



Environmental,  
Social and  
Governance  
Report 2023



Introduction



Social



Governance



Environment



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# Banner Bank 2023

## Our Value Proposition

**Connected. Knowledgeable. Responsive.**

It's not only what we do, it's how we do it—with relentless effort.

## Our Vision Statement

We strive to be the bank of choice in the markets we serve. We are committed to being the best provider of financial services in the West.

## Our Mission Statement

Banner Bank is a dynamic, full-service financial institution operating safely and profitably within a framework of shared integrity.

Working as a team, we will deliver superior products and services to our valued clients. We will emphasize strong client relationships and a high level of community involvement. We will provide a culture which attracts, empowers, rewards and provides growth opportunities for our employees. Our success will build long-term shareholder value.

## Values

**“Do the Right Thing.”**

This means we believe in:

- Honesty and Integrity
- Mutual Respect
- Quality
- Trust
- Teamwork
- Accountability

## Markets We Serve





# Letter From Our CEO



For more than 130 years, our company has listened to the needs of our clients and communities to help them achieve their financial goals. Over that time the world has changed dramatically and the needs of families and businesses have evolved. What has remained the same is the support, compassion, and expertise they can expect from us. Our environmental, social and governance (ESG) actions are helping us stay deeply connected and responsive to the needs of all our stakeholders.

In 2023, we continued to mature our approach to ESG. Although going above and beyond to support our communities has always been part of what we do at Banner, in the last few years we've made significant strides in formalizing how we communicate our impact. With this year's report, we continue that momentum, share our progress, and recognize accomplishments.

Doing the right thing is always our starting point when considering the way our business operates. It sounds simple, but making sure we act in an honest, respectful and ethical manner requires a solid foundation of policies and

governance as well as the commitment and integrity of our colleagues. This report shows the many ways we are turning our guiding principle into meaningful action.

Throughout the year, our talented and diverse team members assisted a wide range of clients in the communities we serve, from those buying their first home or launching a new business to those well settled in retirement, large corporations, and municipalities. We provided financing for affordable housing projects to reduce housing insecurity, continued to support local businesses with their financial needs, and financed public infrastructure projects that enhance and strengthen our local communities.

Honoring our core values also means running our business in a way that aligns with the highest ethical standards and effective governance practices. In 2023, we maintained our mature ethics program and further refined our strong governance practices, including enhancing our Code of Ethics and Business Conduct and introducing a new policy regarding the ethical and responsible use of Generative Artificial Intelligence (GenAI).

Our four-state footprint provides an abundance of breathtaking vistas and natural wonders that deserve protection and preservation for future generations. We believe that doing the right thing requires promoting environmental sustainability at Banner. During the year, we continued to develop our Climate Risk Management Program through understanding and documenting our emissions and reducing our waste and resource usage.

I want to thank all Banner stakeholders for your continuing interest in, and commitment to, our organization. I am confident our company will continue to thrive for another 134 years – still connected, knowledgeable, and responsive; and still doing the right thing.

**Mark J. Grescovich**  
President and Chief Executive Officer



# About BANR

Banner Corporation (NASDAQ: BANR) is a dynamic banking organization with a significant regional franchise throughout the West. Formed in 1995, it is the holding company for Banner Bank, a Washington-chartered commercial bank with roots dating back to 1890.

At Banner Bank, we deliver a high level of service with the attributes of a community bank while offering the advantages of a larger financial institution. We serve a growing and prosperous footprint with a full range of deposit services as well as loans for business, commercial real estate, construction, residential, agricultural, and consumer clients. With locations in Washington, Oregon, California and Idaho, we ended 2023 with \$15.67 billion in assets.



## Independent Recognition for Banner Bank

Record number of accolades in 2023





## Our Approach to ESG

Doing the right thing drives us at Banner. As the needs of clients and communities continue to evolve, we are adapting our services to support them as effectively as possible. Embedding sustainable practices in our strategy and operations is an important part of this process.

Our dedicated ESG Working Group aims to continuously improve the way we identify and manage emerging ESG-related opportunities and risks. The group is made up of senior leaders representing departments throughout Banner Bank. The ESG Working Group is supported by our newly-formed Climate Risk Working Group, which is directly overseen by the Chief Risk Officer with oversight from our management's Risk Management Oversight Committee. The Climate Risk Management Program at Banner is preparing us for upcoming regulatory climate risk management rules by enhancing our greenhouse gas reporting capabilities and developing tools for effective climate risk management.

The Board of Directors oversees our ESG Program through its various committees. The Corporate Governance/Nominating Committee reviews Banner's policies and programs that relate to corporate social responsibility matters. It also reviews our ESG framework and initiatives throughout the year. The Audit Committee maintains oversight of our external ESG reporting and related internal controls. Our Compensation and Human Capital Committee oversees matters related to human capital resource management. This committee also annually reviews our diversity and inclusion metrics, including our consolidated EEO-1 Report. The Risk Committee regularly provides oversight pertaining to our ESG Program risks. Additionally, this committee monitors our progress on ESG risk management initiatives and climate change mitigation and sustainability activities.

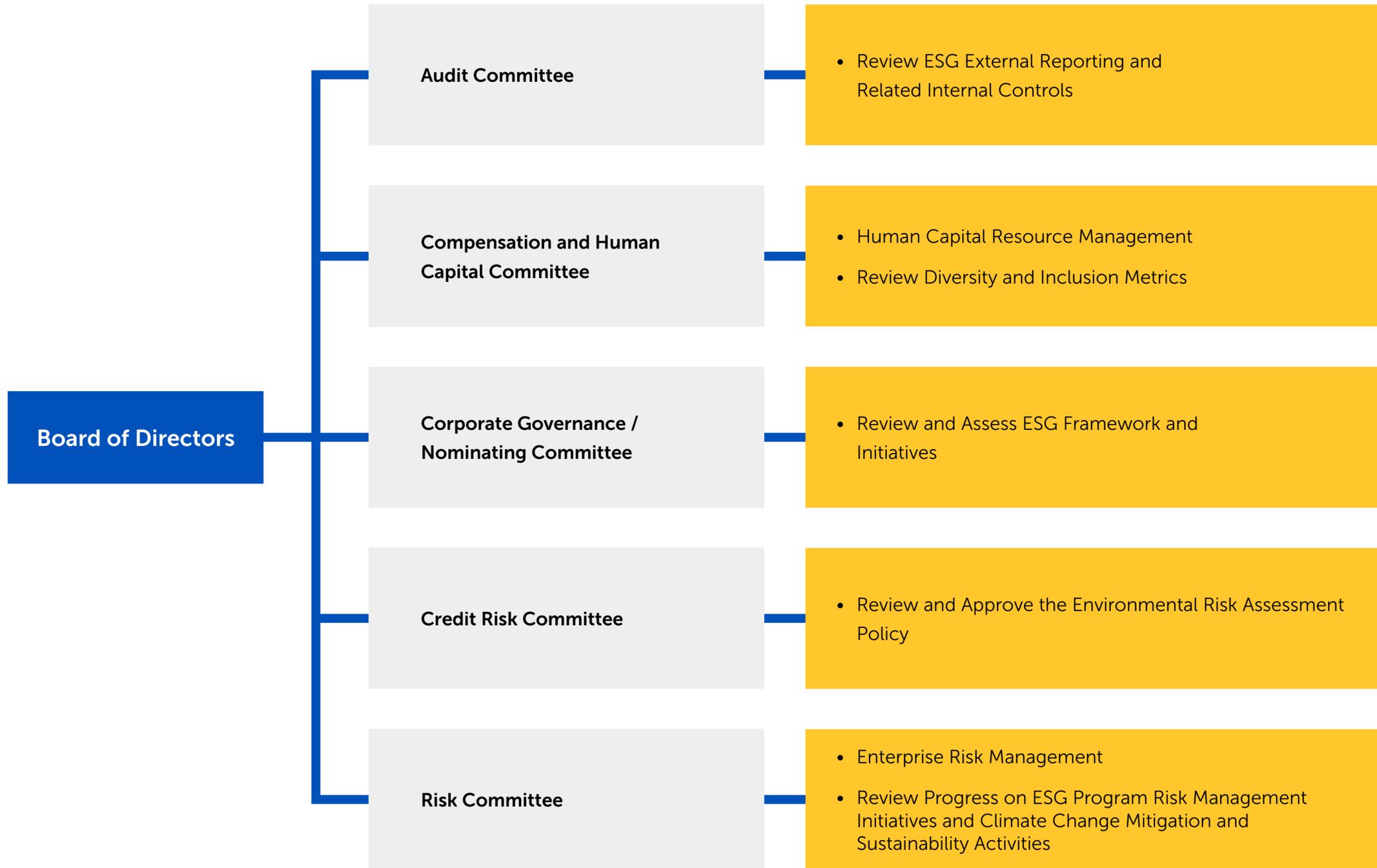
You can read our Board of Directors' ESG Statement, available at [bannerbank.com/esg/boardstatement](https://bannerbank.com/esg/boardstatement)

As the needs of clients and communities continue to evolve, we are adapting our services to support them as effectively as possible. Embedding sustainable practices in our strategy and operations is an important part of this process.





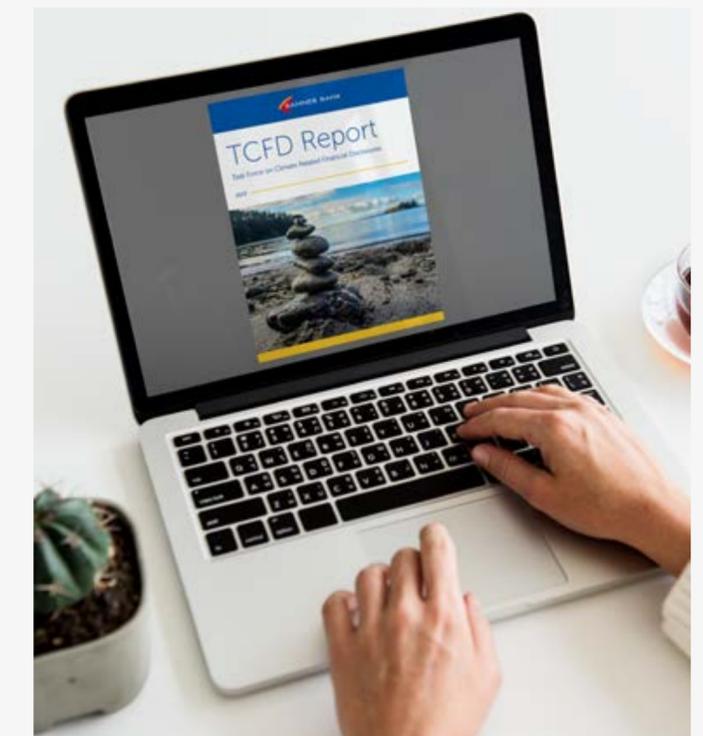
### Areas of ESG Oversight Responsibility



### Our TCFD Report

Last year we published our first Task Force on Climate-related Financial Disclosures (TCFD) report. It outlined our climate-related risks and opportunities, how we identify and manage those risks including scenario analysis, and our initial Scope 1, and Scope 2 greenhouse gas (GHG) emissions calculations. We updated our TCFD Report this year to include our 2023 emissions, discussion of program enhancements, and information about the changing regulatory landscape.

