



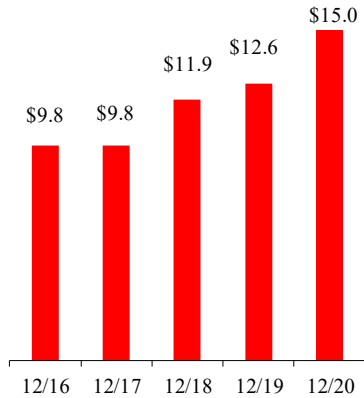
BANNER CORPORATION

NASDAQ: BANR
\$45.62 – 1/27/2021

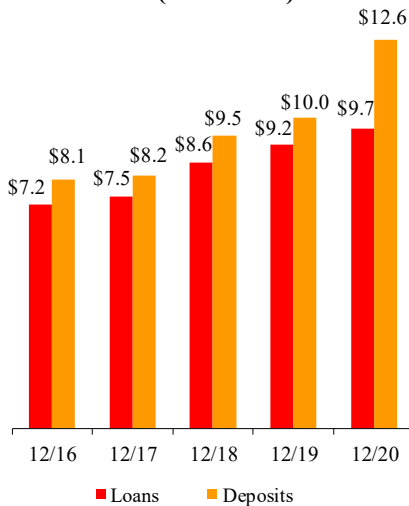
The IR Group

FACT SHEET

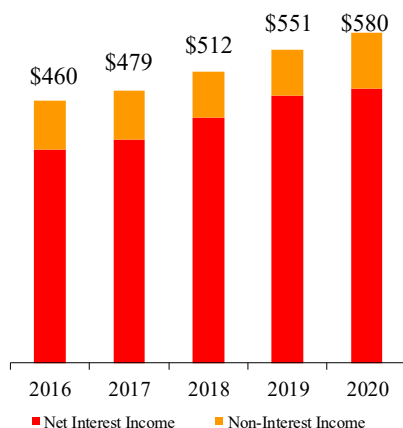
Total Assets (in billions)



Loans and Deposits (in billions)



Core Revenues (in millions)



