



BANNER CORPORATION

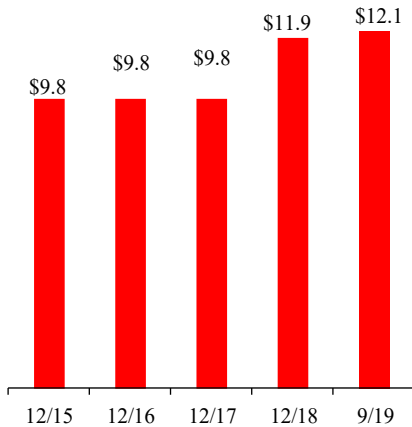
NASDAQ: BANR

\$55.24 – 11/01/2019

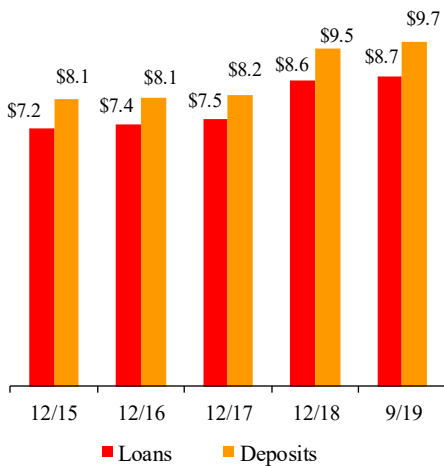
The IR Group

FACT SHEET

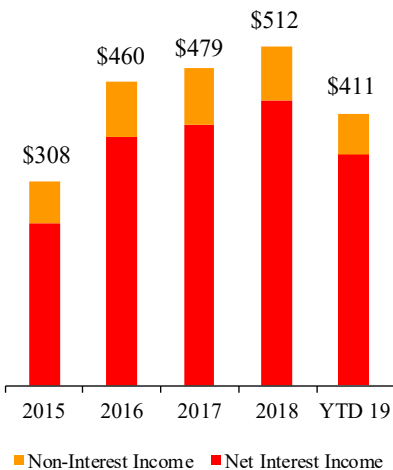
Total Assets (in billions)



Loans and Deposits (in billions)



Core Revenues* (in millions)



*excluding gain on sale of securities and fair value adjustments.

HIGHLIGHTS

- AltaPacific Bancorp Acquisition.** On November 1, 2019, Banner Corporation completed the acquisition of AltaPacific Bancorp (“AltaPacific”) and its wholly-owned subsidiary, AltaPacific Bank, of Santa Rosa, California. As previously announced, the terms of the acquisition provide AltaPacific shareholders 0.2712 shares of Banner common stock in exchange for each share of AltaPacific common stock, plus cash in lieu of any fractional shares. As of the close of the transaction, AltaPacific Bank had six locations: Santa Rosa in Northern California, and Ontario, Temecula, Glendora, Riverside and San Bernardino in Southern California.
- Net Income.** Net income in 3Q19 was \$39.6 million, or \$1.15 per diluted share, compared to \$39.7 million, or \$1.14 per diluted share, in 2Q19 and \$37.8 million, or \$1.17 per diluted share, in 3Q18. 3Q19 results include \$676,000 of acquisition-related expenses, compared to \$301,000 of acquisition-related expenses in 2Q19 and \$1.0 million in acquisition-related expenses in 3Q18.
- Revenues/Margin.** Total revenues decreased 1% to \$137.5 million for 3Q19, compared to \$139.4 million in 2Q19 and increased 6% compared to \$129.5 million in 3Q18. Revenues from core operations (revenues excluding the net gain and loss on the sale of securities and the net change in valuation of financial instruments) were \$137.6 million in 3Q19, compared to \$139.5 million in 2Q19 and \$129.4 million in 3Q18. Banner's net interest margin was 4.25% for 3Q19, a 13 basis-point decrease compared to 4.38% in 2Q19 and a 23 basis-point decrease compared to 4.48% in 3Q18. The decrease in net interest margin during the quarter reflects lower yields on average interest-earning assets largely as a result of two 25 basis point decreases in the targeted Fed Funds Rate in 3Q19 coupled with a longer term decline in the 10 year treasury yield. Acquisition accounting adjustments added 6 basis points to the net interest margin in 3Q19 compared to 7 basis points in 2Q19 and 12 basis points in 3Q18.
- Loan Portfolio/Deposits.** Net loans receivable increased to \$8.74 billion at 9/30/19, compared to \$8.65 billion at 6/30/19, and increased 13% when compared to \$7.73 billion at 9/30/18. The year-over-year increase in net loans included \$631.7 million of portfolio loans acquired in the Skagit acquisition during 4Q18. Total deposits increased 5% to \$9.73 billion at 9/30/19, compared to \$9.29 billion at 6/30/19, and increased 12% when compared to \$8.69 billion a year ago. Non-interest-bearing account balances increased 6% to \$3.89 billion at 9/30/19, compared to \$3.67 billion at 6/30/19, and increased 12% compared to \$3.47 billion a year ago.
- Credit Quality.** NPAs were \$18.6 million, or 0.15% of total assets, at 9/30/19, compared to \$21.0 million, or 0.18% of total assets, at 6/30/19, and \$16.7 million, or 0.16% of total assets, a year ago. In addition to non-performing assets, there were \$12.6 million purchased credit-impaired loans at 9/30/19, compared to \$12.9 million at both 6/30/19 and 9/30/18. Net loan charge-offs totaled \$2.5 million in 3Q19, compared to net loan charge-offs of \$1.1 million in 2Q19 and net loan charge-offs of \$612,000 in 3Q18. Primarily as a result of the origination of new loans, the renewal of acquired loans out of the discounted acquired loan portfolio and net charge-offs, Banner recorded a \$2.0 million provision for loan losses in the current quarter. The ALLL at 9/30/19 was \$97.8 million, or 1.11% of total loans.
- Capital.** Banner’s tangible common equity was \$1.17 billion or 9.93% of tangible assets at 9/30/19. 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 Basel III and Dodd Frank regulatory standards. Common shareholders’ tangible equity per share was \$34.10 at 9/30/19.
- Dividends/Repurchase.** Banner paid a quarterly cash dividend of \$0.41 per share, providing a current yield of 2.98% based on the 10/24/19 closing price. In addition, Banner repurchased 400,000 shares in 3Q19.