You can find the report at <https://www.bannerbank.com/esg>





# Stakeholder Priorities

Understanding the priorities of our stakeholders anchors our ESG strategy and guides our ongoing efforts. This understanding helps us focus on the issues most important to key stakeholders in addition to leveraging insights from investors, rating agencies and ESG frameworks.

Our ESG Program includes periodic stakeholder priority reviews, which help to align our focus with areas that will have the most positive impact. Following best practices, we reference globally recognized ESG reporting frameworks, including the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD).

### In 2023, our ESG priorities were:

- 1** Supporting our employees and our local communities
- 2** Climate risk
- 3** Business ethics, data privacy and security
- 4** Board composition and governance
- 5** Consumer financial protection





# Social





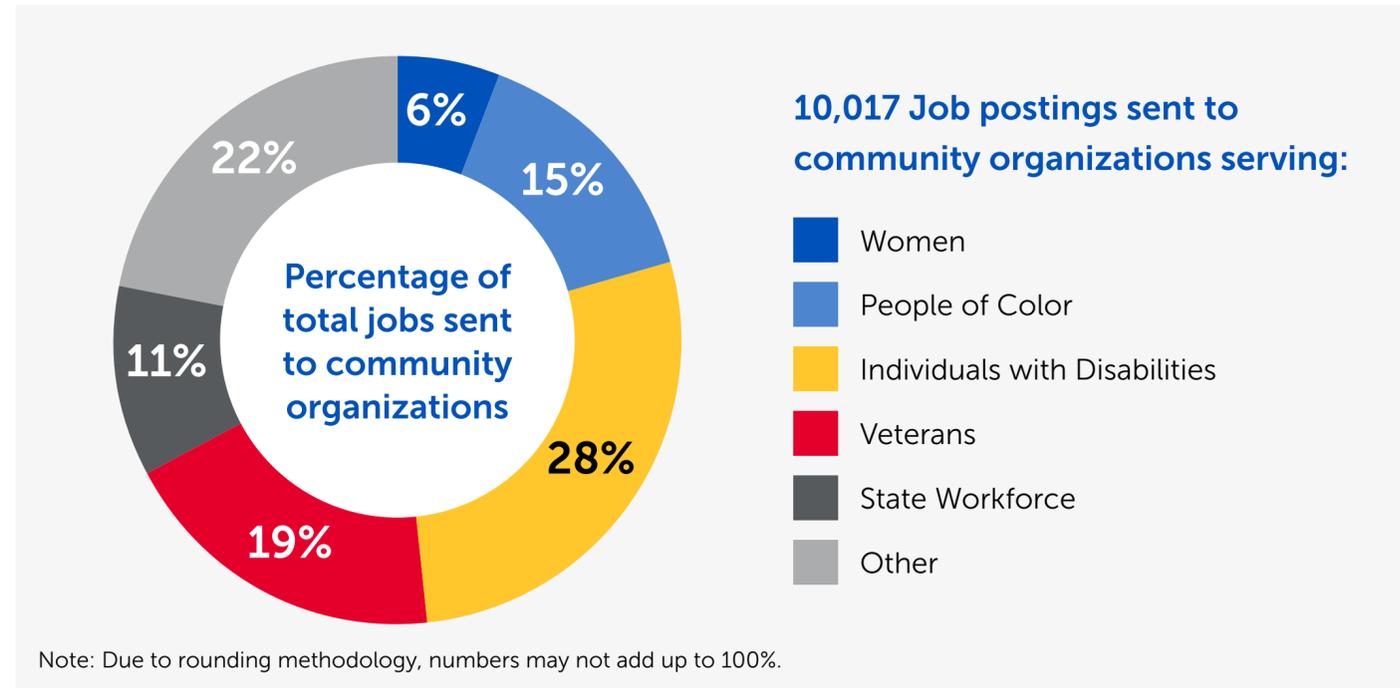
# Social

## Our Culture

### Recruiting the Best and Brightest Talent

Retaining and developing ambitious, skilled talent remained a major strategic priority in 2023. The labor market experienced a notable shift throughout the year, easing the recent challenges caused by the Great Resignation. While this helped us attract the talent needed to support our growth and operational demands, we are also aware of the long-term structural changes impacting the labor market. In particular, the ongoing retirement of baby boomers is expected to have a significant effect on the availability of skilled bankers over the coming decade. As a result, strategic talent acquisition and retention practices will be critical to the long-term success of our business.

In 2023, Banner hired 355 new employees and filled 22% of all open positions with internal candidates. Our voluntary employee turnover rate fell to 15%, down from 21% the previous year. We believe this improvement is related to our efforts to enhance employee engagement, wellbeing, and inclusivity, as well as offering more flexible working arrangements. Recruitment was also helped by the launch of our applicant tracking system that streamlines



job posting and simplifies candidate referrals. As of December 31, 2023, approximately 38% of our workforce was working remotely. Accommodating remote work strengthens our commitment to fostering a diverse and inclusive workplace and creating a more equitable work environment. In particular, it helps us more effectively address the challenges that tend to disproportionately impact women and people of color. Among our remote employees, 65% were women and 21% people of color.

### Diversity Recruiting

We are diligently working to attract a diverse workforce that reflects the communities we serve. In 2023, we continued our collaboration with an industry-leading diversity recruitment provider to promote our jobs to a large and

diverse applicant pool. This supports our strategic talent priority to create a culture of inclusion and belonging.

We actively engaged with Historically Black Colleges and Universities (HBCUs) to begin developing partnerships to support our diversity recruiting efforts.

In 2023, we engaged two providers to help us develop data-driven, inclusive talent recruiting strategies. Rigorous analysis of demographic trends, skills gaps, and market dynamics can help us to proactively address barriers to diversity and tailor our recruiting initiatives to attract and retain diverse talent.



### Promoting Diversity, Equity and Inclusion

We work hard to nurture a culture where everyone feels valued, respected, and free from discrimination or harassment. This commitment is supported by policies and practices designed to ensure all employees can contribute to their fullest potential. We believe these efforts are reflected in our voluntary turnover and engagement metrics.

On a larger scale, diversity, equity, and inclusion (DEI) are about reflecting the diversity of backgrounds, experiences and viewpoints that we value so much in the communities we serve.

## 2023 Employee Diversity

Employee Position Level	Men	Women	White	Persons of Color
Executive	60%	40%	100%	0%
Director*	56%	44%	85%	15%
Manager	35%	65%	78%	22%
Individual contributor	31%	69%	70%	30%
<b>Total</b>	<b>33%</b>	<b>67%</b>	<b>72%</b>	<b>28%</b>

### Persons of Color Diversity Breakout

Employee Position Level	American Indian/Alaskan Native	Asian	Black or African American	Hispanic or Latino	Native Hawaiian or Other Pacific Islander	Not Specified	Two or more races	White
Executive	0%	0%	0%	0%	0%	0%	0%	100%
Director*	0%	6%	2%	4%	0%	2%	2%	85%
Manager	0%	5%	1%	11%	0%	1%	2%	78%
Individual contributor	1%	5%	2%	19%	1%	1%	2%	70%
<b>Total</b>	<b>1%</b>	<b>5%</b>	<b>2%</b>	<b>16%</b>	<b>1%</b>	<b>1%</b>	<b>2%</b>	<b>72%</b>

\*Refers to director-level employees, not Board of Directors

Note: Due to rounding methodology, numbers may not add up to 100%.



**7%**

increase in Female Executives since 2021



**4%**

increase in Persons of Color employees since 2021





As a business, we are committed to fostering a culture that supports our colleagues and provides equal opportunity as they build long-term, rewarding careers. We are happy to report that we have surpassed our goal of 50% of our successor candidates being female – rising from 47% in 2022 to 57% in 2023.

The IDEAs Council, our employee-led DEI Council, plays a pivotal role in leading DEI initiatives. With the endorsement of the Board and leadership of our Chief Diversity Officer, the Council is made up of four groups focusing on communications, metrics, membership, and training. In 2023, the Council continued to ensure DEI considerations inform decision-making within the company and in regard to our broader community engagements. This included the launch of a Cultural Review process for socially- and culturally-sensitive marketing, communications and PR materials in partnership with the Marketing and Communications team.

Our DEI efforts aim to engage our entire workforce throughout the year. There are several ways we do this. Through our unconscious bias training, we aim to promote awareness and reduce biases within the workplace. In 2023, 99.5% of our employees completed unconscious bias training (exclusive of employees on leaves of absence), and all newly hired employees completed the training during their onboarding process. Unconscious biases can affect everything from hiring and promotions to customer service and stakeholder engagement. By helping employees at every

level of our company understand ways in which we may unconsciously perceive others, we seek to reduce attitudes and behaviors that can, intentionally or unintentionally, cause members of our team and our communities to feel unwelcome or unable to achieve their full potential.

In 2023, we provided quarterly DEI learning opportunities on topics such as LGBTQ+ Inclusion, DEI at Work, and Cultural Competence. Through our DEI pulse survey, more than 1,000 employees provided feedback on our efforts around diversity and engagement. The results indicated that our employees believe we are strong at integrating differences, providing a safe environment and creating a sense of belonging. This feedback informs the ongoing development of our DEI strategies and initiatives, helping them to remain responsive to employee needs and perspectives.



