Income Statement

	Dec 31, 2022	Sep 30, 2022	Dec 31, 2021
Interest income	\$ 165,558	\$ 151,119	\$ 126,546
Interest expense	6,487	4,676	5,016
Net interest income before provision for credit losses	159,071	146,443	121,530
Provision (recapture) for credit losses	6,704	6,087	(5,243)
Net interest income after provision for loan losses	152,367	140,356	126,773
Non-interest income	16,634	15,047	21,889
Net gain on sale of securities	(3,721)	6	(136)
Net change in valuation of financial instruments carried at fair value	157	532	2,721
Total non-interest income	13,070	15,585	24,474
Non-interest expense	99,013	95,034	91,678
COVID-19 expenses	-	-	127
Total non-interest expense	99,013	95,034	91,805
Income before provision for income taxes	66,424	60,907	59,442
Provision for income taxes	12,044	11,837	9,515
Net income	\$ 54,380	\$ 49,070	\$ 49,927
Diluted earnings per share	\$ 1.58	\$ 1.43	\$ 1.44
Cumulative dividends per share	\$ 0.44	\$ 0.44	\$ 0.41
Diluted weighted avg. shares O/S	34,437,151	34,416,017	34,575,607

Balance Sheet

	Dec 31, 2022	Sep 30, 2022	Dec 31, 2021
Total assets	\$15,833,431	\$16,360,809	\$16,804,872
Total shareholders' equity	\$ 1,456,432	\$ 1,408,659	\$ 1,690,327
Tangible common shareholders' equity	\$ 1,073,871	\$ 1,024,883	\$ 1,302,351
Common shareholders' equity per share (1)	\$ 42.59	\$ 41.20	\$ 49.35
Common shareholders' tangible equity per share (1)(2)	\$ 31.41	\$ 29.97	\$ 38.02
Common shareholders' tangible equity to tangible assets (2)	6.95%	6.41%	7.93%
Consolidated tier 1 leverage capital ratio	9.45%	9.06%	8.76%

Key Financial Ratios

Net interest margin, tax equivalent	4.23%	3.85%	3.17%
Return on average assets	1.34%	1.18%	1.18%
Return on average equity	15.14%	12.85%	11.84%
Efficiency ratio (3)	57.52%	58.65%	62.88%
Adjusted efficiency ratio (4)	54.43%	57.04%	59.71%

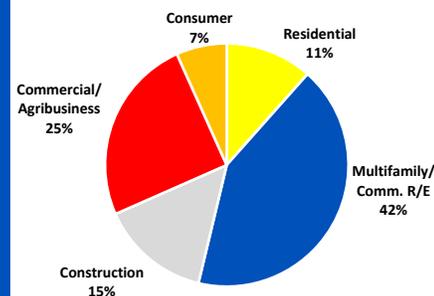
(1) Calculation is based on number of common shares outstanding at the end of the period rather than weighted average shares outstanding.

(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.

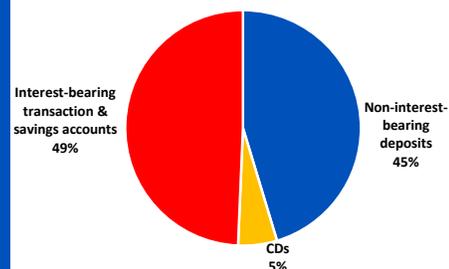
(3) Non-interest expense divided by the total of net interest income (before provision for loan losses) and non-interest income.

(4) Adjusted non-interest expense divided by adjusted revenue. Adjusted revenue excludes net gain (loss) on sale of securities, fair value adjustments and the gain on sale of branches. Adjusted non-interest expense excludes merger and acquisition related expenses, COVID-19 expenses, Banner Forward expenses, amortization of core deposit intangibles, REO operations, loss on extinguishment of debt and state/municipal business and use taxes. These represent non-GAAP.

Loan Portfolio



Deposit Portfolio



Analyst Coverage

D.A. Davidson & Co.

Jeff Rulis-January 20, 2023

Janney

Tim Coffey-January 20, 2023

Keefe, Bruyette & Woods

Kelly Motta-January 22, 2023

Piper Sandler

Andrew Liesch-January 20, 2023

Raymond James

David Feaster-January 20, 2023

Stephens Inc.

Andrew Terrell-January 23, 2023

Standard & Poor's

Corporate Information

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

10 South First Avenue
Walla Walla, WA 99362
(509) 527-3636
www.bannerbank.com