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

HIGHLIGHTS

- Revenues decreased to \$144.9 million, compared to \$149.2 million in the preceding quarter, and increased 4% when compared to \$139.8 million in the fourth quarter a year ago.
- Net interest income, before the provision for credit losses, increased to \$121.4 million in the fourth quarter of 2020, compared to \$121.0 million in the preceding quarter and \$119.5 million in the fourth quarter a year ago.
- Net interest margin was 3.57%, compared to 3.65% in the preceding quarter and 4.20% in the fourth quarter a year ago.
- Net interest margin on a tax equivalent basis was 3.64%, compared to 3.72% in the preceding quarter and 4.26% in the fourth quarter a year ago.
- Mortgage banking revenues decreased 35% to \$10.7 million, compared to \$16.6 million in the preceding quarter, and increased 71% compared to \$6.2 million in the fourth quarter a year ago.
- Return on average assets was 1.04%, compared to 1.01% in the preceding quarter and 1.07% in the fourth quarter a year ago.
- Net loans receivable decreased to \$9.70 billion at December 31, 2020, compared to \$10.00 billion at September 30, 2020, and increased 5% when compared to \$9.20 billion at December 31, 2019.
- Non-performing assets decreased to \$36.5 million, or 0.24% of total assets, at December 31, 2020, compared to \$36.7 million, or 0.25% of total assets in the preceding quarter, and decreased from \$40.5 million, or 0.32% of total assets, at December 31, 2019.
- The allowance for credit losses - loans was \$167.3 million, or 1.69% of total loans receivable, as of December 31, 2020, compared to \$168.0 million, or 1.65% of total loans receivable as of September 30, 2020 and \$100.6 million or 1.08% of total loans receivable as of December 31, 2019.
- A \$1.2 million provision for credit losses - unfunded loan commitments was recorded and the allowance for credit losses - unfunded loan commitments was \$13.3 million as of December 31, 2020, compared to \$12.1 million as of September 30, 2020 and \$2.7 million as of December 31, 2019.
- Core deposits (non-interest-bearing and interest-bearing transaction and savings accounts) increased 3% to \$11.65 billion at December 31, 2020, compared to \$11.30 billion at September 30, 2020, and increased 31% compared to \$8.93 billion a year ago. Core deposits represented 93% of total deposits at December 31, 2020.
- Dividends to shareholders were \$0.41 per share in the quarter ended December 31, 2020.
- Common shareholders' equity per share increased 1% to \$47.39 at December 31, 2020, compared to \$46.83 at the preceding quarter end, and increased 6% from \$44.59 a year ago.
- Tangible common shareholders' equity per share* increased 2% to \$36.17 at December 31, 2020, compared to \$35.56 at the preceding quarter end, and increased 9% from \$33.33 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. The deadline for PPP loan applications to the SBA under the original PPP was August 8, 2020. Under this program Banner funded 9,103 applications totaling \$1.15 billion of loans in its service area and began processing applications for loan forgiveness in the fourth quarter of 2020. As of December 31, 2020, Banner had received SBA forgiveness for 595 PPP loans totaling \$112.3 million. In January, Banner began accepting and processing loan applications under the second PPP program enacted in December 2020.
- 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 customers for periods of up to six months. At December 31, 2020, Banner had 158 loans totaling \$75.4 million still on deferral. Of the loans still on deferral, 26 loans totaling \$33.9 million have received a second deferral. 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 through December 31, 2020 pursuant to applicable accounting and regulatory guidance.
- Allowance for Credit Losses - Loans.** Banner recorded a recapture of provision for credit losses of \$601,000 for the fourth quarter of 2020. This compares to a \$13.6 million provision for credit losses recorded in the preceding quarter and a \$4.0 million provision for loan losses recorded in the fourth quarter a year ago. The recapture of provision for the current quarter primarily reflects the decrease in loan balances while the provision for credit losses recorded in the preceding quarter primarily reflected the deterioration in forecasted economic indicators as a result of the COVID-19 pandemic and for both periods the economic outlook that existed at their respective quarter end.
- Branch Operations, IT Changes and One-Time Expenses.** Banner has begun taking steps to resume more normal branch activities with specific guidelines in place to help safeguard the safety of its clients and personnel. To further the well-being of staff and customers, 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 \$333,000 of related costs during the fourth quarter of 2020, compared to \$778,000 of related costs in the third quarter of 2020. The COVID-19 pandemic response expenses for 2020 were \$3.5 million.
- Capital Management.** At December 31, 2020, the tangible common shareholders' equity to tangible assets* ratio was 8.69% and Banner's capital was well in excess of all regulatory requirements. On June 30, 2020, Banner issued and sold in an underwritten offering \$100.0 million aggregate principal amount of 5.000% Fixed-to-Floating Rate Subordinated Notes due 2030 (Notes) at a public offering price equal to 100% of the aggregate principal amount of the Notes, resulting in net proceeds, after underwriting discounts and estimated offering expenses, of approximately \$98.1 million. 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.

*Non GAAP

SUMMARY

Banner Corporation is a \$15.03 billion bank holding company operating two commercial banks 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 1/27/2021

Recent Price	\$45.62	Book Value	\$47.39
Shares Outstanding	35.2M	Price/Book	0.96x
Estimated Float	34.6M	Tangible Book Value	\$36.17
Insider Ownership	2%	Price/Tangible Book	1.26x
Institutional Ownership	85%	4Q20 Net Interest Margin*	3.64%
Avg. Daily Volume	194,000	*Tax Equivalent	

Quarterly Financial Highlights (\$ in thousands)