(l. to r.) Senior Vice President and Business Banking Center Manager Annette Campista and Vice President and Business Banker Karen Mills pose with their respective awards.

Promoting DEI does more than help create a positive and supportive environment within Banner, it helps maximize our positive impact in our communities, too. For example, in 2023, Business Banking Center Manager, Annette Campista, was named one of the Portland Business Journal’s Women of Influence. This honor is a reflection of her long history of community involvement at both a local and state level. Also, Portland Business Banker, Karen Mills, was named one of the 100 Most Influential Filipina Women in the World by the Foundation for Filipina Women’s Network, a nonprofit professional organization for Filipina women with members worldwide.

### Sharing ideas, experience, and insights through Employee Resource Groups

Employee Resource Groups (ERGs) are a foundational part of the culture of belonging we are nurturing. ERGs offer a vital platform for employees to connect, share experiences and contribute to our broader DEI objectives. Each ERG has its own mission statement and collectively develops and delivers content and learnings on a wide variety of topics through regular meetings, panel discussions, guest speakers and education programs.

We built on our momentum by successfully launching two new ERGs in 2023: one dedicated to Black, Indigenous and People of Color (BIPOC) employees, and another for Veterans. These new ERGs were established as a direct result of feedback from our 2023 DEI employee pulse survey. We look forward to reflecting on their achievements in next year’s ESG Report. We are also in the planning stages to launch two additional ERGs in 2024. These groups have a real impact on our culture and contribute to the Bank’s broader social impact.



**1,000+**  
employees provided feedback on our efforts around diversity and engagement



# The Impact of Our ERGs



## Women in Leadership:

With 145 members this ERG has made significant contributions to supporting women in leadership roles within the Bank. Its mission is to empower women and allies to broaden their network, cultivate their brand and enhance their leadership skills. One of the group's significant accomplishments in 2023 was facilitating 44 volunteers to provide 198 hours of volunteer time teaching 22 financial literacy courses as part of the YWCA's financial literacy program.



## Working Parents and Caregivers:

With nearly 110 members this group provides essential support for employees balancing work and caregiving responsibilities. In connection with National Mental Health Day on October 10, 28 members participated in a 14-day challenge with unique daily sessions focused on topics such as stress reduction, staying active, gratitude, sleep and meditation, with the goal of boosting mental health.



**145**  
members



**110**  
members





# Seattle University

## Gregory Foxx Scholarship

Introduced in 2021, the Gregory Foxx Memorial Scholarship at Seattle University provides financial support to students from underrepresented backgrounds who are studying business, finance or accounting. The scholarship honors Greg Foxx, a long-time Banner employee and Seattle University alumnus. His outstanding banking career began as a part-time teller while he was still a full-time student. He navigated his career to commercial banking and eventually became the Seattle Commercial Banking Center Manager, where he flourished until his passing in 2021. Greg was well-known and well-respected for championing women- and minority-owned businesses. Banner leadership established the scholarship to help amplify the lasting impact Greg made in his community, personally and professionally.

In 2023, five students were awarded financial assistance, including Denisse Peralta Castaneda, who is majoring in business administration management.

“This scholarship has allowed me, as a first-generation [college] student, to focus on accomplishing my family’s and my dream of obtaining a higher education. I was able to stop working a full-time job and focus on my studies, and being involved in our SU campus and our nearby Seattle community. After graduation, I am planning to pursue a human resources career in the nonprofit sector. But first I will celebrate being the first in my family with a degree, breaking barriers we’ve faced for generations, and paving a path to a better future.”

- Denisse Peralta Castaneda



# Helping young people build meaningful careers in banking

In 2023, we engaged with BankWork\$, an organization dedicated to helping young adults from under-resourced communities gain the experience they need to pursue a long-term career in banking.

This collaboration provides participants a free, eight-week career training program, placement assistance, and ongoing coaching.

We are pleased to report that we successfully hired seven participants from the BankWork\$ program in 2023.



**7** participants hired from the BankWork\$ program in 2023



## Pay Equity

Equity is more than a value we promote; it is a benchmark against which we continually judge our performance. Pay equity means we provide equal pay for comparable work—which we believe is essential to creating an environment where every employee feels valued and respected. We began conducting thorough pay equity studies in 2017, collaborating with external experts to undertake a methodical examination of employee groups with similar roles. These studies take into account various factors that appropriately explain differences in pay, including job location and experience. We achieved 100% pay equity in 2022 through our continued commitment to regularly assessing the fairness and equity of compensation within the organization. While a pay equity study was not performed in 2023, one is planned in 2024.

We raised our minimum wage in 2023 to \$18.00 an hour, taking another step towards ensuring our employees are fairly compensated. We review and make appropriate compensation adjustments for employees directly and indirectly affected by changes in the company’s minimum hourly wage, to help ensure the impact of wage adjustments is equitably distributed and to support our overall goal of pay equity.



**\$18/hour**  
minimum wage



**100%**  
pay equity

## Fair Compensation

Our “Pay for Performance” philosophy directly connects employees’ compensation with individual, operating unit (when applicable), and overall company results. This approach underscores our view that employee contributions towards achieving strategic objectives should be recognized and rewarded appropriately. One of our key compensation priorities has been, and continues to be, developing and implementing incentive compensation plans that discourage excessive risk-taking and support the best interests of clients, colleagues, and the company.

As part of our broader efforts to maintain accountability and fairness in compensation practices, our incentive compensation plans contain clawback provisions providing for the return of incentive pay in specific circumstances. These guidelines were further enhanced in 2023 with a supplemental Compensation Recovery Policy that mandates the recovery of erroneously awarded incentive-based compensation received by executive officers during the three-year period preceding a required restatement of the company’s financial statements. Approximately 11% of total employee remuneration paid in 2023 was variable and subject to comprehensive policies including clawback provisions.



### Skills-Based Pay Program

In 2023, we introduced a Skills-Based Pay Program in our client engagement center. This innovative program is designed to support career growth and reduce turnover by offering a defined pay structure that rewards employees for building their skills and capabilities. By encouraging skill development, we aim to improve performance and job satisfaction among our employees.

### Employee Engagement

Our ability to effectively serve our clients and communities is dependent on more than the values that drive us and the banking products and services we offer. It is also our passionate and engaged employees, who provide high levels of service and care, that anchor our reputation as a leading regional bank.

Employee engagement is not something that happens by itself. It needs to be nurtured, supported, and prioritized. We believe open dialogue, recognizing employee contributions and continuously improving our practices are essential to our success. In 2023, we achieved several goals in this area and our efforts have been rewarded with a score of 3.9 out of 5 on Glassdoor, a leading employment site for workers and companies. This is a 15% increase in our overall ratings over the last two years, and we believe reflects our employees' satisfaction and pride in being part of Banner.

Last year, we embarked on an employee-focused tour of the company's footprint that included 13 large-scale employee meetings and executive leader visits to more than 100 branches and offices. These events created opportunities for employees to engage directly with company leaders and were very well received – as evidenced by an 83% attendance rate and positive feedback from the post-attendance survey. The survey results showed that employees across every level of the business value being able to network with colleagues and directly hear from and interact with executives.

### Employee Engagement Survey

More than 75% of our employees participated in our annual engagement survey in 2023. The results showed an overall engagement score of 86%. The feedback indicated our employees consider ethical conduct and having a deep understanding of client needs to be important parts of their roles. Their responses also showed that they recognize the ways they are contributing to the company's objectives. Employees identified opportunities for us to reduce duplicative and unnecessary work and to enhance communication within teams. Based on this feedback, managers have developed targeted action plans focusing on addressing these areas throughout 2024.



Employees Ruben G., Yvette G. and Isaac C. at the 2023 Tri-Cities Employee Townhall.

### Committed to Continuous Improvement

We formed a cross-functional Continuous Improvement team in 2023. Our efforts in this space focus on improving the speed of delivery and the quality of products and services for both our teams and clients. Led by a newly hired Director of Continuous Improvement, this team is focusing on reducing friction in processes, automating unnecessary manual tasks, and driving improvements in overall operational efficiency. We believe this focus is crucial to strengthening our competitive edge as well as promoting a more innovative and agile culture. To help develop this mindset throughout Banner, we are hosting recurring learning sessions around continuous improvement – providing

skills and resources to help employees solve problems and introduce process improvement tools and methodologies into their own work practices.

The effort is already creating significant impact through targeted education among internal peer groups, ideation events, and project implementation. So far, more than a dozen projects have been initiated that are aimed at streamlining processes, improving client and employee experiences, and leveraging automation. Two of these projects were completed in 2023.



### Enhancing Total Rewards

We regularly capture critical metrics related to workforce demographics, talent acquisition, retention, turnover, employee engagement, learning and development, and total rewards. These are reported quarterly to our Board’s Compensation and Human Capital Committee.



To remain an employer of choice and boost employee retention, we use feedback from across the company to help determine how to expand our benefits and rewards offering. For example, in recent years we’ve added flexible workplace, parental leave and short-term disability policies to our portfolio of benefits. In 2023, we supported 46 parents as they welcomed and bonded with their newborns or newly adopted children.

In 2023, we introduced a new benefit that connects cancer patients with care coordinators and nurse educators, offering support for patients and caregivers before, during and after treatment.

## Employee Wellbeing

The Wellness Coach is another especially popular benefit, allowing employees and their families to access free one-on-one personal coaching on nutrition, fitness, personal finances and other areas vital to mental and physical health.

### Top Wellness Categories

-  **1** Mental Wellness
-  **2** Physical Activity
-  **3** Sleep

### Employee Wellness Coach Adoption

 **398**  
Personal Coaching Sessions

 **159**  
Challenges Participated In

 **311,837**  
Wellness Minutes Completed

 **939,686,455**  
Steps Taken





# Employee Development



Our approach to employee growth encompasses a range of initiatives designed to enhance the skills and capabilities of our workforce at all levels. In 2023, we continued to strengthen our tracking of all forms of employee development activities, including external training hours. This more comprehensive understanding of our employees' diverse learning and development opportunities will help us identify areas for further investment and improvement. In 2023, our colleagues completed nearly 30,000 hours of online training, an average of nearly 13 hours per participant.



