



Third Quarter 2024



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Siti Allimah



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Yvonne McDonald



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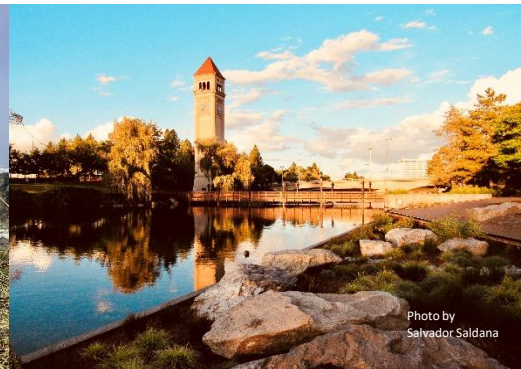


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Salvador Saldana

Disclosure Statement



This presentation includes forward-looking statements. These statements include descriptions of management’s plans, objectives or goals for future operations, products or services, forecast of financial or other performance measures and statements about Banner’s general outlook for economic and other conditions. Additional forward-looking statements may be made in the question-and-answer period following the presentation. These forward-looking statements are subject to several risks and uncertainties and actual results may differ materially from those discussed today. Information on the risk factors that could cause actual results to differ are available from the earnings press release that was released October 16, 2024 as well as the Form 10-K for the year ended December 31, 2023 and Forms 10-Q filed quarterly thereafter. Forward-looking statements are effective only as of the date they are made, and Banner assumes no obligation to update information concerning its expectations.

Third quarter 2024 highlights



- Net income of \$45.2 million, compared to \$39.8 million for the prior quarter
 - Loan growth of \$81 million (3% annualized)
 - Total loan originations (excluding HFS) were \$894 million
 - Total deposits increased by \$459 million (14% annualized); loan-to-deposit ratio remained at 83%, same as last quarter
 - Net interest margin (tax equivalent) increased 2 basis points to 3.72%
 - Efficiency ratio (adjusted, non-GAAP) decreased 233 basis points to 61.27%
 - Return on average assets of 1.13%, and return on average equity of 10.39%, compared to 1.02% and 9.69%, respectively, for the prior quarter
 - \$1.7 million provision for credit losses driven by collateral dependent loans; Allowance for credit losses – loans was 1.38% of total loans
 - Non-performing assets remained low at 0.28% of total assets, up 7 basis points from last quarter
 - Announced dividend of \$0.48 per share to be paid in November 2024
-

Building value at Banner



Building value for stakeholders ...

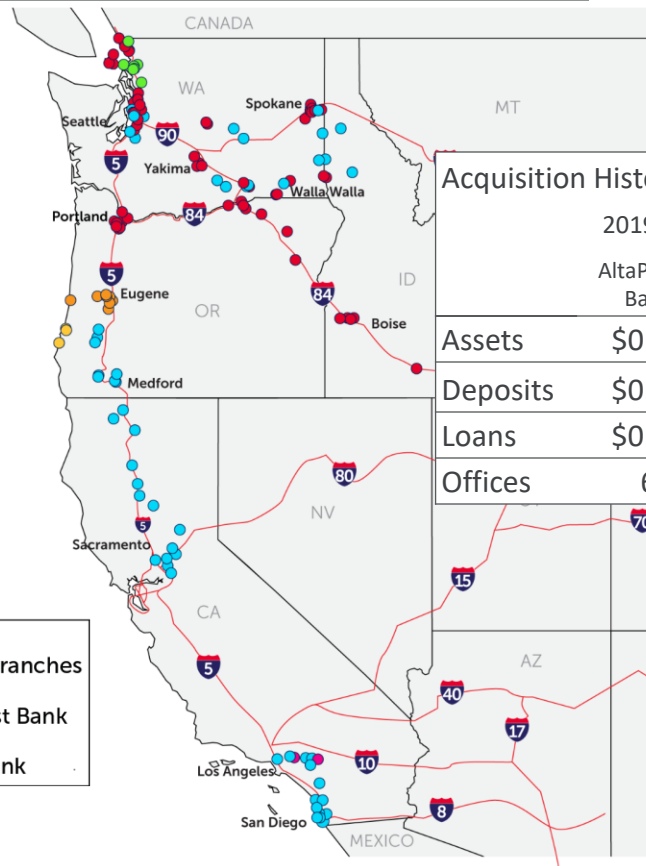
by focusing on core banking competency ...

that is sustainable through change events ...

and scalable with acquisition growth

Banner Corporation

Assets	\$16.2B
Deposits	\$13.5B
Loans	\$11.3B
Offices	135
Employees	1,961



- Banner Bank
- SW Oregon Branches
- Siuslaw Bank
- AmericanWest Bank
- Skagit Bank
- AltaPacific Bank

Acquisition History

	2019 Q4	2018 Q4	2015 Q4	2015 Q1	2014 Q2
	AltaPacific Bank	Skagit Bank	AmericanWest Bank	Siuslaw Bank	SW Oregon Branches
Assets	\$0.4B	\$0.9B	\$4.5B	\$0.4B	\$0.2B
Deposits	\$0.3B	\$0.8B	\$3.6B	\$0.3B	\$0.2B
Loans	\$0.3B	\$0.6B	\$3.0B	\$0.2B	\$0.1B
Offices	6	11	98	10	6

Building value at Banner



Core banking competency

Growing revenue

Protecting net interest margin

Spending carefully

Maintaining a moderate risk profile

Employing capital wisely

Growing revenue

Take advantage of ideal geography

Offer super community bank value proposition

Guard and improve reputation

Grow market share

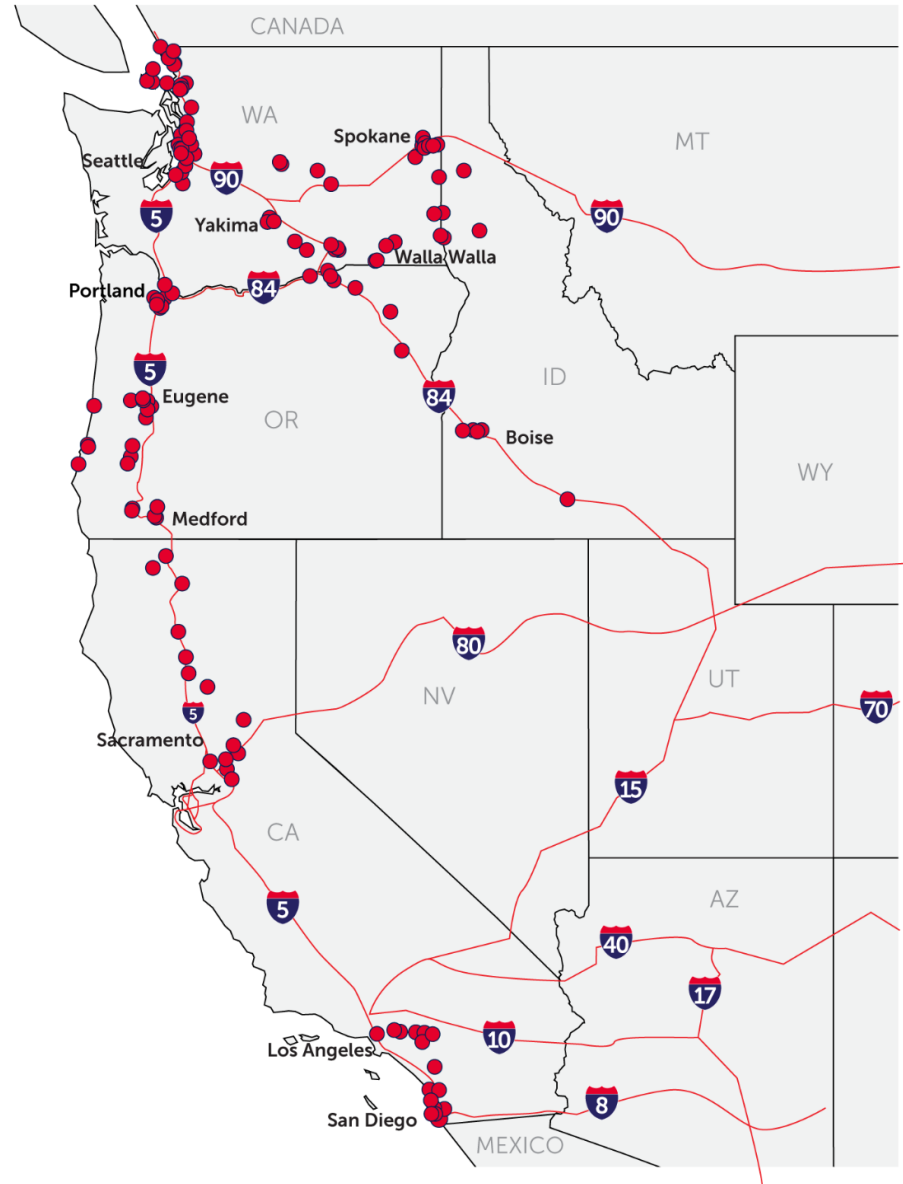
Growing revenue ... in a good place since 1890



