



BANNER CORPORATION

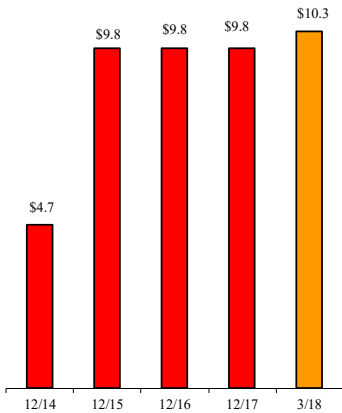
NASDAQ: BANR

\$58.44 – 4/25/2018

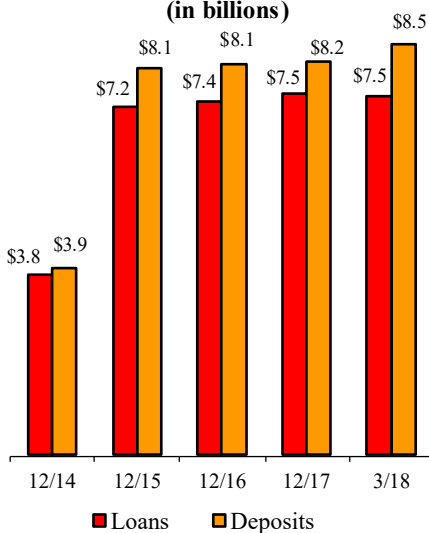
The IR Group

FACT SHEET

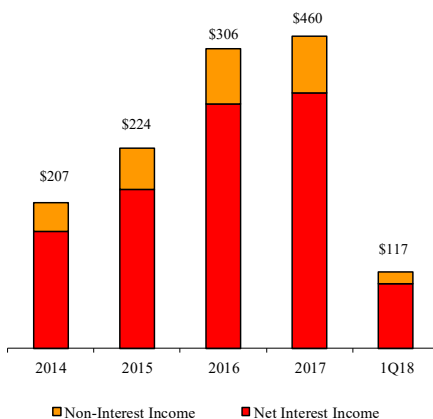
Total Assets
(in billions)



Loans and Deposits
(in billions)



Revenues*
(in millions)



HIGHLIGHTS

- ◆ **Net Income.** Net income in 1Q18 increased 21% to \$28.8 million, or \$0.89 per diluted share, compared to \$23.8 million, or \$0.72 per diluted share, in 1Q17. In the preceding quarter, following a revaluation of deferred tax assets due to the Tax Cuts and Jobs Act resulting in an additional tax expense of \$42.6 million, or \$1.30 per diluted share, Banner reported a net loss of \$13.5 million, or \$0.41 per diluted share.
- ◆ **Revenues/Margin.** Total revenues decreased 4% to \$120.7 million in 1Q18, compared to \$125.9 million in 4Q17 which included a \$12.2 million gain on the sale of our Utah branches, and increased 6% compared to \$113.9 million in 1Q17. Revenues from core operations* (revenues excluding gains and losses on the sale of securities and net change in valuation of financial instruments and in the preceding quarter the gain on sale of the Utah branches) increased to \$117.4 million in 1Q18, compared to \$117.1 million in 4Q17, and \$114.6 million in 1Q17. Banner's net interest margin was 4.35% for 1Q18, a 17 basis point improvement compared to 4.18% in 4Q17 and a ten basis point improvement compared to 4.25% in 1Q17. Increased revenue generation driven by additional client acquisition and balance sheet growth, strong net interest income, deposit fees and service charges and solid mortgage banking revenues, coupled with a moderate risk profile and lower tax rates, are producing sustainable and increasing profitability.
- ◆ **Loan Portfolio/Deposits.** Net loans were \$7.46 billion at 3/31/18 compared to \$7.33 billion a year earlier. Deposits were \$8.54 billion at 3/31/18 compared to \$8.42 billion a year earlier. Non-certificate core deposits represented 88% of total deposits at 3/31/18, compared to 86% of total deposits a year earlier.
- ◆ **Credit Quality.** At 3/31/18, NPAs were 0.23% of total assets, compared to 0.28% at 12/31/17 and 0.21% a year ago. Non-performing assets were \$23.5 million at 3/31/18, compared to \$27.5 million three months earlier and \$21.3 million a year ago. Banner had net loan recoveries of \$1.2 million in 1Q18 compared to net loan charge offs of \$2.1 million in 4Q17 and charge offs of \$1.5 million in 1Q17. Primarily as a result of the origination of new loans and the renewal of acquired loans out of the discounted loan portfolio, Banner recorded a \$2.0 million provision for loan losses in the current quarter. The ALLL at 3/31/18 was \$92.2 million, or 1.22% of total loans.
- ◆ **Capital.** Banner's tangible common equity was \$986.5 million or 9.82% of tangible assets at 3/31/18. Banner and its subsidiaries, Banner Bank and Islanders Bank, each maintain capital ratios well in excess of the amount necessary to meet the "well-capitalized" standards under the newly implemented Basel III and Dodd Frank regulatory standards. At 3/31/18, Banner's common equity Tier 1 capital ratio was 10.68%, its Tier 1 leverage capital to average assets ratio was 11.06% and its total capital to risk-weighted assets ratio was 13.28%. Common shareholders' tangible equity per share was \$30.43 at 3/31/18.
- ◆ **Dividends/Repurchase.** Banner increased its quarterly dividend to shareholders by 40% to \$0.35 per share, providing a current yield of 2.53% based on the 3/31/18 closing price. In addition, Banner paid a special dividend of \$1.00 per share in 3Q17 and repurchased 269,711 shares in 1Q18.
- ◆ **Utah Branch Sale.** On October 6, 2017, Banner Bank completed the sale of its seven branches and related assets and liabilities in Utah to People's Intermountain Bank, a banking subsidiary of People's Utah Bancorp (NASDAQ: PUB), resulting in a gain on sale of \$12.2 million in 4Q17. Under the terms of the purchase and assumption agreement, the sale included approximately \$255 million in loans and \$160 million in deposits.
- ◆ **Acquisitions.** On October 1, 2015 Banner Corporation completed the merger with AmericanWest Bank and now has \$10.3 billion in assets, \$7.5 billion in loans and \$8.5 billion in deposits, as well as the opportunity to deploy its super community bank business model across four western states. In addition, in March 2015 the Company completed the acquisition of Siuslaw Bank in western Oregon and in 2014 the Company completed the acquisition of six branches in southwest Oregon. In addition to the states of Washington, Oregon and Idaho, its expanded market area now also includes the state of California. The franchise now includes 175 full service Banner Bank branches and three Islanders Bank branches. The combined bank benefits from a diversified geography with significant growth opportunities, including eight of the top twenty largest western MSAs by population.