## Turning Tellers into Advisors

We initiated a significant shift in our community banking team (also known as our retail branch division) to help employees serving in traditional transactional roles engage in more advisory-centric positions. As part of this change, we redefined the Teller role to Banker and provided new, specialized training to enhance these employees' advisory capabilities, enabling them to provide more comprehensive support and guidance to clients.

Complementing this change, we introduced the role of Small Business Consultant. This role provides small business clients with a more comprehensive service. It also creates meaningful career paths for those in entry-level positions, aiming to significantly reduce turnover rates. While this was a newly-defined position, it did not require hiring new employees—instead, current employees transitioned into the new role. Creation of this new role originated as part of Banner Forward, which reimaged our strategic planning processes to improve efficiency and streamline back-end workflows.

## Banner Business University

Introduced last year, the Banner Business University is our internal training program designed to help client-facing branch employees demonstrate greater confidence when helping business clients. Designed by some of our most successful leaders, this unique training offers a range of courses and resources focused on the skills and knowledge our employees need for their professional growth. Training is provided virtually and includes nearly 50 hours of coursework. Participants can obtain three levels of certification through Banner Business University:

- **Associate Certificate:** These sessions cover understanding the financial needs of small businesses, how small business owners think and how businesses are structured.
- **Bachelor Certificate:** In these sessions, employees learn accounting basics, more about balance sheets and income statements, statements of owner's equity and business tax returns.
- **Master Certificate:** Employees learn about topics such as introduction to call preparation, prospecting approaches, completing a call, telling our story, making recommendations, business referrals, handling roadblocks and business development planning.



This program has proved to be very popular, with 19 Small Business Consultants in the first cohort completing the program and many others requesting to enroll. We look forward to welcoming many more cohorts in the years to come.



Banner Business University inaugural class.



## Leadership Development

For our frontline leaders, we provided targeted training initiatives designed to equip them with the tools needed to effectively manage and inspire their teams. Separately, 12 executives participated in a personalized, 12-month multi-dimensional program that included 360-degree feedback as well as a range of assessments focused on driving leadership excellence.



Monica Clayton, Senior Vice President, Community Banking Division Manager, receives her Executive Banking School graduation certificate from Lindsey Johnson, President of the Consumer Bankers Association.

## Executive Banking Schools

The Pacific Coast Banking School (PCBS) and the Consumer Bankers Association offer comprehensive curriculum and learning experiences for banking professionals and future leaders, equipping them with the necessary skills and knowledge to excel in their careers.

These three-year, master's-level programs provide opportunities to learn at some of the most prestigious banking schools in the country. We've sponsored many employees in these programs.

We have been identifying and sponsoring employees to attend executive banking schools for many years and it remains one of the most highly sought-after training opportunities among our employees. We look forward to welcoming further participation to continue fostering employee growth and success.

## Industry Associations

In addition to the executive banking schools, our employees benefit from a variety of training opportunities provided by industry-leading associations, such as the Washington Bankers Association, Mortgage Bankers Association and Risk Management Association. In 2023, six of our colleagues

participated in the Washington Bankers Association's Executive Development Program and Management Development Program.

## Bank Certification Programs

As part of Banner's membership in the American Bankers Association (ABA), employees can invest in their development through foundational and continuing education certificates. Foundational courses are built around common job roles to help colleagues prepare for future career opportunities. In 2023, 43 employees pursued self-directed training in 34 unique certification programs including:

- ABA Digital Banker Certificate
- ABA Bank Teller Certificate
- ABA Customer Service Representative Certificate
- ABA Personal Banker Certificate
- ABA Universal Banker Certificate
- ABA Bank Solutions Provider Certificate
- ABA Small Business Banker Certificate
- ABA Certificate in Fraud Prevention
- ABA Branch Manager Certificate
- ABA Certificate in BSA and AML Compliance

## Tuition Reimbursement Program

To support our colleagues' pursuit of advanced education, we offer a tuition reimbursement program. This program fosters a culture of continuous learning and a growth mindset, which can lead to career advancement opportunities. In 2023, the company reimbursed nearly \$100,000 in tuition to support 19 employees pursuing degrees.

## Succession Planning

To support our strategic talent priority of retaining, developing, and attracting high-quality talent, we focus on succession planning at all levels of leadership. Integral to this process is an annual talent review discussion with executive leadership that meticulously evaluates and cultivates the potential of our talent pool. This comprehensive approach enables us to identify our top talent and successors and provide them opportunities for exposure to the executive team and our Board.



## Health and Safety

The success of our business is fundamentally connected to the health, safety, and wellbeing of our employees. To help us respond quickly and safely to threats, we developed a detailed business continuity and emergency response plan should an emergency, disaster or serious business interruption occur across our footprint. All employees are required to complete formal training on this plan upon starting their career at Banner and on an annual basis.

Additionally, all employees receive annual training on, and are expected to adhere to, the policies and procedures detailed in our Safety and Security Statement, Employee Handbook, and Code of Ethics and Business Conduct. We also track our total recordable incident rate—a measure of occupational health and safety based on the number of safety incidents reported relative to the number of employees



**Total recordable incident rate for 2023:**

**0**

present and the number of hours worked—to benchmark our safety performance and, over time, assess our progress. While this metric is not material for the financial services industry, we are proud to report that we had zero recordable incidents, therefore our total recordable incident rate for 2023 was zero.

### Employee-related Merger and Acquisition (M&A) Impacts

Banner had no M&A-related activity in 2023. As a matter of practice in relation to any M&A-related activity, we seek to retain talent by prioritizing filling open positions prior to effecting any displacement.





# Our Communities



Banner was founded as a small thrift in 1890 and today that community spirit remains as strong as ever. Everything we do as a business is based on a deep and responsive connection to the people we serve. From treating everyone we interact with fairly to helping businesses boost their resilience, we continued to support our communities in 2023.

## Increasing Access to Finance Services

As a true community bank, we aim to provide our communities with access to the financing they need. We help people get a roof over their heads, provide for their families, achieve their goals, and deal with challenging situations. We strive to treat all current and prospective clients, whether consumer or business, fairly and equitably. One of the best ways we do this is by providing competitive, sophisticated and innovative products and services in a safe, convenient, and transparent manner.

We received an Outstanding Rating in our most recent Community Reinvestment Act (CRA) performance evaluation by the Federal Deposit Insurance Corporation (FDIC), recognizing our achievements in meeting the needs of our communities. The next evaluation takes place in 2024.

## Community Development Loans 2023



**\$472 million**  
Total



**87%**  
Affordable Housing

In 2023, we originated nearly \$472 million in community development loans supporting affordable housing, economic development, community revitalization/stabilization, and community services. Affordable housing represented 87%, community services represented 9%, and economic development loans supporting small businesses represented 4% of the total number of community development loans we extended in the year.

A key component to our continuing success in this area of lending was our ongoing engagement with local and statewide organizations as well as private, non-profit entities that promote affordable housing. This included NeighborWorks, the Los Angeles Housing Department, Spokane Neighborhood Action Partners (SNAP), Neighborhood

Partnership Housing Services and FACE LA. Additionally, to support potential homeowners, we continued engaging with organizations in 2023 that provide down payment assistance programs, education opportunities and lesser-known lending options available to Oregon residents. A 2023 example was educating our mortgage team about Oregon Housing & Community Services' products and offerings such as their Flex Lending Program.



## Commercial Affordable Housing Lending

We financed nearly \$465 million in affordable housing loans, resulting in the provision of approximately 4,144 living units. This is our fourth consecutive year of record growth in this funding segment, demonstrating our commitment to helping alleviate the national housing crisis while supporting vital community development.

For example, last year we supported a public-private partnership with Affirmed Housing, City of San Marcos, and County of San Diego by providing a \$27.3 million loan to help finance Estrella, an affordable housing development in San Marcos, California. The new complex will provide 96 apartments for working families and low-income residents.





**4,144**  
living units  
provided



**\$33.5 million**  
in low-income  
housing tax credit



**184**  
affordable  
housing units



#### Mission-Driven Equity Investments

In 2023, we continued making mission-driven equity investments, including \$33.5 million in low-income housing tax-credit and affordable housing preservation funds, to bolster affordable housing initiatives. These investments provide critical support for long-term solutions to improving housing accessibility.



#### Portfolio and Federal Housing Administration (FHA) Transactions

As part of our multifaceted approach to increasing access to affordable housing, we originated 184 affordable housing units for \$34.6 million within our own portfolio. This was alongside an additional 105 loans for \$34.5 million through FHA transactions.



#### Personal Lending: HeritageOne Home Loan

In 2023, in connection with Freddie Mac, we began offering a conventional mortgage with a down payment as low as 3% for members of federally recognized Native American tribes. The HeritageOne Loan is now available for homes within eligible tribal areas including tribal trust land. We believe this new loan will contribute significantly to our mission of expanding home ownership opportunities.





### Affordable Mortgage Program (AMP and Down Payment Assistance)

In 2021, we created two custom programs designed to ease the financial burden on homebuyers and support their journey towards homeownership. The first is our affordable Mortgage Program (AMP) Loan – a fixed-rate loan for owner-occupied, single-family residences. Alongside this is our Down Payment Assistance Loan, which helps buyers get into a home with little or no down payment. In 2023, we originated 184 AMP loans, totaling \$33.9 million, alongside 77 Down Payment Assistance Loans, amounting to \$639,000.



**\$33.9 million**  
in 184 Affordable Mortgage Program Loans



### HomeFresh

The HomeFresh loan is tailored to help new homeowners purchase and renovate existing properties, turning them into comfortable, livable spaces. Due to the rising rate environment last year, we saw reduced demand for this loan, but we did originate a small number of loans.



**\$639,000**  
in 77 Down Payment Assistance Loans

## Providing Assistance in Challenging Times

Climate change is predicted to increase the frequency of extreme weather events, as well as intensify our heat waves and cold snaps. It is essential that our communities increase their resilience over the long term, and we plan to be here to help when disasters strike.

In the summer of 2023, areas of Spokane, Washington, and the North Idaho region were devastated by wildfires. Between August and September, more than 270 homes were destroyed and over 22,000 acres burned. With more than 400 employees and 15 locations in the areas impacted by these wildfires, we first donated \$75,000 to the American Red Cross to help fund on-the-ground relief such as emergency shelters and necessities for those impacted. We then activated our Community Cares 0% Interest, No Fee Natural Disaster Relief personal loan, which was made available to anyone



**\$75,000**  
donated to American Red Cross

in the region affected by the fires to help with urgent needs—bridging the gap until insurance and other assistance became available.