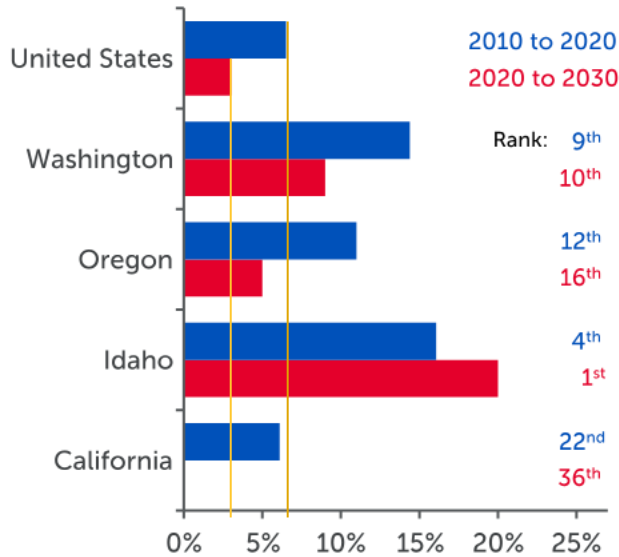
Population Estimate (millions)

	2020	2030	Growth
Washington	7.7	8.4	9%*
Oregon	4.2	4.5	5%
Idaho	1.8	2.2	20%*
California	39.5	39.5	0%
Region	53.3	54.6	2%
United States	331.4	344.6	4%

* Among the fastest growing in the country



Strong Population Growth Forecast



Source: U.S. Census Bureau
Moody's Analytics Forecasted (June 2023)

Growing revenue ... in an ideal geography



Powerful and diverse economic drivers

From Banner's Pacific Northwest base to ...

Technology



Manufacturing



Consumer



Logistics



Natural Resources



Agriculture

Traditional, specialty crops, orchards, wineries, ...



California

From Apple 
to 
from Silicon Valley to
the Central Valley ...
the world's 6th largest
economy

Growing revenue



Our super community bank value proposition

Broad product offerings serving middle market, small business and consumer client base

Decision-making as close to client as possible

Delivery channels aligned to maximize tactical execution of strategic plan

Community investment

Growing revenue



Guard and improve reputation

Outstanding CRA Rating

FDIC 2021, most recent 3-year examination cycle



Most Trustworthy Companies in America

Newsweek 2023 & 2024



World's Most Trustworthy Companies

Newsweek 2023 & 2024 (Highest ranked U.S. based bank in 2024)



America's Best Regional Banks

Newsweek 2024



Excellence Award for Bank of the Year

Q2 Holdings 2023



5-Star rating™ (highest category)

BauerFinancial; 10+ years



America's 100 Best Banks

Forbes, 8 consecutive years (2017-2024)



Top 50 U.S. Public Banks (assets of \$10B+)

S&P Global Market Intelligence 2021, 2022 & 2023

Growing revenue

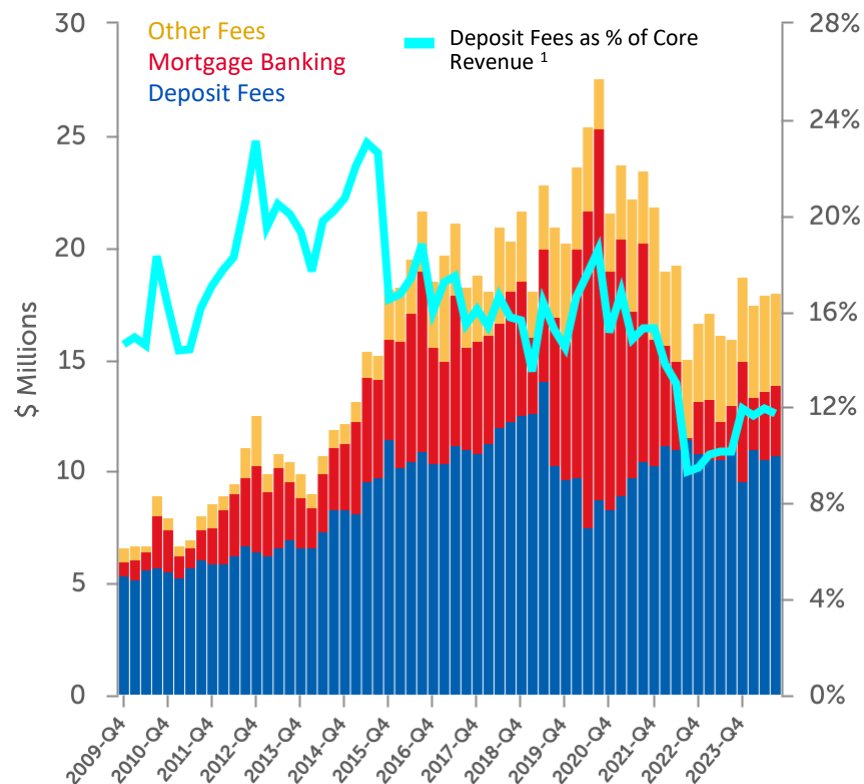
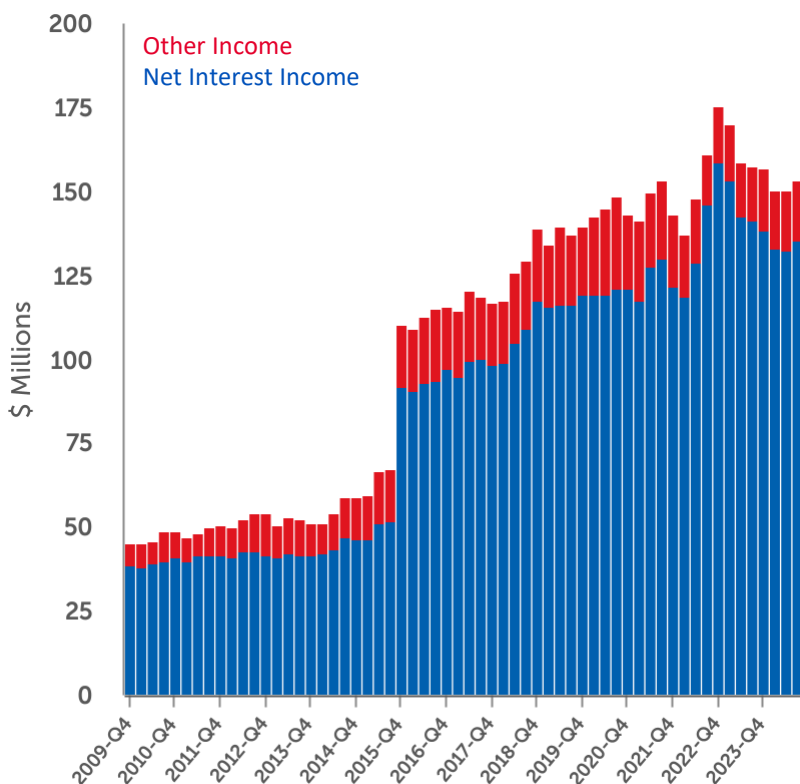


Core revenue¹

Quarter Ending	Quarter	Last 12 Months
	Amount	Amount
09/30/24	\$154M	\$612M
12/31/09	\$45M	\$177M

Noninterest income¹

Quarter Ending	Quarter	Last 12 Months
	Amount	Amount
09/30/24	\$18.0M	\$72.2M
12/31/09	\$6.6M	\$31.1M