SUMMARY

Banner Corporation is a \$10.3 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.

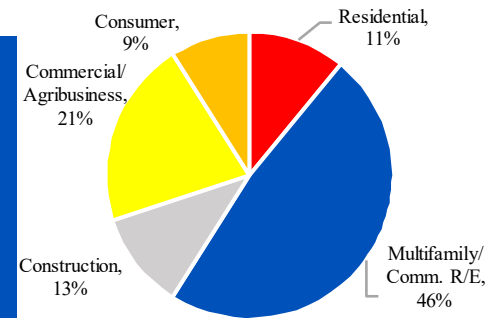
*excluding gain on sale of securities, fair value adjustments, OTTI, and acquisition termination fee (2013) and bargain purchase gain (2014).



Share Data as of 4/25/2018

Recent Price	\$58.44	Book Value	\$38.68
Shares Outstanding	32.8M	Price/Book	1.51x
Estimated Float	32.3M	Tangible Book Value	\$30.43
Insider Ownership	2%	Price/Tangible Book	1.92x
Institutional Ownership	92%	Net Interest Margin (MRQ)	4.35%
Avg. Daily Volume	156,000	MRQ = Most Recent Quarter	
Market Cap	1,912M		

Loan Portfolio



Quarterly Financial Highlights*

(\$ in thousands)

Income Statement

	Quarters Ended		
	Mar 31, 2018	Dec 31, 2017	Mar 31, 2017
Interest Income	\$ 104,820	\$ 103,475	\$ 99,096
Interest Expense	5,447	5,211	4,242
Net Interest Income			
before Provision for Loan Losses	99,373	98,264	94,854
Provision for Loan Losses	2,000	2,000	2,030
Net Interest Income			
after Provision for Loan Losses	97,373	96,264	92,824
Other Operating Income	18,050	18,808	19,723
Net gain (loss) on sale of securities	4	(2,310)	13
Net change in valuation of financial instruments carried at fair value	3,308	(1,013)	(688)
Gain on sale of branches, including related loans and deposits	-	12,189	-
Total Other Operating Income	21,362	27,674	19,048
Total Other Operating Expense	81,706	82,501	76,281
Income before provision for income taxes	37,029	41,437	35,621
Provision for Income Taxes	8,239	54,985	11,828
Net Income (Loss)	\$ 28,790	\$ (13,548)	\$ 23,793
Diluted Earnings per Share	\$ 0.89	\$ (0.41)	\$ 0.72
Cumulative Dividends per Share	\$ 0.35	\$ 0.25	\$ 0.25
Diluted Weighted Avg. Shares O/S	32,516,456	32,766,335	33,051,459

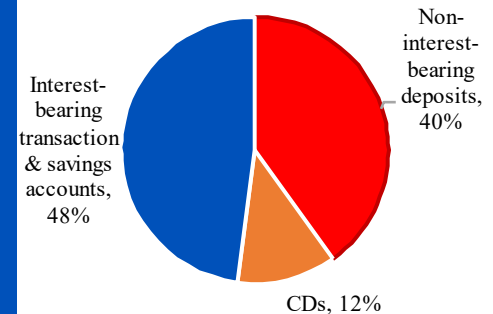
Balance Sheet

	Mar 31, 2018	Dec 31, 2017	Mar 31, 2017
Total Assets	\$ 10,317,264	\$ 9,763,209	\$ 10,068,378
Total Stockholders' Equity	\$ 1,254,123	\$ 1,272,626	\$ 1,323,404
Tangible Common Stockholders' Equity	\$ 986,498	\$ 1,007,312	\$ 1,050,333
Common stockholders' equity per share (1)	\$ 38.68	\$ 38.89	\$ 39.92
Common stockholders' tangible equity per share (1) (2)	\$ 30.43	\$ 30.78	\$ 31.68
Common stockholders' tangible equity to tangible assets (2)	9.82%	10.61%	10.72%
Consolidated Tier 1 Leverage capital ratio	11.06%	11.33%	11.79%

(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 other intangibles. Tangible assets exclude other intangible assets. These ratios represent non-GAAP financial measures.

Deposit Portfolio



Analyst Coverage

D.A. Davidson & Co.

Jeff Rulis - April 24, 2018

FIG Partners

Tim Coffey - April 24, 2018

Raymond James

Don Worthington - February 2, 2018

Keefe, Bruyette & Woods

Jacquelynn Chimera - April 24, 2018

Sandler O'Neill

Tim O'Brien - April 24, 2018

Piper Jaffray

Matthew Clark - April 25, 2018

Stephens Inc.

Tyler Stafford - April 24, 2018

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