Income Statement

	Quarters Ended		
	Dec 31, 2020	Sep 30, 2020	Dec 31, 2019
Interest Income	\$ 129,153	\$ 129,581	\$ 133,409
Interest Expense	7,716	8,555	13,918
Net Interest Income			
before Provision for Loan Losses	121,437	121,026	119,491
Provision for Loan Losses	(601)	13,641	4,000
Net Interest Income			
after Provision for Loan Losses	122,038	107,385	115,491
Non-Interest Income	21,608	27,541	20,256
Net gain on sale of securities	197	644	62
Net change in valuation of financial instruments carried at fair value	1,704	37	(36)
Total Non-Interest Income	23,509	28,222	20,282
Non-Interest Expense	95,847	90,748	89,271
COVID-19 expenses	333	778	-
Acquisition Related Expenses	579	5	4,419
Total Non-Interest Expense	96,759	91,567	93,690
Income before provision for income taxes	48,788	44,040	42,083
Provision for Income Taxes	9,831	7,492	8,428
Net Income	\$ 38,957	\$ 36,548	\$ 33,655
Diluted Earnings per Share	\$ 1.10	\$ 1.03	\$ 0.95
Cumulative Dividends per Share	\$ 0.41	\$ 0.41	\$ 1.41
Diluted Weighted Avg. Shares O/S	35,425,810	35,316,679	35,316,736

Balance Sheet

	Dec 31, 2020	Sep 30, 2020	Dec 31, 2019
Total Assets	\$ 15,031,623	\$ 14,642,075	\$ 12,604,031
Total Stockholders' Equity	\$ 1,666,264	\$ 1,646,529	\$ 1,594,034
Tangible Common Stockholders' Equity	\$ 1,271,717	\$ 1,250,117	\$ 1,191,755
Common stockholders' equity per share (1)	\$ 47.39	\$ 46.83	\$ 44.59
Common stockholders' tangible equity per share (1) (2)	\$ 36.17	\$ 35.56	\$ 33.33
Common stockholders' tangible equity to tangible assets (2)	8.69%	8.78%	9.77%
Consolidated Tier 1 Leverage capital ratio	9.50%	9.56%	10.71%

Key Financial Ratios

Net interest margin, as reported	3.57%	3.65%	4.20%
Net interest margin (tax equivalent)	3.64%	3.72%	4.26%
Return on average assets	1.04%	1.01%	1.07%
Return on average equity	9.42%	8.92%	8.33%
Efficiency ratio (3)	66.76%	61.35%	67.03%
Adjusted efficiency ratio (4)	64.31%	58.02%	61.19%

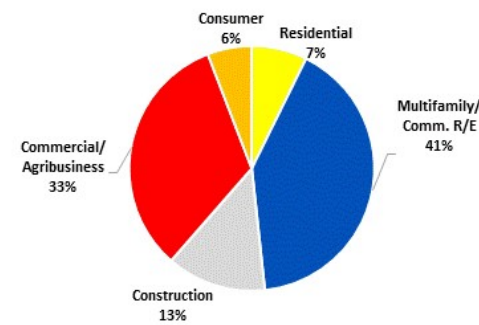
(1) Calculation is based on number of common shares outstanding at the end of the period rather than weighted average shares outstanding.

(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.

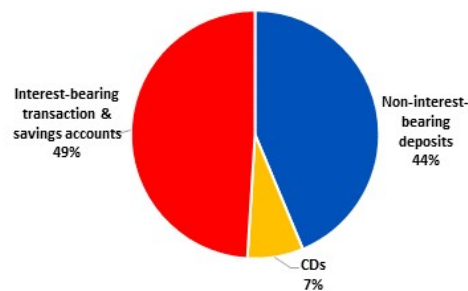
(3) Non-interest expense divided by the total of net interest income (before provision for loan losses) and non-interest income.

(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 - January 22, 2021

Janney

Tim Coffey - January 22, 2021

Raymond James

David Feaster - January 21, 2021

Keefe, Bruyette & Woods

Jacquelynn Chimera - January 22, 2021

Piper Sandler

Andrew Liesch - January 25, 2021

Stephens Inc.

Andrew Terrell - January 25, 2021

Standard & Poor's

Corporate Information

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

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