1. Excludes net gain/loss on sale of securities and change in valuation of financial instruments carried at fair value.

Building value at Banner

Core banking competency

Growing revenue

Protecting net interest margin

Spending carefully

Maintaining a moderate risk profile

Employing capital wisely

Protecting net interest margin

Improve earning asset mix

Improve funding mix

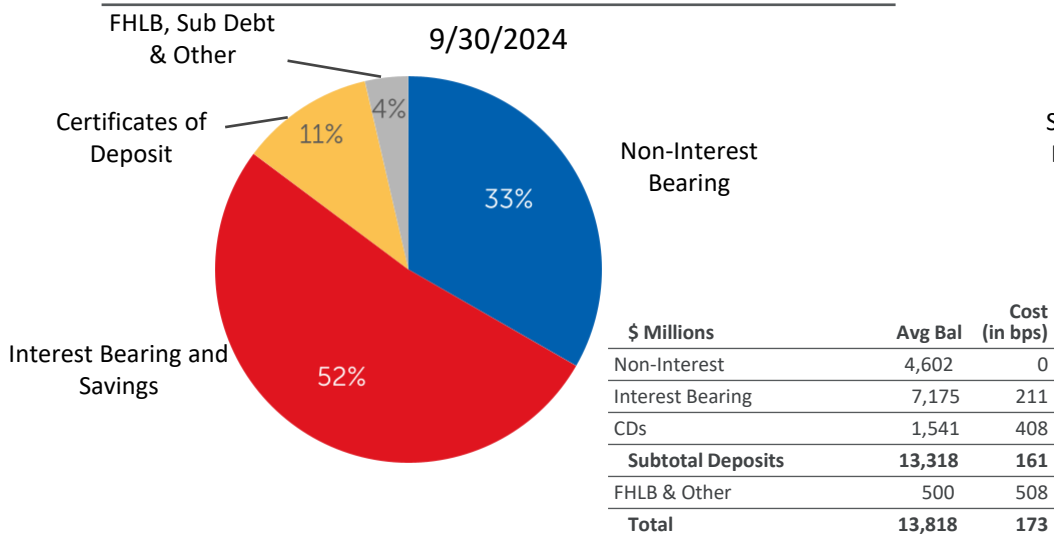
Reduce deposit costs

Maintain loan-to-deposit ratio

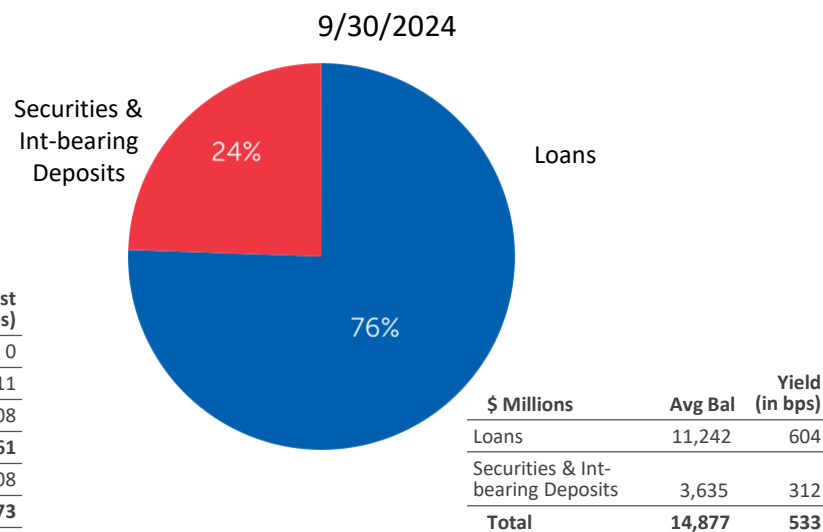
Protecting net interest margin



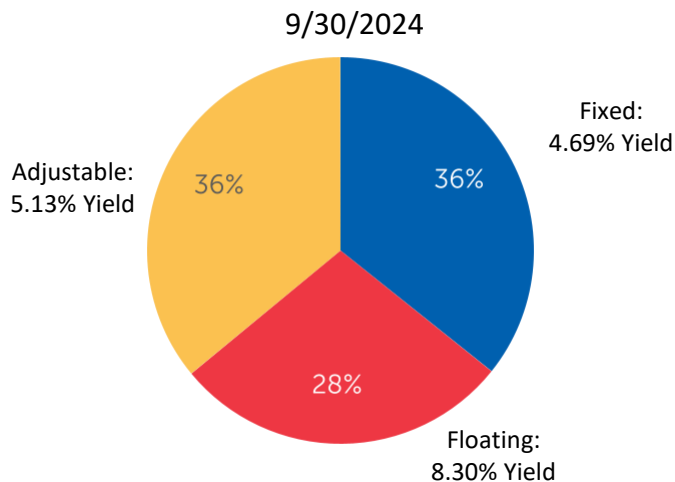
Low Cost Funding Mix



Earning Asset Mix



Loan Repricing Structure



64% of the loan portfolio is floating/adjustable

71% of the floating/adjustable loans have floors

26% of the loans that have floors are at the floor

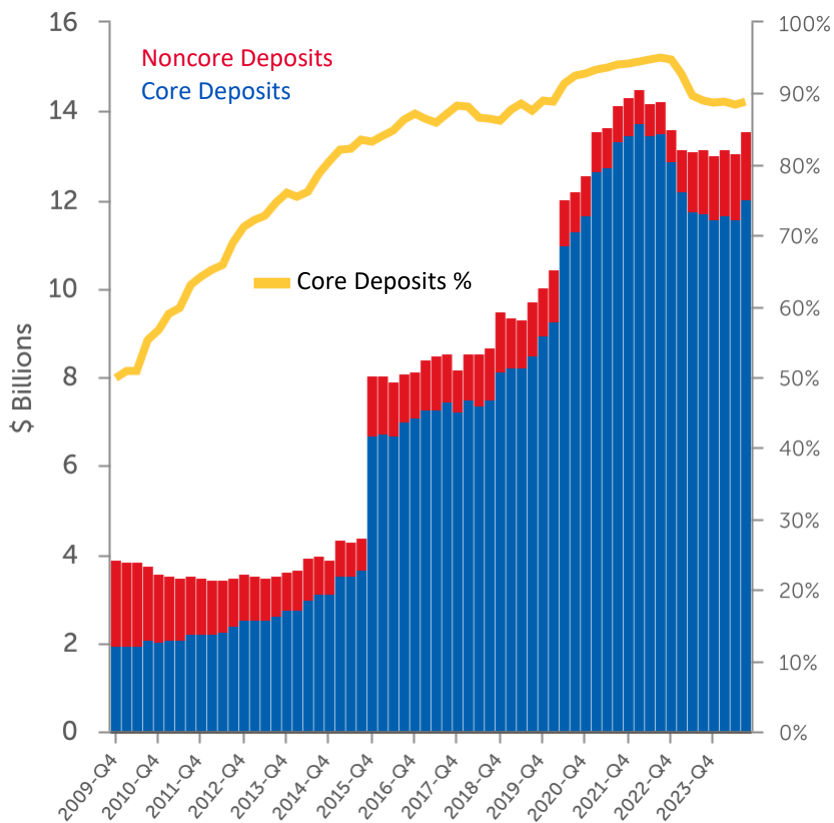
15% of the loans that have floors are within 100 basis points of the floor

Protecting net interest margin



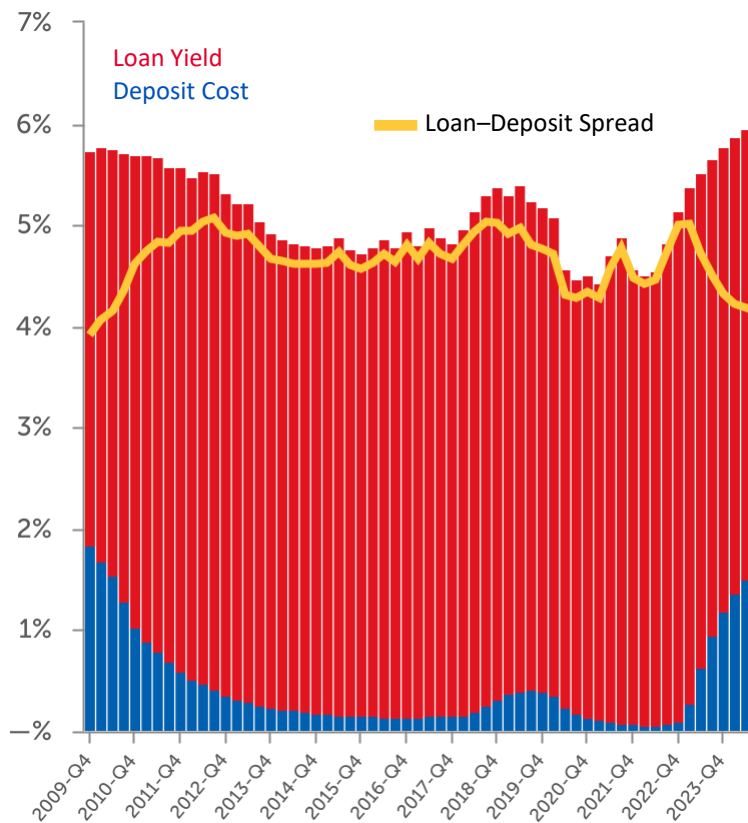
Focus on core deposits

Quarter Ending	Balance	% of Total Deposits
09/30/24	\$12,016M	89%
12/31/09	\$1,924M	50%