After a natural disaster strikes, the priority becomes rebuilding what has been destroyed and supporting people as they put their lives back together. Our place in the communities we serve often gives us a unique perspective of the entire recovery cycle. In 2017, the Journey’s End mobile home park in Santa Rosa, California was in the destruction path of the Tubbs wildfire. Thankfully, in the five years since, considerable progress has been made in restoring the area, including the grand opening last year of Laurel at Perennial Park, an affordable senior housing complex with 132 units built on the site of Journey’s End. We provided financing for the project through our Commercial Real Estate Affordable Housing group. Several residents who lived in Journey’s End became residents at the new complex.

As much as we would like this to be the last year that we have to offer disaster assistance, we know it’s unlikely to be the case. As an engaged community partner, our commitment is to always be ready to react quickly and leverage our expertise to be part of the network of vital support.



### Personal Lending: Community Heroes and Veterans Home Loans

In 2023, we funded six loans totaling \$2.2 million to qualified community heroes such as nurses, firefighters, and police officers. We also funded an additional 29 Veterans Home Loans to active and reserve military totaling \$11.7 million.

**\$2.2 million**  
loaned to community heroes



### First-Time Homebuyer Class Offering

Our Mortgage division offered 145 First-Time Homebuyer Classes, serving over 1,000 potential new homebuyers. Compared to 2022, this represents a 120% increase in classes and a 95% increase in attendees.

**95%**  
increase in new homebuyers attending classes



In 2023, we developed and introduced MoneyWise, a financial wellness program, to further assist our clients and communities in taking control of their own financial health. By increasing the population’s knowledge of financial topics and providing education for greater financial safety and security, we aim to create engaged, informed consumers who have the confidence to achieve their financial goals.

The program offers educational information aimed at adults through a number of channels including: content on bannerbank.com, 30-second videos posted to our YouTube channel and promoted through social media, monthly emails to consumer clients, and printed knowledge sheets for clients who prefer a non-digital format. The monthly emails average a 40% open rate – far exceeding industry standards.

Additionally, we launched a pilot paid media campaign to promote MoneyWise in two of our larger markets. This campaign included several additional distribution methods including advertising on broadcast and streaming television and digital advertising. In the campaign’s first four months, the ads were viewed more than four million times and key performance indicators showed an above-

average engagement rate of people consuming the content to increase their financial knowledge. We look forward to sharing more outcomes as the program matures in 2024.

### Supporting Our Communities

We continually strive to support and uplift the communities we serve as comprehensively as possible. Through financial support, volunteerism, and educational programs, we are helping to build stronger, more resilient communities and creating a brighter future for all.

One way we support communities is through strategic allocation of donations and sponsorships with added focus in three key areas: affordable housing, community services and economic development. In 2023, 29% of our funding was directed towards affordable lending and housing initiatives, 60% supported various community services, and the remaining 11% facilitated economic development projects. These investments are designed to create sustainable growth and drive an improved quality of life for residents.

We also aim to provide employees with meaningful opportunities to volunteer their time to causes that matter to them. Through our Community Connections program, every full-

time employee can volunteer up to 16 hours of paid time off, while part-time employees can do the same for up to 8 hours. In 2023, employees reported volunteering more than 17,000 hours with over 600 organizations. Community Connections not only benefits the communities we serve, it also fosters a sense of unity and purpose among our employees. For example, 280 employees volunteered nearly 1,600 hours teaching financial education to individuals and families across our footprint – including to 58 different school districts, civic organizations, and community groups. Additionally during the year, more than 180 employees volunteered in a board capacity, logging more than 5,500 service hours.

We continue to enthusiastically encourage team members to volunteer beyond Community Connections. To increase the focus on volunteerism across the company, our internal Key Metrics Scorecard includes a goal of every employee volunteering at least one hour per year. The scorecard is available to all employees and is updated quarterly. Executives and senior leaders coach to the goals throughout the year, often preparing annual team plans to make time for employees to be away from their office while removing roadblocks and generating excitement around community involvement.



Our Community Reinvestment Act (CRA) investments totaled \$56 million last year. These investments, when combined with capital from the other investors in the funds, are supporting the creation and preservation of over 3,000 affordable housing units. Additionally, more than 940 charitable organizations received more than \$1.89 million in financial support through our charitable giving and sponsorships. Of that, 198 organizations received more than \$898,000 related to CRA-qualifying giving.

We continue to support communities through strategic allocation of donations and sponsorships with added focus in three key areas: affordable housing, community services



Hillsboro Mortgage Team volunteers during the Portland Area Habitat for Humanity 2023 Build.

and economic development. In 2023, 29% of our funding was directed towards affordable lending and housing initiatives, 60% supported various community services, and the remaining 11% facilitated economic development projects. These investments are designed to create sustainable growth and drive an improved quality of life for residents.

These activities take place alongside our other key community-focused initiatives, such as our Community Cares and Community Development Loans. We also continued to contribute to Habitat for Humanity and support the construction and rehabilitation of homes for families in need. Our Women in Leadership ERG also heavily focused on promoting financial literacy among underserved populations.



Eagle Point Branch team members represent the Bank by walking in their local 4th of July Parade.

### 2023 Community Impact



**\$1.89+ million**  
in financial support



**940**  
charitable  
organizations



Seattle-area employees continue a long tradition of participating in the Ballard Alliance 2023 SeafoodFest.



### Our Fall Food Drive

In October 2023, our teams raised \$32,253 in donations and collected over 10,000 non-perishable items during a month-long drive. This was the first year since the pandemic that we were able to accept food, as well as cash donations. As is our tradition, our teams were empowered to select the local organizations that received the donations, as one more way to remain connected to those we are working to assist. Our teams did not disappoint, distributing the collections to 110 nonprofits in the many communities we serve.



**\$32,000+**  
raised



**10,000**  
non-perishable  
items  
collected

# Governance





# Our Approach to Governance

People trust us to act with integrity and to protect their interests, money, and privacy. Strong governance has long been a key component of our success, and we continuously seek to enhance our practices and structures to uphold our high standards at every level of our company.



## Board Governance in 2023

While there were no significant changes to our Board’s composition in 2023, we did continue to refine our governance approach. In particular, we focused on the skills and expertise we need from our Board to support our long-term objectives as well as current needs. We clarified that cybersecurity experience is considered a key area of expertise to be represented on our Board, reflecting the evolving challenges in the banking sector when it comes to safeguarding

against cyber threats as well as the changing regulatory environment related to cybersecurity strategy, management and incident disclosures.

We believe it’s important to have an engaged and knowledgeable Board capable of navigating the complexities of ESG issues, and our management team reports to various Board committees on ESG topics throughout the year. Reports are typically made quarterly

and focus on a range of ESG topics, including cybersecurity governance, ethics, human capital metrics, and climate risk. Stakeholders are invited to review our Board of Directors’ ESG Statement, available at [bannerbank.com/esg/board-statement](https://www.bannerbank.com/esg/board-statement).

The Board also maintained its focus on succession planning for senior leadership. We want to increase diverse representation and continue demonstrating our ongoing commitment to fostering a comprehensive and inclusive leadership structure.

The Board continues to engage in ongoing education to support a governance structure that is robust yet adaptive to a rapidly changing market and sector. By equipping the Board with the necessary tools and knowledge through formal training, our governance structure is supporting long-term growth of the business and long-term value creation for our shareholders, communities and employees.



**Board Size**  
**11**  
Directors

### Gender Diversity

**36%**

4 of 11 directors identify as female

### Ethnic Diversity

**27%**

3 of 11 directors identify as non-Caucasian

### Overall Diversity

**55%**

6 of 11 directors have at least one diversity characteristic



### Board Independence

**91%**

10 of 11 directors are independent

## Directors



Roberto R. Herencia  
(Chairman)



Connie R. Collingsworth



Mark J. Grescovich



John R. Layman



Kevin F. Riordan



Ellen R.M. Boyer



Margot J. Copeland



David A. Klaue



John Pedersen



Terry S. Schwakopf

Paul J. Walsh  
(Photo unavailable)

## Executive Office

**Mark J. Grescovich**, President and Chief Executive Officer

**Janet M. Brown**, EVP, Chief Information Officer

**Robert G. Butterfield**, EVP, Chief Financial Officer

**James M. Costa**, EVP, Chief Operating Officer & Chief Risk Officer

**James P. Garcia**, EVP, Chief Audit Officer

**Karen Harrison**, EVP, Community Banking Executive

**Kayleen R. Kohler**, EVP, Human Resources, Chief Diversity Officer

**Kenneth A. Larsen**, EVP, Mortgage Banking

**Sherrey Luetjen**, EVP, General Counsel, Secretary

**James P.G. McLean**, EVP, Commercial Real Estate Lending Division

**Cynthia D. Purcell**, EVP, Chief Strategy and Administration Officer

**M. Kirk Quillin**, EVP, Chief Commercial Banking Executive

**James T. Reed, Jr.**, EVP, Commercial Banking

**Jill M. Rice**, EVP, Chief Credit Officer

Thank you to Peter J. Conner, EVP, Chief Financial Officer who retired in 2023.

Director and Officer information is as of December 31, 2023

# Total Directors with Particular Qualifications and Experience

(out of 11 total Directors)

<b>5</b>	Financial Expertise/Audit Committee Financial Expert	<b>3</b>	Communications/Marketing
<b>11</b>	Leadership	<b>8</b>	Strategic Planning
<b>8</b>	Mergers & Acquisitions (M&A)	<b>7</b>	Financial Industry Experience
<b>8</b>	Risk Management	<b>5</b>	Legal/Regulatory
<b>6</b>	Human Capital Management/Executive Compensation	<b>5</b>	Organizational Effectiveness/Continuous Improvement



Plain, Wash. - as photographed by Marcy P. (2023 Employee Photo Contest).

<b>8</b>	Public Company Governance/Corporate Governance Best Practices	<b>1</b>	Information Technology/Cybersecurity
<b>11</b>	Prior Board Experience/Interaction	<b>11</b>	Geographic Representation

For further information, see our [2024 Proxy Statement](#).