SUMMARY

Banner Corporation is an \$12.5 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 11/01/2019

Recent Price	\$55.24	Book Value	\$44.80
Shares Outstanding	34.5M	Price/Book	1.23x
Estimated Float	33.7M	Tangible Book Value	\$34.10
Insider Ownership	2%	Price/Tangible Book	1.62x
Institutional Ownership	87%	Net Interest Margin (MRQ)	4.25%
Avg. Daily Volume	175,600	MRQ = Most Recent Quarter	
Market Cap	\$1.91 B		

Quarterly Financial Highlights (\$ in thousands)

Income Statement

	Quarters Ended		
	Sep 30, 2019	Jun 30, 2019	Sep 30, 2018
Interest Income	\$ 131,436	\$ 130,838	\$ 117,648
Interest Expense	14,815	14,143	8,570
Net Interest Income			
before Provision for Loan Losses	116,621	116,695	109,078
Provision for Loan Losses	2,000	2,000	2,000
Net Interest Income			
after Provision for Loan Losses	114,621	114,695	107,078
Non-Interest Income	20,937	22,818	20,366
Net gain on sale of securities	(2)	(28)	-
Net change in valuation of financial instruments carried at fair value	(69)	(114)	45
Total Non-Interest Income	20,866	22,676	20,366
Non-Interest Expense	86,632	86,415	80,627
Acquisition Related Expenses	676	301	1,005
Total Non-Interest Expense	87,308	86,716	81,623
Income before provision for income taxes	48,179	50,655	45,857
Provision for Income Taxes	8,602	10,955	8,084
Net Income	\$ 39,577	\$ 39,700	\$ 37,773
Diluted Earnings per Share	\$ 1.15	\$ 1.14	\$ 1.17
Cumulative Dividends per Share	\$ 0.41	\$ 0.41	\$ 0.38
Diluted Weighted Avg. Shares O/S	34,497,994	34,882,359	32,376,623

Balance Sheet

	Sep 30, 2019	Jun 30, 2019	Sep 30, 2018
Total Assets	\$ 12,097,842	\$ 11,847,374	\$ 10,514,303
Total Stockholders' Equity	\$ 1,530,935	\$ 1,521,055	\$ 1,272,198
Tangible Common Stockholders' Equity	\$ 1,165,171	\$ 1,153,306	\$ 1,011,040
Common stockholders' equity per share (1)	\$ 44.80	\$ 43.99	\$ 39.26
Common stockholders' tangible equity per share (1) (2)	\$ 34.10	\$ 33.36	\$ 31.20
Common stockholders' tangible equity to tangible assets (2)	9.93%	10.05%	9.86%
Consolidated Tier 1 Leverage capital ratio	10.70%	10.83%	11.04%

Key Financial Ratios

Net interest margin	4.25%	4.38%	4.48%
Return on average assets	1.31%	1.36%	1.43%
Return on average equity	10.21%	10.47%	11.78%
Efficiency ratio (3)	63.50%	62.22%	63.04%
Adjusted efficiency ratio (4)	60.71%	59.56%	60.21%

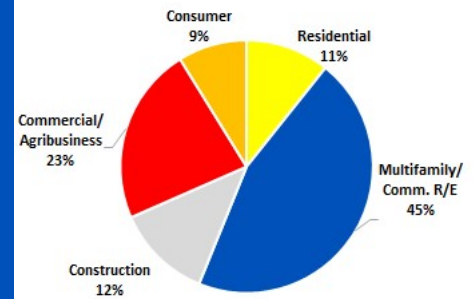
(1) Calculation is based on number of common shares outstanding at the end of the period rather than weighted average shares outstanding.

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

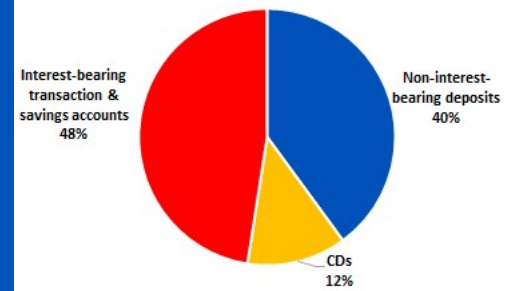
(3) Non-interest expense divided by the total of net interest income (before provision for loan losses) and non-interest income.

(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 amortization of core deposit intangibles, REO gain (loss), and Washington B&O taxes. These represent non-GAAP financial measures.

Loan Portfolio



Deposit Portfolio



Analyst Coverage

D.A. Davidson & Co.

Jeff Rulis - October 24, 2019

Janney

Tim Coffey - October 24, 2019

Raymond James

Don Worthington - August 1, 2019

Keefe, Bruyette & Woods

Jacquelynn Chimera - October 27, 2019

Sandler O'Neill

Tim O'Brien - October 24, 2019

Piper Jaffray

Matthew Clark - October 23, 2019

Stephens Inc.

Gordon McGuire - October 24, 2019

Standard & Poor's

Corporate Information

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

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