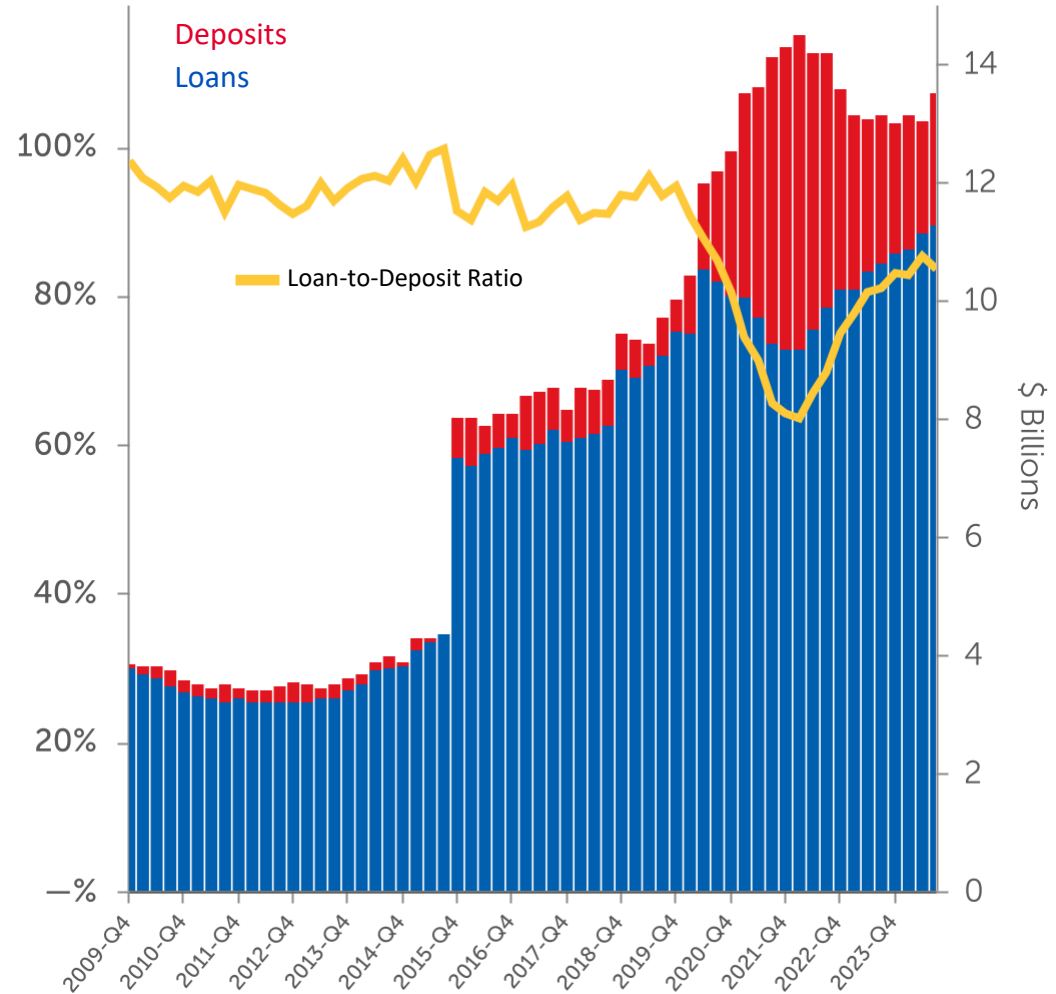
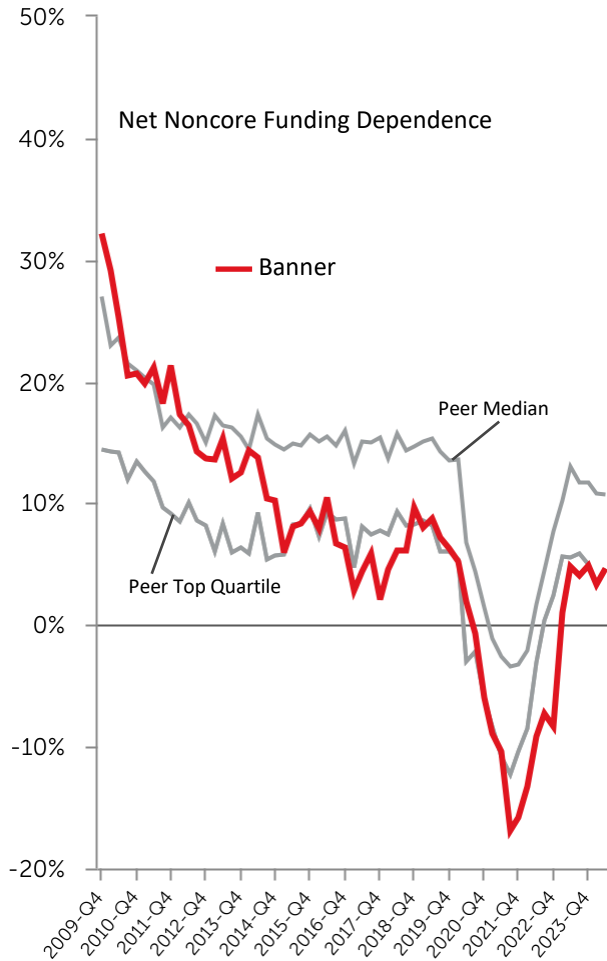


Manage deposit costs

Quarter Ending	Quarter		Last 12 Months	
	Amount	Rate	Amount	Rate
09/30/24	\$53.8M	1.61%	\$186.6M	1.42%
12/31/09	\$17.7M	1.83%	\$83.2M	2.21%