# Ethics and Compliance

Our strong ethics program continued to work well throughout 2023, helping every part of our business act in a way that aligns with all applicable consumer laws and regulations as well as our corporate values.

Our Code of Ethics is reviewed annually by the Board. In 2023, we made enhancements to our Code of Conduct to update some provisions and make sure the document is reflective of our current operating environment. These changes were outlined in an updated disclosure filed with the SEC.



Newly onboarded employees receive training to familiarize them with our Code of Ethics and Business Conduct ("Code of Ethics"), while existing employees undergo annual refresher courses. The training covers both the specifics of our Code of Ethics as well as general banking industry ethics.

### Responsible Sales Practices

We are committed to engaging in responsible sales practices that are consistent with applicable laws, regulations and guidance as well as our own policies and values. We believe that compliance with consumer protection laws is a shared responsibility at every level of our organization. Demonstrating this commitment requires regular trainings for all employees involved in sales, incentive programs and compensation policies, and/or engagement with third-party service providers. Our Compliance team provides regular reports to the Board that outline monitoring efforts, first line of defense reporting and trends in complaints.



### Policy Updates

We also enhanced our policy library:

- **Executive Compensation Clawback**  
In response to new rules issued by the SEC, we adopted a supplemental Executive Compensation Clawback policy in 2023.
- **Insider Trading**  
We revised our Insider Trading policy in response to the SEC's new Insider Trading Arrangements Rules.
- **Cybersecurity Incident Response Management Processes**  
We updated our incident response management processes in line with the SEC's new Cybersecurity Rules.

### Our Ethical and Responsible Use of Generative AI Policy

Generative AI (Gen AI) burst into public consciousness in 2023. In anticipation of how this technology is shaping the future of business and banking, we adopted a policy regarding the ethical and responsible use of Gen AI.

The new policy focuses on a comprehensive vetting process for any proposed uses of Gen AI within the organization. Led by the Bank's Fintech Council, this initial vetting includes an evaluation of any AI applications relative to our strategic priorities, goals, mission, values, and policies. Given the speed at which this new technology is evolving, we anticipate our approach to governance in this area will need to be adaptive and agile.



## Banner's Three Lines of Defense

Our three lines of defense model is a cornerstone of Banner Bank's governance structure, emphasizing risk management and compliance. Over our history, we've fine-tuned our approach to risk management. Today, we assign responsibility across three key functional areas: business operations, risk management and compliance teams, and our internal audit group.

This structure promotes collaboration across work groups while maintaining the independence necessary for effective oversight.

At the front line, our operational units take charge, balancing growth objectives with the need to manage risk. Leaders within these units develop monitoring and testing processes and conduct self-assessments. This feeds into the second tier, in which our specialized teams

cover a wide range of responsibilities, from credit risk administration and compliance to information security and fraud prevention. These experts work independently from our business units but in close cooperation with them to support strategic growth balanced with compliance and sound capital management. The final safeguard is our internal audit function. This team is responsible for providing an independent assessment of the Bank's adherence to all policies and supporting procedures.

Directly accountable to the Board of Directors, this risk management framework has matured over many years, including in response to feedback from banking regulators and external auditors. In 2023, the framework continued to prove effective in helping us meet our strategic goals while responsibly serving our shareholders, clients, and communities.



### Listening and Learning

Building and maintaining an effective compliance culture means all employees should feel they can proactively raise concerns and submit complaints without fear of retribution or retaliation. Feedback from clients, both positive and negative, is also an invaluable source of insight into the way our products, services, and customer experiences impact people in their daily lives.

We aim to use all client feedback as a tool for continuous improvement. By gathering and analyzing examples from client complaints, we identify areas for process and product enhancements and improvements. For example, feedback on our online banking experience led to user interface updates that made the experience more intuitive and user-friendly. These changes resolved the initial complaints and led to a decrease in similar feedback.

If an employee, client or other stakeholder is not comfortable discussing concerns with management, our anonymous third-party hotline, EthicsPoint, promoted on our website, is available anytime by phone and online.

Through our well-established Complaint Management Program, employees are responsible for logging complaints. Complaints that represent regulatory, safety, or ethical risks are escalated by employees or through a key word search of high-risk issues. We continuously adapt our complaints management program, overseen by the Compliance department, to better address clients' pain points. A working group that includes members from various business lines meets regularly to analyze trends and discuss concerns and successes. In 2023, our focus was continuing to season the program, improve tracking, and enhance reporting.

### Executive Compensation

We aim to align incentives with the risk and performance frameworks of our business in a way that best facilitates the support expected by our clients, employees, and stakeholders. This extends to all levels of our business, and work has begun to integrate ESG goals into our executive compensation packages. By year-end 2023, 80% of our executives had an ESG or DEI goal linked to their compensation package.



# Information Technology and Cybersecurity

We continued to invest significantly in managing cybersecurity and IT risks throughout 2023. Cybersecurity represents a rapidly changing aspect of our risk profile, which is not unique to us or our industry.

We have consistently maintained a thoughtful approach to monitoring and managing cybersecurity and IT risks. Our strategies and processes have proven effective, allowing us to adapt to the evolving landscape without the need for substantial changes in our methodologies.



## Data Security, Privacy, Audit and Training

Our data security processes are designed to support compliance with all applicable laws and frameworks, such as The Gramm-Leach-Bliley Act (GLBA) and the California Consumer Privacy Act (CCPA). In 2023, we aligned with the new rule on computer-security incident disclosure introduced by the federal banking agencies on April 1, 2022. This new rule requires banking organizations to promptly notify their primary regulators of significant computer-security incidents. These early notifications are intended to help promote early awareness of emerging threats to banking organizations and the broader financial system, helping the bank regulatory agencies react to these threats before they become systemic.

Details on how we protect, collect, and use personal data are transparently outlined in our privacy notice and mobile banking app's supplemental policy – both of which are reviewed annually. We adhere to stringent legal requirements for notifying clients and employees about any policy changes. We do not sell or market our clients' personal information to nonaffiliated entities and share it only within the context of ongoing business relationships.

The Board of Directors oversees our management of information and cybersecurity risks. We manage cybersecurity risks through our Information Security Program and related policies and standards. The Board of Directors plays a crucial role, annually reviewing and approving the Information Security Program. The Board's Corporate Governance/Nominating Committee considers information technology and cybersecurity expertise when assessing potential director candidates, to help ensure the Board of Directors has the capability to appropriately oversee management's activities in these areas.

The Board's Risk Committee directly oversees our management of information technology and cybersecurity risks through the review of regular management reporting and discussions with senior management regarding the effectiveness of our Information Security Program. In connection with its review of these risks, the Risk Committee also reviews management's plans to mitigate risk. Our cybersecurity risk management and strategy are integrated into our enterprise-wide risk management program, which leverages a "three lines of defense" model to manage risk within the organization. Technology risk (including cybersecurity risk) is

identified as a key risk area and our management measures inherent risk, mitigating controls and residual risk on a quarterly basis. In designing our Information Security Program, we refer to established industry frameworks – in particular, the Federal Financial Institutions Examination Council (FFIEC) and guidance from the International Organization for Standardization (ISO). We consider these frameworks to be aspirational benchmarks to help inform the design of our Information Security Program, including risk mitigation controls and processes.

Our cybersecurity systems are rigorously examined and/or tested by internal and external experts. This includes:

- Internal and external penetration testing;
- Cybersecurity internal audit; and
- Examinations by the FDIC and Washington State Department of Financial Institutions.

We continue to evaluate the automation of fraud controls and technology to reduce overall risk. In 2023, we implemented a new cutting-edge fraud detection software system. This tool automates how we track and monitor fraud, increasing our efficiency and further mitigating the risk of financial losses.



We understand that the best cybersecurity asset a business can have is informed and vigilant employees. All new employees receive comprehensive training on cybersecurity awareness as part of the onboarding process, focusing on prevalent threats such as phishing and social engineering. Additionally, all employees must complete annual refresher training on preventative tactics to defend against malicious activity. Regular testing keeps our team sharp and prepared for emerging cyber threats.

We freely share our knowledge in this area with clients and the community, with resources and support to enhance their understanding of account security, fraud prevention, financial elder abuse, and best practices for protecting their financial information. We also proactively join client and community organization meetings and gatherings—such as Rotary, business networking groups, and senior center meetings—to educate and inform them about how to protect their financial information.

