



BANNER CORPORATION

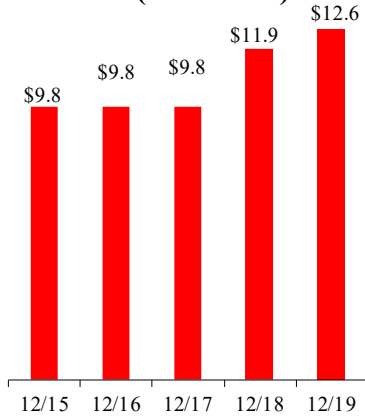
NASDAQ: BANR

\$53.70 – 1/23/2020

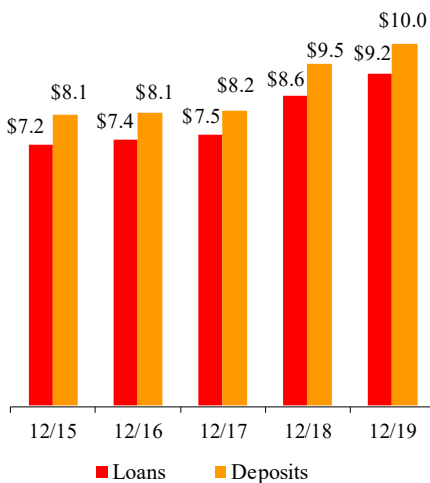
The IR Group

FACT SHEET

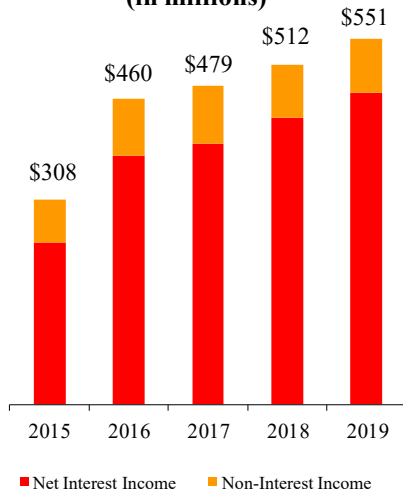
Total Assets (in billions)



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 4Q19 was \$33.7 million, or \$0.95 per diluted share, compared to \$39.6 million, or \$1.15 per diluted share, in 3Q19 and \$37.5 million, or \$1.09 per diluted share, in 4Q18. 4Q19 results include \$4.4 million of acquisition-related expenses, compared to \$676,000 of acquisition-related expenses in 3Q19 and \$4.6 million in acquisition-related expenses in 4Q18.
- Revenues/Margin.** Total revenue increased 2% to \$139.8 million for 4Q19, compared to \$137.5 million in 3Q19 and increased nominally compared to \$138.5 million in 4Q18. Adjusted revenue (revenue excluding the net gain and loss on the sale of securities and the net change in valuation of financial instruments) was \$139.7 million in 4Q19, compared to \$137.6 million in 3Q19 and \$139.2 million in 4Q18. Banner’s net interest margin was 4.20% for 4Q19, a 5 basis-point decrease compared to 4.25% in 3Q19 and a 27 basis-point decrease compared to 4.47% in 4Q18. The decrease in net interest margin during the quarter reflects lower yields on average interest-earning assets largely as a result of three 25 basis point decreases in the targeted Fed Funds Rate in 3Q19 and 4Q19 coupled with a longer term decline in the 10 year treasury yield. Acquisition accounting adjustments added 8 basis points to the net interest margin in 4Q19 compared to 6 basis points in 3Q19 and 12 basis points in 4Q18.
- Loan Portfolio/Deposits.** Net loans receivable increased 5% to \$9.20 billion at 12/31/19, compared to \$8.74 billion at 9/30/19, and increased 7% when compared to \$8.59 billion at 12/31/18. The year-over-year increase in net loans included \$332.4 million of portfolio loans acquired in the AltaPacific acquisition during 4Q19. Total deposits increased 3% to \$10.05 billion at 12/31/19, compared to \$9.73 billion at 9/30/19, and increased 6% when compared to \$9.48 billion a year ago. Non-interest-bearing account balances increased 2% to \$3.95 billion at 12/31/19, compared to \$3.89 billion at 9/30/19, and increased 8% compared to \$3.66 billion a year ago.
- Credit Quality.** NPAs were \$40.5 million, or 0.32% of total assets, at 12/31/19, compared to \$18.6 million, or 0.15% of total assets, at 9/30/19, and \$18.9 million, or 0.16% of total assets, a year ago. In addition to non-performing assets, there were \$15.9 million of purchased credit-impaired loans at 12/31/19, compared to \$12.6 million at 9/30/19 and \$14.4 million at 12/31/18. Net loan charge-offs totaled \$1.2 million in 4Q19, compared to net loan charge-offs of \$2.5 million in 3Q19 and net loan charge-offs of \$1.3 million in 4Q18. Primarily as a result of the origination of new loans, the increase in non-performing loans, the renewal of acquired loans out of the discounted acquired loan portfolio and net charge-offs, Banner recorded a \$4.0 million provision for loan losses in the current quarter. The ALLL at 12/31/19 was \$100.6 million, or 1.08% of total loans.
- Capital.** Banner’s tangible common equity was \$1.19 billion or 9.77% of tangible assets at 12/31/19. Banner and its subsidiaries, Banner Bank and Islanders Bank, each maintain capital ratios well in excess of the requirements to be categorized as “well-capitalized.” Common shareholders’ tangible equity per share was \$33.33 at 12/31/19.
- Dividends.** Dividends to shareholders were \$1.41 per share in the quarter ended 12/31/19, including a \$0.41 regular quarterly dividend and a \$1.00 special dividend.