Protecting net interest margin

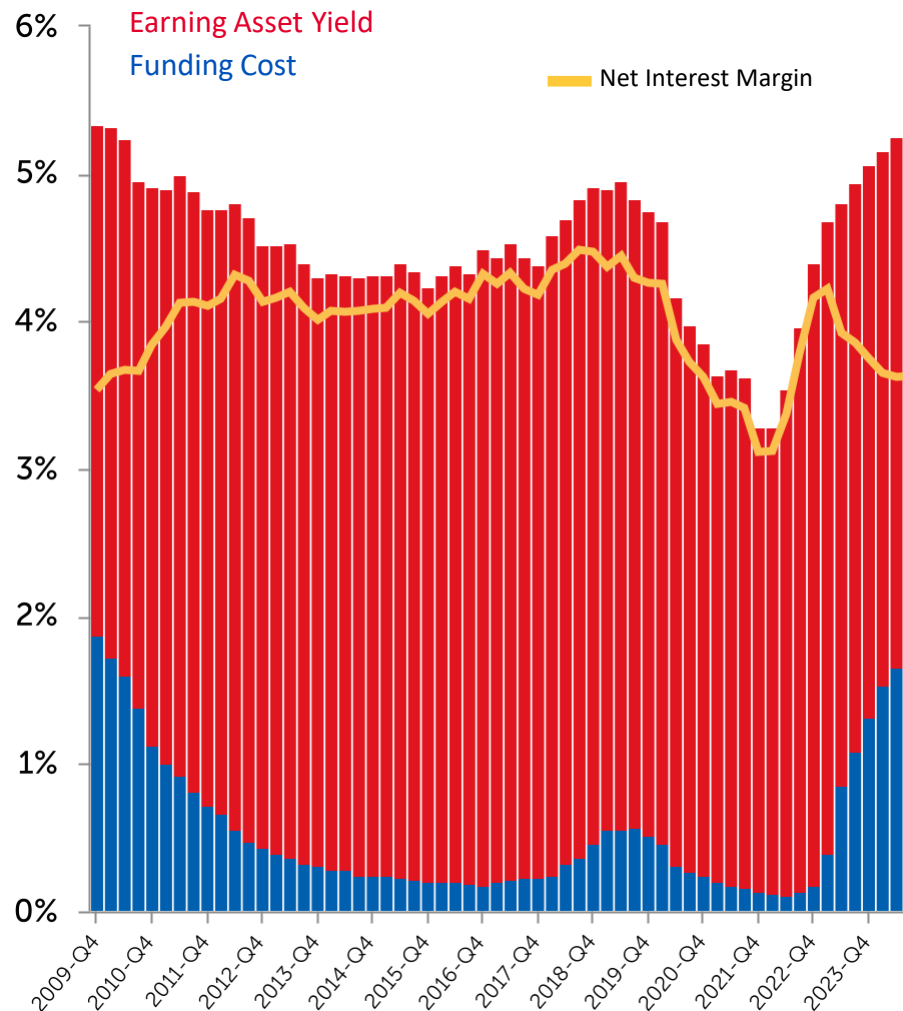
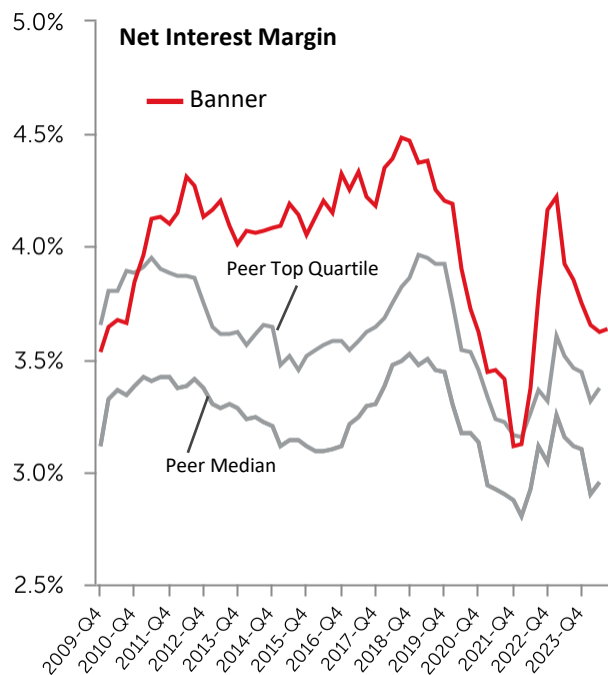


Peer source: Group 1 (\$10B and over), Bank Holding Company Performance Report (BHCPR), National Information Center, Federal Reserve System, Division of Banking Supervision and Regulation

Protecting net interest margin

Maintain top quartile net interest margin

Quarter Ending	Quarter		Last 12 Months	
	Amount	Rate	Amount	Rate
09/30/24	\$136M	3.63%	\$540M	3.66%
12/31/09	\$39M	3.53%	\$146M	3.36%



Peer source: Group 1 (\$10B and over), Bank Holding Company Performance Report (BHCP), National Information Center, Federal Reserve System, Division of Banking Supervision and Regulation

Conservative investment portfolio

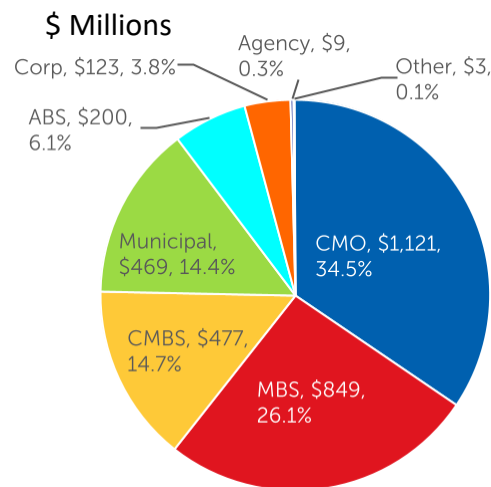


12 Month Net Interest Income Sensitivity (\$MM), % Change

	Ramp \$MM	Ramp % Change	Shock \$MM	Shock % Change
Up 200	573,086	0.3%	576,654	0.9%
Up 100	573,851	0.4%	579,226	1.3%
Base	571,638	0.0%	571,638	0.0%
Down 100	565,419	(1.1)%	551,414	(3.5)%
Down 200	559,561	(2.1)%	531,508	(7.0)%

Assumes flat forward balance sheet, parallel and sustained shift in market rates ratably over a 12-month period (ramp) or immediate (shock); Base as of 9/30/24

Investment Portfolio Composition (\$3.25 billion)

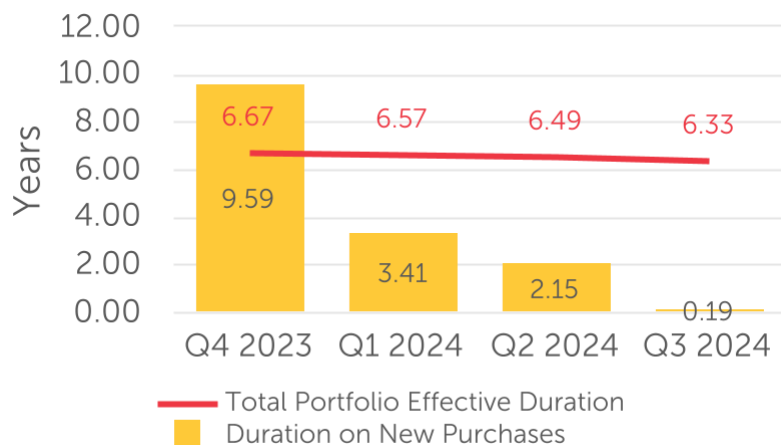


79% of investments are Agency MBS/CMO or AAA rated

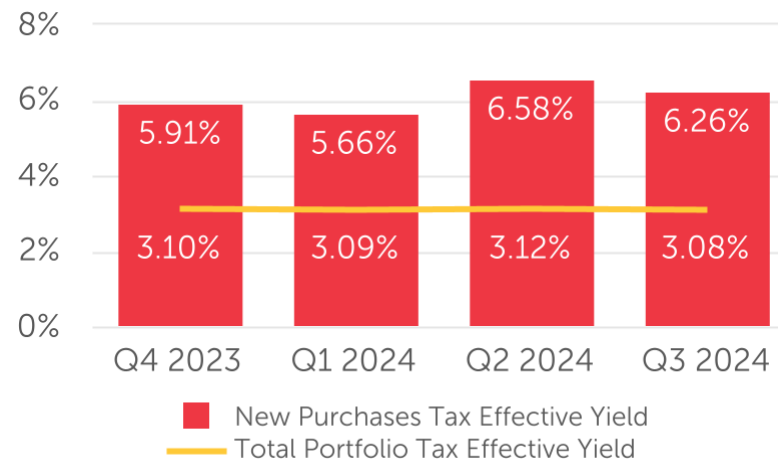
8.6% non-rated investments, principally CRA investments

Portfolio is a diversified mix of asset types and blend of fixed and floating rate instruments. It remains moderately asset sensitive.