### Third-Party Management

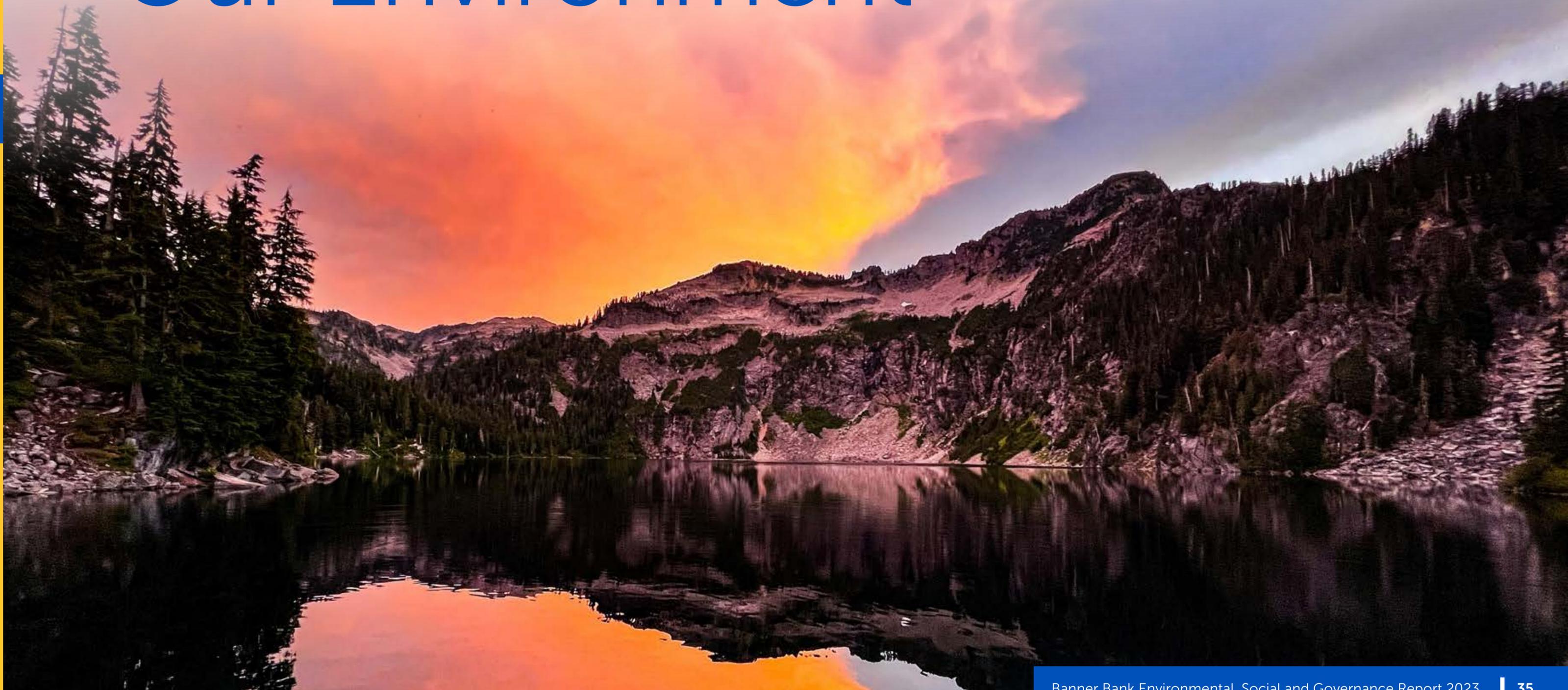
We have begun enhancing our third-party provider lifecycle management policy and third-party risk program to integrate ESG considerations into our relationships with third-party providers. Our third-party provider lifecycle management policy reiterates Banner’s commitment to diversity, inclusion and ESG principles and provides that related questions or requirements may be included as part of Requests for Proposal (RFPs). Preference may be given to third-party providers who demonstrate commitment to such principles. We also seek to negotiate contractual terms requiring our third-party providers to comply with applicable law and, where applicable, to promptly notify us of any cybersecurity or data breach incidents.

Our approach to vetting third party providers incorporates, where appropriate and on a risk-based approach, detailed questions regarding cybersecurity and supply chain risks, allowing us to perform due diligence in assessing potential vulnerabilities.





# Our Environment



Copper Lake, Wash. - as photographed by Alex L. (2023 Employee Photo Contest).



From the Canadian border to the Mexican border, our footprint encompasses some of our nation's most unique and beautiful natural habitats. These areas are part of the shared history and identities of our communities, and doing the right thing means protecting and preserving them for future generations.

## Evolving Our Climate Strategy

Climate change will likely impact all of our stakeholders in some way over the coming years. To help mitigate the risks to our business and our communities, we are integrating climate risk into our broader risk management framework. We have been here as a reliable and expert source of support for our communities through periods of considerable change over the course of our 134-year history. Today, we are taking steps to enable us to continue delivering exceptional service and long-term value for the people, businesses and communities that rely on us.

### The Climate Risk Management Program

The launch of our Climate Risk Management Program is a significant step forward in our ESG journey. The Program focuses on preparing for upcoming climate risk management regulatory rules, enhancing greenhouse gas reporting, and developing sophisticated tools for climate risk assessment. The Board's Risk Committee has oversight and responsibility for steering the Bank's climate strategy. It receives quarterly updates on climate-related issues as well as their integration into our broader risk management practices and strategic decision-making.

Our Enterprise Risk Management (ERM) team, led by our Chief Risk Officer, is responsible for the day-to-day management of climate-related responsibilities. This team provides regular updates to both management's ESG Working

Group and the Board's Risk Committee. Part of the team's role includes conducting quarterly assessments across 11 key risk areas such as credit, market/price, and liquidity, and ESG/ climate change risk.

### Climate Risk Working Group

In 2023, we established a Climate Risk Working Group, a dedicated team tasked with enhancing Banner Bank's Climate Risk Management Program. This group, directly overseen by the Chief Risk Officer with oversight from the Risk Management Oversight Committee (RMOC), meets monthly to review progress towards program objectives and routinely assess our climate strategy's alignment with both our corporate objectives and evolving regulatory landscapes.

One of the group's main priorities is overseeing the Bank's preparedness for impending regulatory requirements related to climate risk management. Additionally, the group aims to improve our capabilities in greenhouse gas reporting as well as our approach to environmental stewardship.

### Adapting to New Regulations

The regulatory landscape surrounding climate risk management changed significantly in 2023 and early 2024 with the introduction of new rules from the State of California and the

Securities and Exchange Commission (SEC). We continually monitor and adapt our strategies to comply with new regulatory expectations and strengthen our position as a responsible and forward-thinking financial institution

### Publishing Our First TCFD Report

A key milestone in our climate strategy was the completion of the Task Force on Climate-related Financial Disclosures (TCFD) report for the year 2022. This report provides a transparent overview of our climate-related risks and opportunities, our governance around climate risks, and our strategic approach to managing these risks. Aligning with the TCFD framework is an important way for us to provide stakeholders with clear and meaningful insights into how we are addressing the challenges of climate change. Subsequently, we updated our TCFD report to include our 2023 emissions, details of program enhancements, and information on the changing regulatory landscape regarding climate disclosures.

You can read the report in full at <https://www.bannerbank.com/esg>

# Measuring Our Emissions

We began measuring our greenhouse gas emissions (GHG) in 2022 to better understand our carbon footprint and begin to identify ways to reduce it. Working alongside external subject matter experts, we calculated our Scope 1 and 2 emissions. Scope 1 emissions are direct GHG emissions from sources owned or controlled by Banner Bank, primarily consisting of natural gas consumed at our locations. Scope 2 emissions are indirect GHG emissions from the generation of electricity purchased by Banner Bank. In this report, we've expanded our emissions reporting to include Market-Based Scope 2 emissions. Limited Assurance has been provided for Scope 1 and 2 emissions from 2021 to 2023.

Our overall GHG emissions trends appear to be influenced by three main factors: 1) reduction in square footage within our bank-owned real estate portfolio, 2) reduced emissions factors from the electricity suppliers in our footprint, and 3) changes in average temperatures within our operational footprint. This third point suggests a tangible impact of climate change on Banner Bank's environmental metrics. These insights are feeding back into our strategies around operational sustainability and climate risk management. We believe that all our decisions should be based on data-driven insights, and setting specific GHG reduction targets is no different. Our focus is currently on understanding and rigorously documenting our emissions data. These are essential prerequisites for setting meaningful and realistic reduction goals.

Scope 1 & Scope 2 Emissions*	2021	2022	2023
<b>Scope 1 Emissions</b>	<b>1,416.56</b>	<b>1,451.86</b>	<b>1,254.40</b>
Natural Gas	1,325.04	1,379.44	1,187.78
Fuel Oil/Diesel	34.61	21.00	0.92
Propane	25.59	18.80	15.31
Gasoline (Mobile Combustion)	31.31	32.62	50.38
<b>Scope 2 Emissions - Electricity (Location-Based)</b>	<b>4,355.02</b>	<b>3,946.48</b>	<b>3,384.68</b>
<b>Scope 2 Emissions - Electricity (Market-Based)</b>	<b>4,371.52</b>	<b>3,959.94</b>	<b>3,593.74</b>
<b>Total Scope 1&amp;2 (Location-Based)</b>	<b>5,771.58</b>	<b>5,398.34</b>	<b>4,639.08</b>
Per 1,000 SF	4.73	4.76	4.46
Per Revenue (Millions)	9.73	8.59	7.48
<b>Total Scope 1&amp;2 (Market-Based)</b>	<b>5,788.08</b>	<b>5,411.80</b>	<b>4,848.14</b>
Per 1,000 SF	4.75	4.77	4.67
Per Revenue (Millions)	9.76	8.61	7.81
Building Area (SF)	1,219,379	1,133,706	1,039,240
Revenue (Millions)	\$593.31	\$628.43	\$620.41

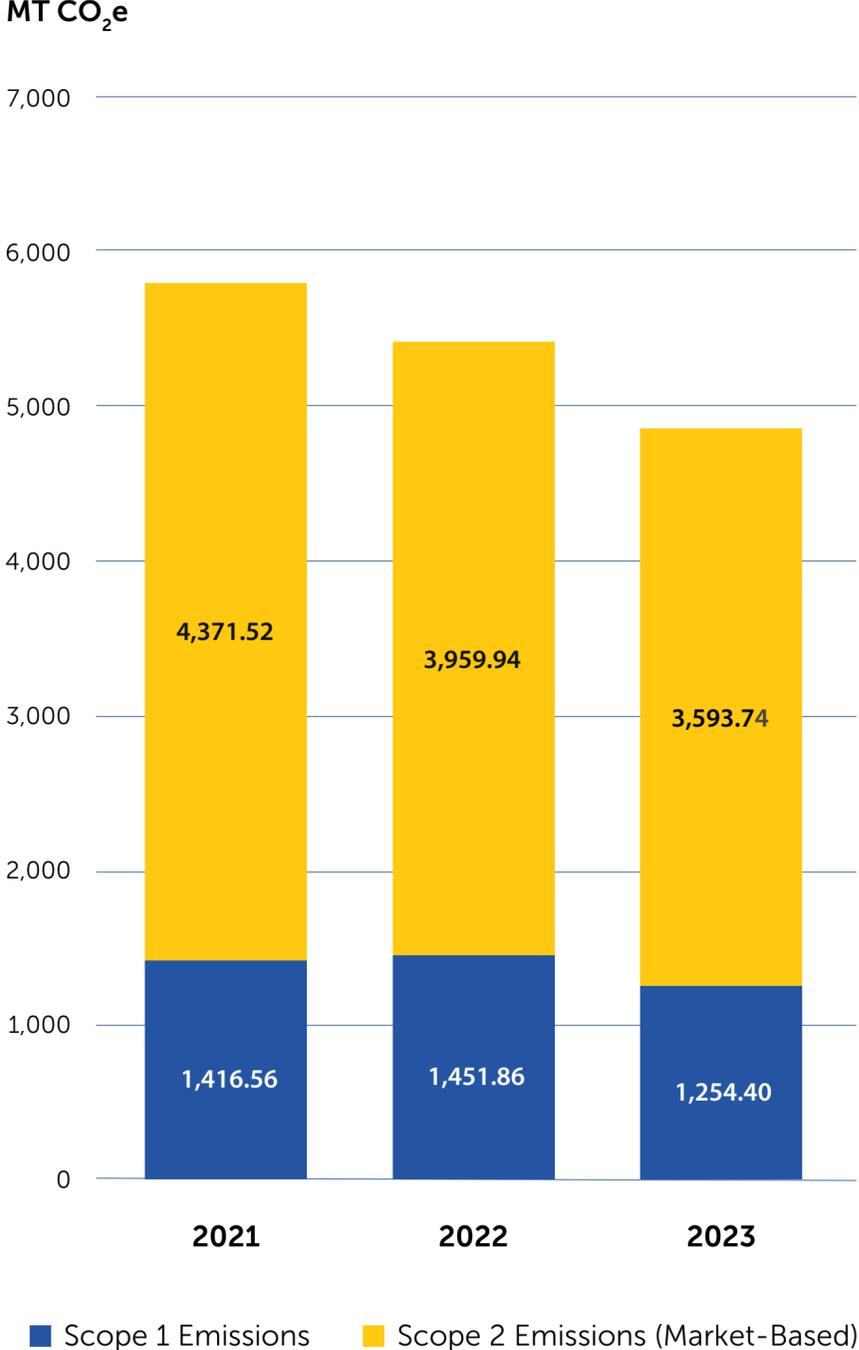
\*Emissions expressed in Metric Tons of Carbon Dioxide Equivalent (MT CO<sub>2</sub>e)