SUMMARY

Banner Corporation is an \$12.6 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 1/23/2020

Recent Price	\$53.70	Book Value	\$44.59
Shares Outstanding	35.7M	Price/Book	1.20x
Estimated Float	34.8M	Tangible Book Value	\$33.33
Insider Ownership	2%	Price/Tangible Book	1.61x
Institutional Ownership	87%	Net Interest Margin (MRQ)	4.20%
Avg. Daily Volume	197,100	MRQ = Most Recent Quarter	
Market Cap	\$1.92 B		

Quarterly Financial Highlights (\$ in thousands)

Interest Income	\$ 133,409	\$ 131,436	\$ 128,741
Interest Expense	13,918	14,815	11,282
Net Interest Income			
before Provision for Loan Losses	119,491	116,621	117,459
Provision for Loan Losses	4,000	2,000	2,500
Net Interest Income			
after Provision for Loan Losses	115,491	114,621	114,959
Non-Interest Income	20,256	20,937	21,705
Net gain (loss) on sale of securities	62	(2)	(885)
Net change in valuation of financial instruments carried at fair value	(36)	(69)	198
Total Non-Interest Income	20,282	20,866	21,018
Non-Interest Expense	89,271	86,632	90,794
Acquisition Related Expenses	4,419	676	4,602
Total Non-Interest Expense	93,690	87,308	95,396
Income before provision for income taxes	42,083	48,179	40,581
Provision for Income Taxes	8,428	8,602	3,053
Net Income	\$ 33,655	\$ 39,577	\$ 37,528
Diluted Earnings per Share	\$ 0.95	\$ 1.15	\$ 1.09
Cumulative Dividends per Share	\$ 1.41	\$ 0.41	\$ 0.38
Diluted Weighted Avg. Shares O/S	35,316,736	34,497,994	34,497,994
Balance Sheet	Dec 31, 2019	Sep 30, 2019	Dec 31, 2018
Total Assets	\$ 12,604,031	\$ 12,097,842	\$ 11,871,317
Total Stockholders' Equity	\$ 1,594,034	\$ 1,530,935	\$ 1,478,595
Tangible Common Stockholders' Equity	\$ 1,191,755	\$ 1,165,171	\$ 1,106,517
Common stockholders' equity per share (1)	\$ 44.59	\$ 44.80	\$ 42.03
Common stockholders' tangible equity per share (1) (2)	\$ 33.33	\$ 34.10	\$ 31.45
Common stockholders' tangible equity to tangible assets (2)	9.77%	9.93%	9.62%
Consolidated Tier 1 Leverage capital ratio	10.71%	10.70%	10.98%
Key Financial Ratios			
Net interest margin	4.20%	4.25%	4.47%
Return on average assets	1.07%	1.31%	1.32%
Return on average equity	8.33%	10.21%	10.57%
Efficiency ratio (3)	67.03%	63.50%	68.89%
Adjusted efficiency ratio (4)	61.19%	60.71%	63.06%

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

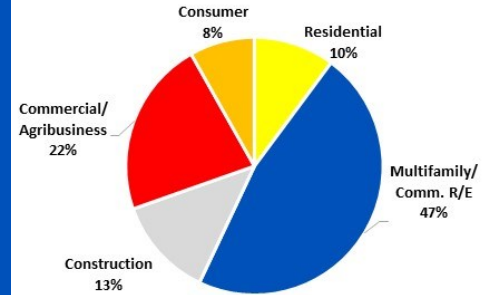
(2) Common stockholders' tangible equity excludes goodwill and other intangibles. Tangible assets exclude goodwill and other intangible assets. These ratios represent non-GAAP financial measures.

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

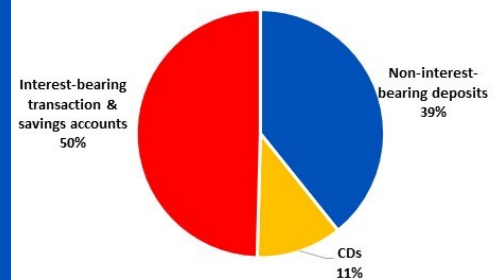
(4) Adjusted non-interest expense divided by adjusted revenue. Adjusted revenue excludes net gain (loss) on sale of securities and fair value adjustments. Adjusted non-interest expense excludes acquisition related expenses, amortization of core deposit intangibles, REO gain (loss), FHLB prepayment penalties and state/municipal business and use taxes. These represent non-GAAP financial measures.

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Loan Portfolio



Deposit Portfolio



Analyst Coverage

D.A. Davidson & Co.

Jeff Rulis - October 24, 2019

Janney

Tim Coffey - January 24, 2020

Raymond James

David Feaster - August 1, 2019

Keefe, Bruyette & Woods

Jacquelynn Chimera - January 23, 2020

Piper Sandler

Andrew Liesch - January 23, 2020

Stephens Inc.

Gordon McGuire - January 24, 2020

Standard & Poor's

Corporate Information

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