Quarterly New Purchases: Average Duration



Quarterly New Purchases: Average Yield



Building value at Banner

Core banking competency

Growing revenue

Protecting net interest margin

Spending carefully

Maintaining a moderate risk profile

Employing capital wisely

Spending carefully

Benefit from scale

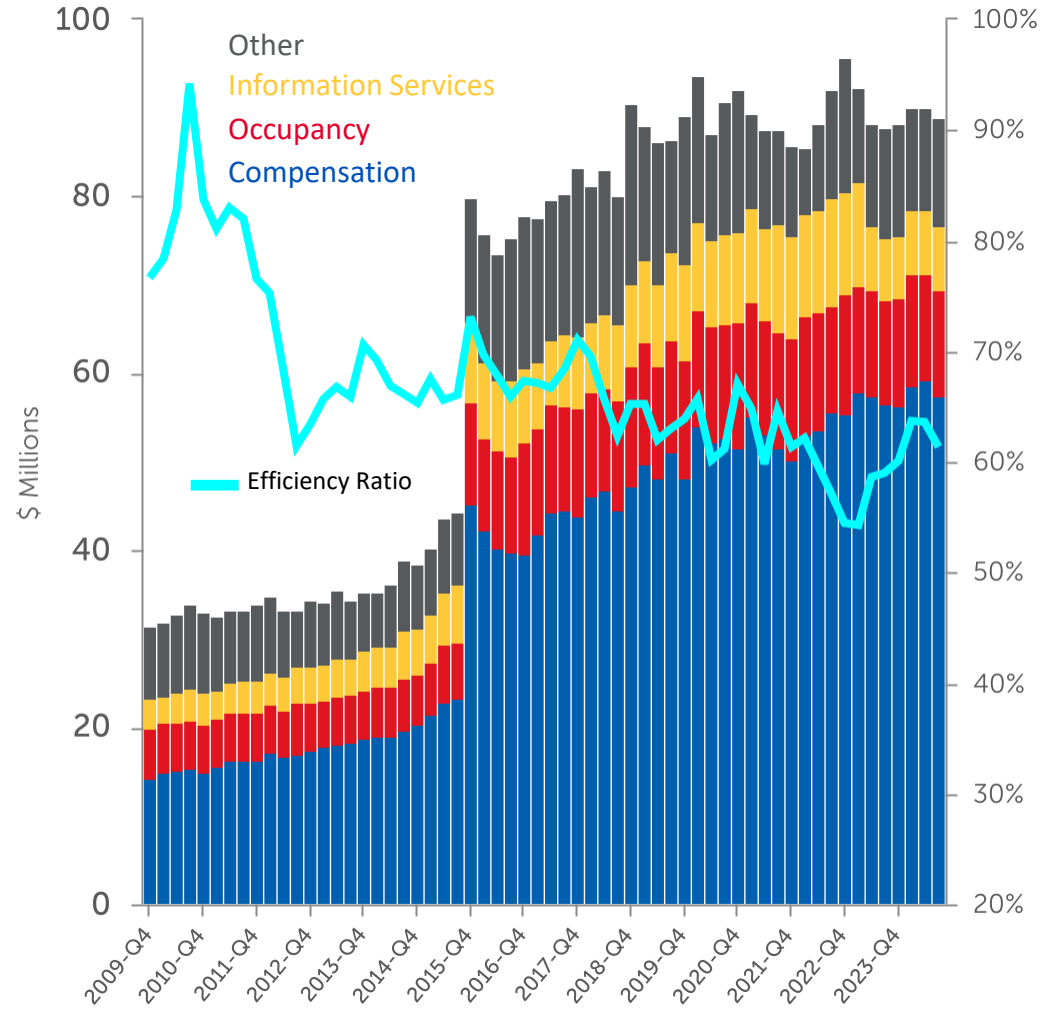
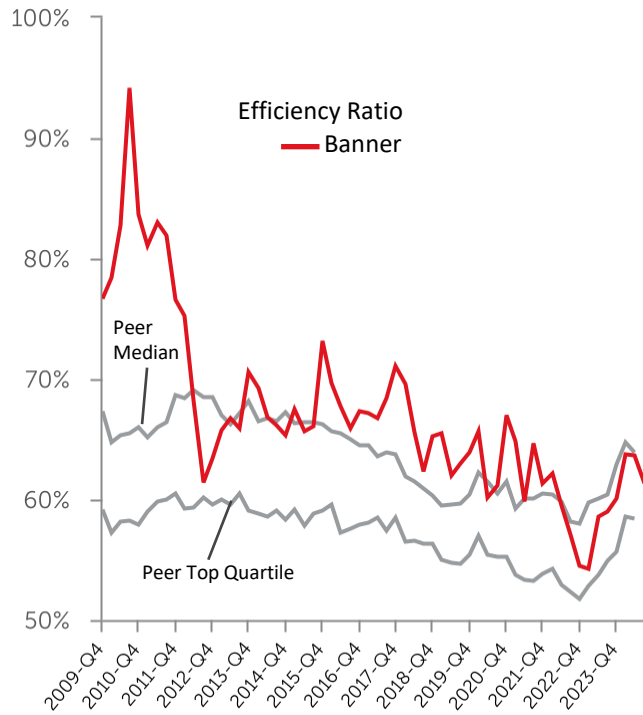
Control core operating expense

Spending carefully



Control core operating expense

Quarter Ending	Quarter Amount	Last 12 Months Amount
09/30/24	\$94M	\$380M
12/31/09	\$31M	\$132M



Peer source: Group 1 (\$10B and over), Bank Holding Company Performance Report (BHCP), National Information Center, Federal Reserve System, Division of Banking Supervision and Regulation

Building value at Banner

Core banking competency

Growing revenue

Protecting net interest margin

Spending carefully

Maintaining a moderate risk profile

Employing capital wisely

Maintaining a moderate risk profile

Embrace effective enterprise risk management

Minimize nonperforming assets

Maintain appropriate loan loss reserve

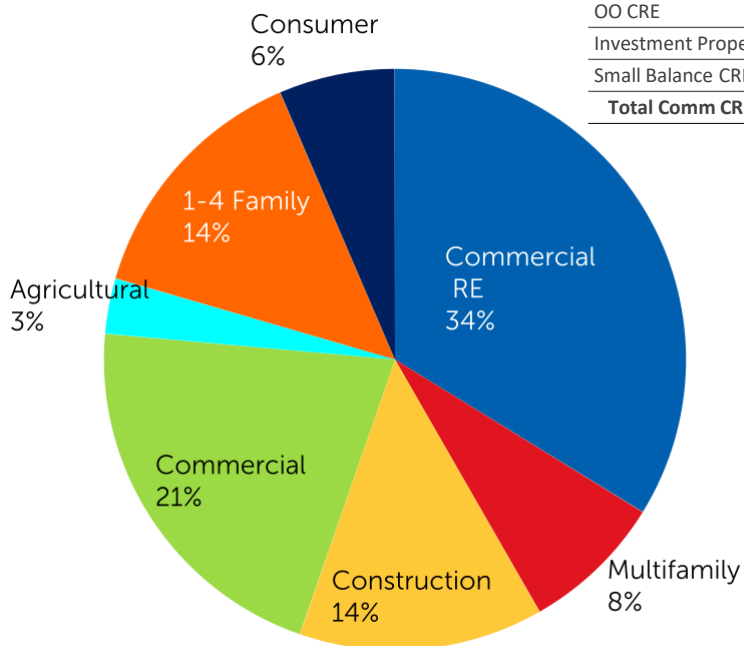
Maintain appropriate risk capital

Diversified loan portfolio



Loan Composition

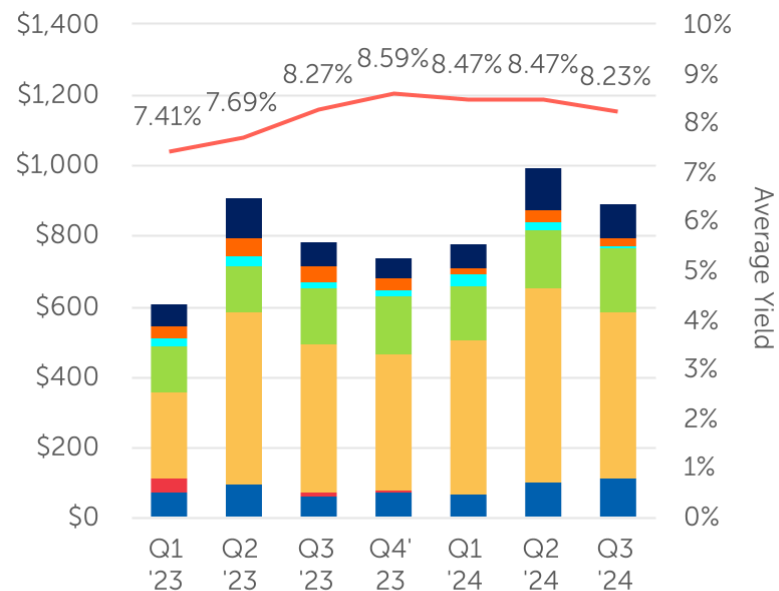
9/30/2024



CRE Breakout	\$MM	%
OO CRE	991	9 %
Investment Properties	1,584	14 %
Small Balance CRE	1,219	11 %
Total Comm CRE	3,793	34 %

Construction Breakout	\$MM	%
Commercial	124	1 %
Multifamily	524	5 %
1-4 Family	507	5 %
Land	371	3 %
Total Construction	1,526	14 %