Note 1: Scope 1 and 2 emissions calculations were developed in accordance with the GHG Protocol. Limited Assurance has been provided for emissions calculations.

Note 2: Utility consumption is based on actual utility invoices for properties where Banner receives a utility bill, and estimated for properties that Banner controls, but does not receive a bill. Fugitive emissions are considered immaterial.

Note 3: The Base Year for GHG emissions calculations will be determined once emissions reduction targets are established.

Note 4: The threshold for base-year emissions recalculation will be 10% of base year emissions, determined on a cumulative basis from the time of the established base year.



# Supporting Environmental Sustainability

There is a broad range of ways that we can help reduce our impact on the environment to increase the resilience and sustainability of our communities. In 2023, we continued making progress in using energy more efficient, creating less waste, and providing financing for a range of environmentally responsible projects.

## Energy Consumption and Efficiency

A core tenet of our strategy to reduce our GHG emissions is using resources more efficiently. In the past few years, we have made significant investments to update our facility lighting systems to LED technology. LEDs are known to have higher energy efficiency compared to traditional lighting options. In 2023, we began to see reductions in our energy consumption at

locations that had LED upgrades. In addition to lighting upgrades, we also converted three of our buildings' heating systems from fuel oil to electric heating.

## Waste Management

In 2023, we initiated a goal to eliminate the use of Styrofoam products in our onsite breakrooms and lunchrooms. This initiative aims to reduce non-biodegradable waste, reflecting our commitment to reducing our environmental impact. As a result of this initiative, we saw a 50% year-over-year reduction in Styrofoam purchases in 2023. Additionally, in 2023, we diverted over 450,000 pounds of paper from the landfill through our recycling partners.

You can read our Social, Environmental and Climate Credit Risk Statement at <https://www.bannerbank.com/esg-supplemental-statements/social-environmental-and-climate-credit-risk-management>



## Case Study: Action to Eliminate E-Waste

Electronic waste (E-waste) is any electrical or electronic equipment that has been discarded to a landfill site instead of recycled. The rapid pace of technological change creates an increasing amount of E-waste, as personal devices are frequently upgraded and replaced. Unfortunately, improper disposal of devices can cause environmental problems, including the potential dispersal of toxic chemicals into soil and water as well as increased strain on precious materials like rare earth metals. The US Environmental Protection Agency estimates that for every ton of E-waste removed from the environment, 0.9 tons of CO2 emissions are avoided.

In 2023, we engaged an electronics recycling company to assist us in reducing the amount of E-waste we produce. This vendor relationship provides that our old computers, headsets and other hardware are collected, evaluated and either upcycled and resold or recycled. Hardware is managed over its lifecycle from acquisition to disposal to maintain appropriate data security.

As a result of this engagement, we recycled or upcycled over 20,000 pounds of electronic waste and avoided an estimated 9.22 metric tons of CO2e emissions in 2023.



## Community Housing Works Development at Cortez Hill San Diego

This sustainable development is an all-electric affordable housing project that will provide 88 new homes for seniors, working families, veterans and those formerly experiencing homelessness. The five-story development is breathing new life into a previously neglected site, by creating a stable and affordable community for its residents.

The development emphasizes sustainability and transit-friendliness and has been nominated for the Circulate San Diego Momentum Award for Sustainable Growth. We are proud to have served as the construction lender for this \$45 million project that will create a stronger, more vibrant community.

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**88**  
New homes



**\$45 million**  
Loan

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### Integrating ESG Into Our Innovation

We're aiming to consider sustainability in our innovation efforts. Our ongoing mortgage loan programs, PowerWise and HomeFresh, demonstrate how we can promote sustainability and energy efficiency while also meeting the financial needs of our clients.

### Environmental Risk Assessment

We have incorporated an Environmental Risk Assessment into our loan origination process for selected loan types to consider environmental factors at the very start of the loan process.

To address environmental concerns in the real estate lending process, we employ an environmental risk officer with experience in environmental consulting and financial services. This role underscores the Bank's commitment to incorporating an understanding of environmental risk into these lending decisions.

### Financing Environmental and Social Projects

Through the origination of energy efficiency-focused loans, we have financed a variety of environmental and social projects. These lending activities enable us to support initiatives that align with our sustainability values, such as renewable energy projects and energy-efficient building practices.

Through our Commercial Real Estate business, we work with a range of clients who incorporate sustainability standards when it comes to design, construction, and energy efficiency. In 2023, we provided financing to over 2 000 new homes that align with Built Green Standards, Energy Star Certified, or California green standards.

These new homes may include:

- Climate resilience assessments
- Installing electric vehicle (EV) and charging infrastructure
- Enhanced energy efficiency through features such as mini-split heat pumps, Energy Star appliances and lighting, tankless water heaters, improved insulation, and limiting the use of natural gas

Many of these projects have been recognized externally, with one awarded the 2023 Energy Star Partner of the Year Sustained Excellence Award by the US Environmental Protection Agency.

## Conclusion

“Ensuring Banner continues to be a positive supporter of people, neighborhoods and businesses for generations to come demands bold thinking and ever-evolving agility to adapt to a changing world. Our work in 2023 strengthened our position as a responsible business that is true to our guiding principle—do the right thing—and delivered lasting value for all our stakeholders, including shareholders, clients, colleagues, and communities.”

- Mark J. Grescovich

## Committed To Always Doing The Right Thing

This report reflects how we are turning our guiding principle into meaningful action. It demonstrates the multitude of ways that our sustainable business practices are improving our operating efficiency, providing financial support to those in need, and nurturing a diverse, talented and supported culture.

We are pleased with our achievements in pursuit of a more sustainable business through continued improvements in the areas of environment, social and governance. Yet we recognize there is more to do and believe that the processes, policies and oversight we have put in place will allow us to continue to strengthen our approach over the coming years.

In addition to this report, we share updates on our ongoing ESG efforts on our website, including under Community Stories and Client Stories.

You are invited to review our overall progress any time at [www.bannerbank.com/esg](http://www.bannerbank.com/esg).

# About This Report

Banner's ESG Report aims to provide transparency into our strategy, efforts and accomplishments on ESG-related initiatives for the fiscal year ended December 31, 2023 (unless otherwise noted). We undertake no obligation to update the information in this report or otherwise notify you in the event any views, opinions, or facts stated in this report change or subsequently become inaccurate. Any goals or plans discussed in this report are aspirational and/or reflect management's good faith belief as to potential future events, and we cannot guarantee or promise that they will be achieved.

In preparing this report, we worked with internal subject matter experts to develop and review relevant content and we leveraged internal reporting experts to obtain documentation supportive of the report's content. Prior to publication, the report was subjected to multiple rounds of review and revision by a cross-functional team of colleagues. The report was also reviewed by our internal Disclosure

Committee—the same group responsible for reviewing Banner's periodic SEC reports (Forms 10-Q and 10-K)—and was presented to our Board of Directors' Corporate Governance/ Nominating Committee and Audit Committee prior to publication. Our Internal Audit function will also help to evaluate and improve the effectiveness of our ESG disclosure processes over time.

Data in this report may be estimated and based on assumptions. Additionally, certain information in this report has not been prepared in accordance with generally accepted accounting principles (GAAP). It has not been independently audited. Certain topics identified as particularly important to Banner and its stakeholders may be referred to as "material." The use of "material" or "materiality" in this report is distinct from, and should not be confused with, these same terms as construed in accordance with securities laws or regulations or as used in the context of financial statements and reporting.

This report does not constitute an offer or sale of any securities issued by Banner Corporation. The information in this report shall not be deemed to be incorporated by reference in any filing under the Securities Exchange Act of 1934 or the Securities Act of 1933, except as expressly set forth by specific reference. This report is for general informational purposes only, is not comprehensive and contains only voluntary disclosures.

The report should be read in conjunction with other publicly disclosed material such as our Annual Report on Form 10-K and our quarterly reports on Form 10-Q, with particular attention to the "Forward-Looking Statements" and "Risk Factors" sections of those reports.

As used in this report, "Banner" may refer to Banner Corporation and/or its subsidiary bank, Banner Bank. Additional ESG material can be found on our website at [www.bannerbank.com/esg](http://www.bannerbank.com/esg).

## For more information:

[Code of Conduct](#)

[Community Reinvestment Act](#)

[Complaint Management](#)

[Corporate Governance Guidelines](#)

[Credit Risk Management](#)

[Fair Lending](#)

[Information Security and Privacy](#)

[Privacy Notice](#)

[Product Management](#)

[Respectful Workplace](#)

[Responsible Sales Practices](#)

[Safety And Security](#)

[Sustainability Accounting Standards Board \(SASB\)](#)

[Task Force on Climate-Related Financial Disclosures](#)

[Whistleblower](#)

■ Let's create tomorrow, together.