Loan Originations (commitments, \$MM)



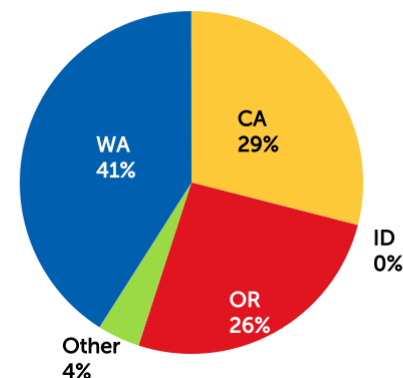
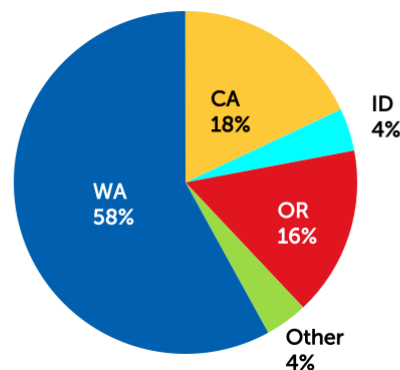
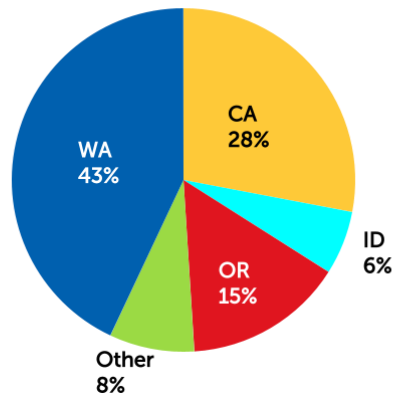
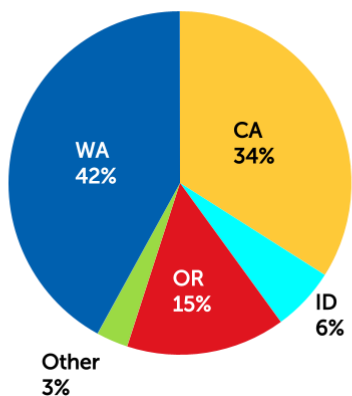
- Commercial RE
- Multifamily
- Construction
- Commercial
- Agricultural
- 1-4 Fam
- Consumer
- Avg Yield on New Loan Originations

Characteristics of highlighted loan segments

Office ¹		Retail ²		Healthcare ³		Multifamily	
Balances (\$MM)	\$622.4	Balances (\$MM)	\$1,340.3	Balances (\$MM)	\$401.9	Balances (\$MM)	\$889.9
Percent of Total Loans	5.5%	Percent of Total Loans	11.9%	Percent of Total Loans	3.6%	Percent of Total Loans	7.9%
Total Investor Office	\$284.8	Balance of Retail Loans Secured by CRE *	\$1,237.9	Balance Secured by Medical Office *	\$159.9	Total Affordable Housing	\$375.9
Total Owner Occupied	\$337.6	Average Loan Size	\$0.6	Medical Office as a % of Total Loans	1.4%	Total Market Rent/Middle Income	\$513.9
Average Loan Size	\$0.8	Average CRE Secured Loan Size	\$0.8	Average Loan Size	\$0.5	Average Loan Size	\$1.8
Largest Loan Size	\$18.9	Largest Loan Size	\$19.7	Average Medical Office Size	\$0.7	Largest Loan Size	\$30.0
30 + days Past Due	\$0.7	30 + days Past Due	\$1.9	Largest Loan Size	\$16.3	30 + days Past Due	\$0.0
Adversely Classified	\$6.7	Adversely Classified	\$14.5	30 + days Past Due	\$0.2	Adversely Classified	\$2.1
				Adversely Classified	\$0.2		

* No mall exposure

* No hospital exposure



¹ By collateral code

² Retail business loans, both commercial and commercial real estate secured loans

³ All healthcare and social services, including both commercial and commercial real estate secured loans

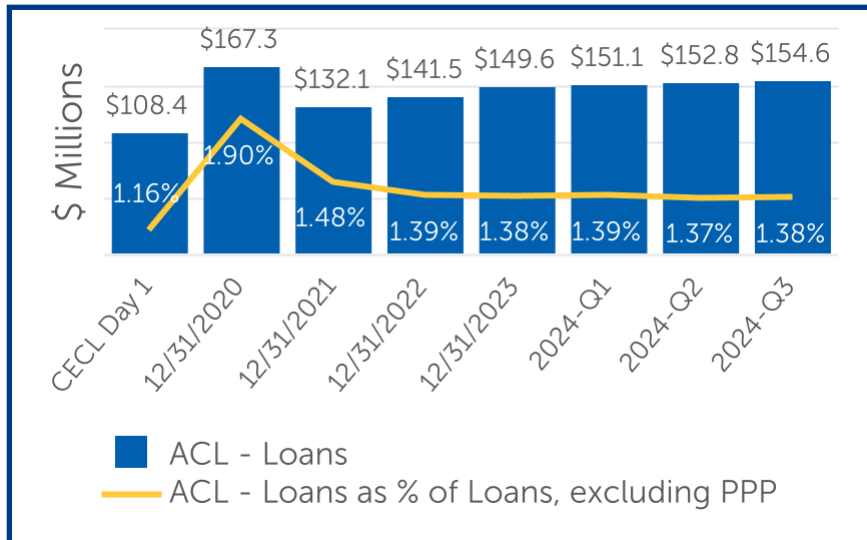
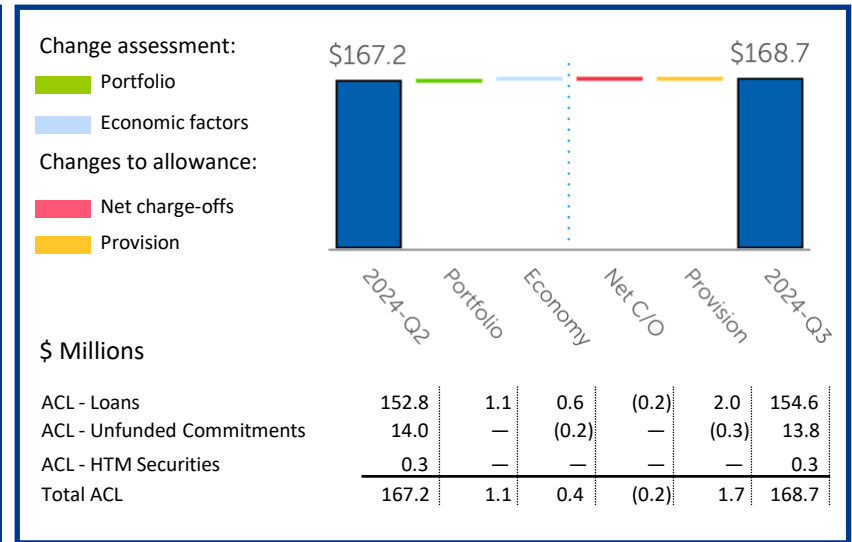
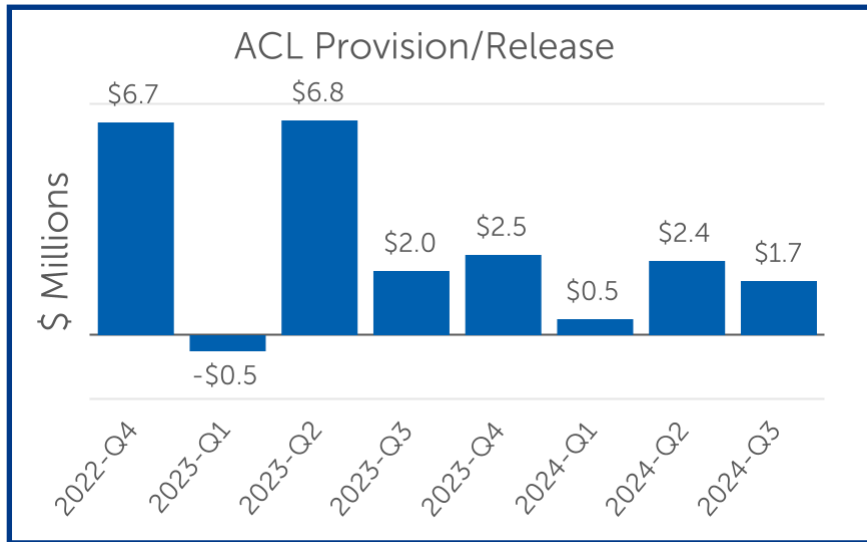
Characteristics of highlighted loan segments



Origination Year						
Portfolio Segment	Balance	% Owner Occupied	2024	2023	2022	2021 and earlier
Office	\$622.4	54%	\$17.7	\$41.0	\$78.0	\$485.6
Retail (CRE Secured)	\$1,237.9	53%	\$139.3	\$151.2	\$193.8	\$753.6
Medical Office	\$159.9	50%	\$8.9	\$8.7	\$24.8	\$117.5
Multifamily	\$889.9	0%	\$34.1	\$66.3	\$206.0	\$583.5

Scheduled Maturity or Next Reprice Date (excludes variable rate loans)						
Portfolio Segment	Balance	< 12 months	1 - 2 years	2 - 3 years	3 - 5 years	> 5 years
Office	\$622.4	\$41.6	\$111.3	\$93.9	\$172.4	\$143.9
Retail (CRE Secured)	\$1,237.9	\$90.9	\$152.9	\$174.3	\$378.6	\$217.2
Medical Office	\$159.9	\$7.1	\$23.0	\$21.7	\$39.2	\$40.7
Multifamily	\$889.9	\$86.6	\$108.1	\$140.6	\$94.4	\$381.4

Allowance for credit losses



Allocation of Allowance for Credit Losses-Loans

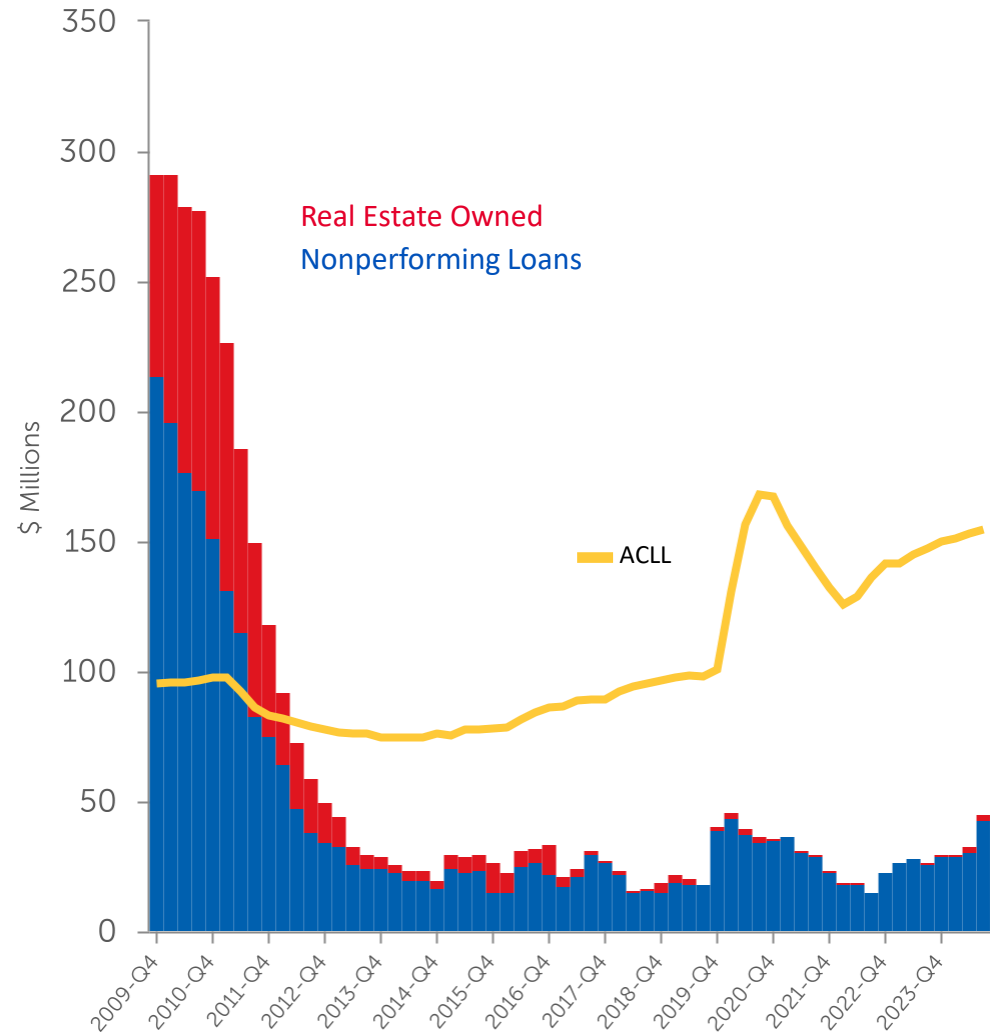
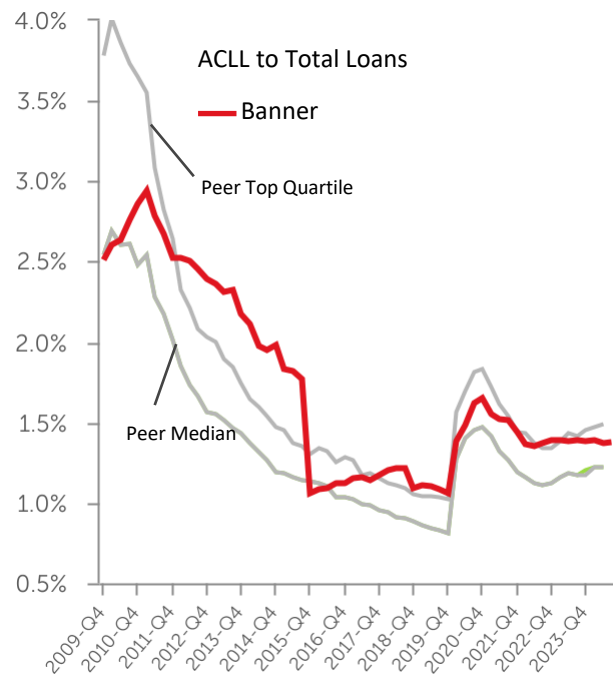
Category	Allowance (\$000)	% coverage	Non Performing	% Coverage NPLs
Commercial RE	40,040	1.06%	4,385	913%
Multifamily	10,233	1.15%	—	—%
Construction	28,322	1.86%	4,666	607%
1-4 Family	20,463	1.30%	10,553	194%
Commercial	39,779	1.68%	10,705	372%
Agricultural	5,340	1.54%	7,703	69%
Consumer	10,408	1.44%	4,995	208%
Total	154,585	1.38%	43,007	359%

Maintaining a moderate risk profile



Minimize nonperforming assets

Quarter Ending	NPAs		REO	
	Amount	% of TA	Amount	% of TA
09/30/24	\$45M	0.28%	\$2M	0.01%
12/31/09	\$292M	6.11%	\$78M	2.01%



Peer source: Group 1 (\$10B and over), Bank Holding Company Performance Report (BHCP), National Information Center, Federal Reserve System, Division of Banking Supervision and Regulation

Building value at Banner

Core banking competency

Growing revenue

Protecting net interest margin

Spending carefully

Maintaining a moderate risk profile

Employing capital wisely

Employing capital wisely

Maintain premium to tangible book value

Pay appropriate dividends

Prepare for future opportunities

Reconciliation of non-GAAP measures



\$ Thousands

	Quarters Ended		
	Sep 30, 2024	Jun 30, 2024	Sep 30, 2023
PRE-TAX PRE-PROVISION EARNINGS			
Income before provision for income taxes (GAAP)	\$ 55,755	\$ 49,248	\$ 56,506
Provision for credit losses	1,692	2,369	2,027
Pretax pre provision earnings (non-GAAP)	57,447	51,617	58,533
Exclude net loss/(gain) on sale of securities	—	562	2,657
Exclude net change in valuation of financial instruments carried at fair value	(39)	190	654
Exclude Banner Forward expenses	—	—	996
Adjusted pretax pre provision earnings (non-GAAP)	<u>\$ 57,408</u>	<u>\$ 52,369</u>	<u>\$ 62,840</u>

Building value at Banner



Building value for ...

Shareholders by delivering top quartile financial performance

Clients by delivering super community bank service and products

Employees by offering opportunity and reward

Communities by providing capital and staying involved
