BANNER CORPORATION

Fourth Quarter 2024


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Photo by
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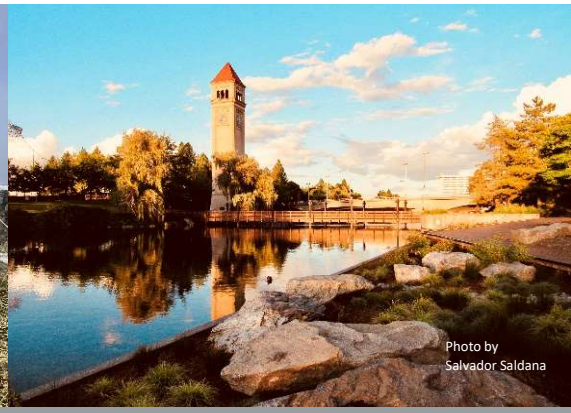
Photo by
Maria DeVecchio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Disclosure Statement

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 January 22, 2025 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.

Fourth quarter 2024 highlights

- Net income of $46.4 million, compared to $45.2 million for the prior quarter
- HFI Loan growth of $130 million (5% annualized)
- Total loan originations (excluding HFS) were $802 million
- Total funding costs decreased 13 basis points; deposit costs decreased 8 basis points
- Net interest margin (tax equivalent) increased 10 basis points to 3.82%
- Efficiency ratio (GAAP) decreased 68 basis points to 61.95%; adjusted, non-GAAP efficiency ratio decreased 53 basis points to 60.74%
- Return on average assets of 1.15%, and return on average equity of 10.35%, compared to 1.13% and 10.39%, respectively, for the prior quarter
- $3.0 million provision for credit losses driven by risk rating downgrades and growth in loans; Allowance for credit losses – loans was 1.37% of total loans
- Non-performing assets remained low at 0.24% of total assets, down 4 basis points from last quarter
- Announced dividend of $0.48 per share to be paid in February 2025

Building value at Banner

Building value for stakeholders …

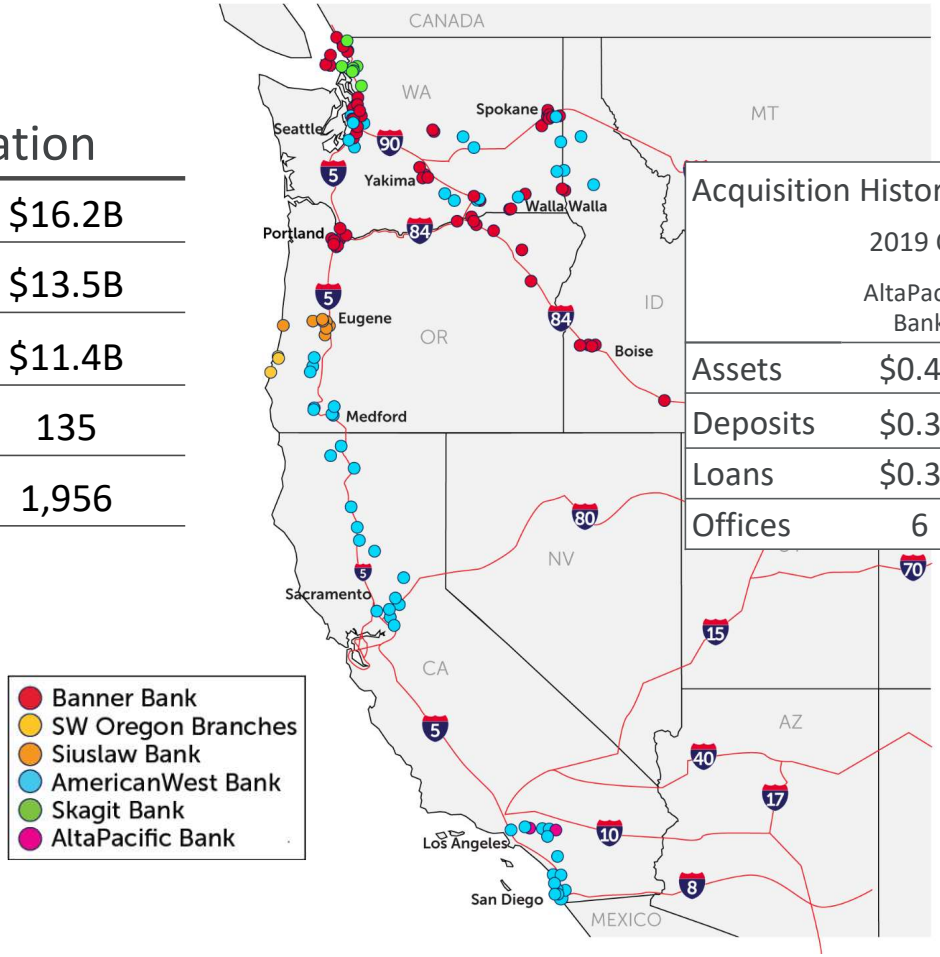
by focusing on core banking competency …

that is sustainable through change events …

and scalable with acquisition growth

Banner Corporation

Assets	$16.2B
Deposits	$13.5B
Loans	$11.4B
Offices	135
Employees	1,956



Acquisition History

	2019 Q4 AltaPacific Bank	2018 Q4 Skagit Bank	2015 Q4 AmericanWest Bank	2015 Q1 Siuslaw Bank	2014 Q2 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

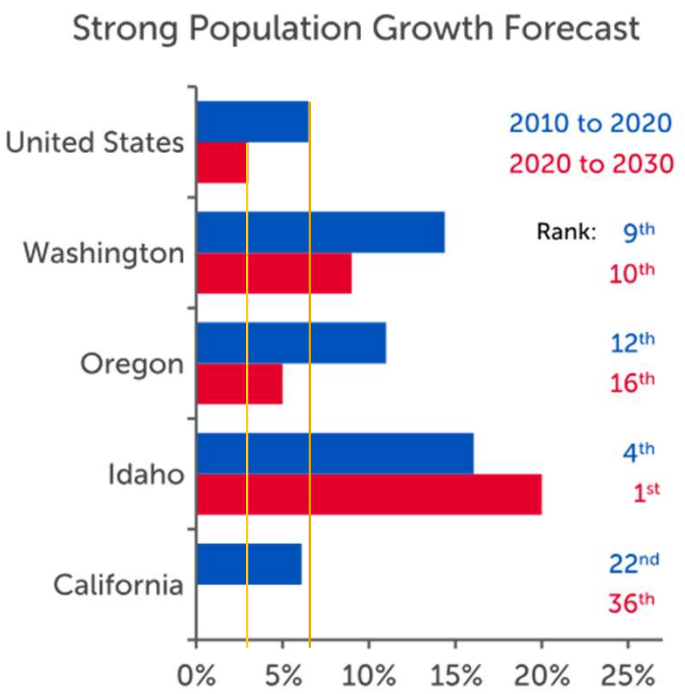
- Take advantage of ideal geography
- Offer super community bank value proposition
- Guard and improve reputation
- Grow market share

Growing revenue … in a good place since 1890

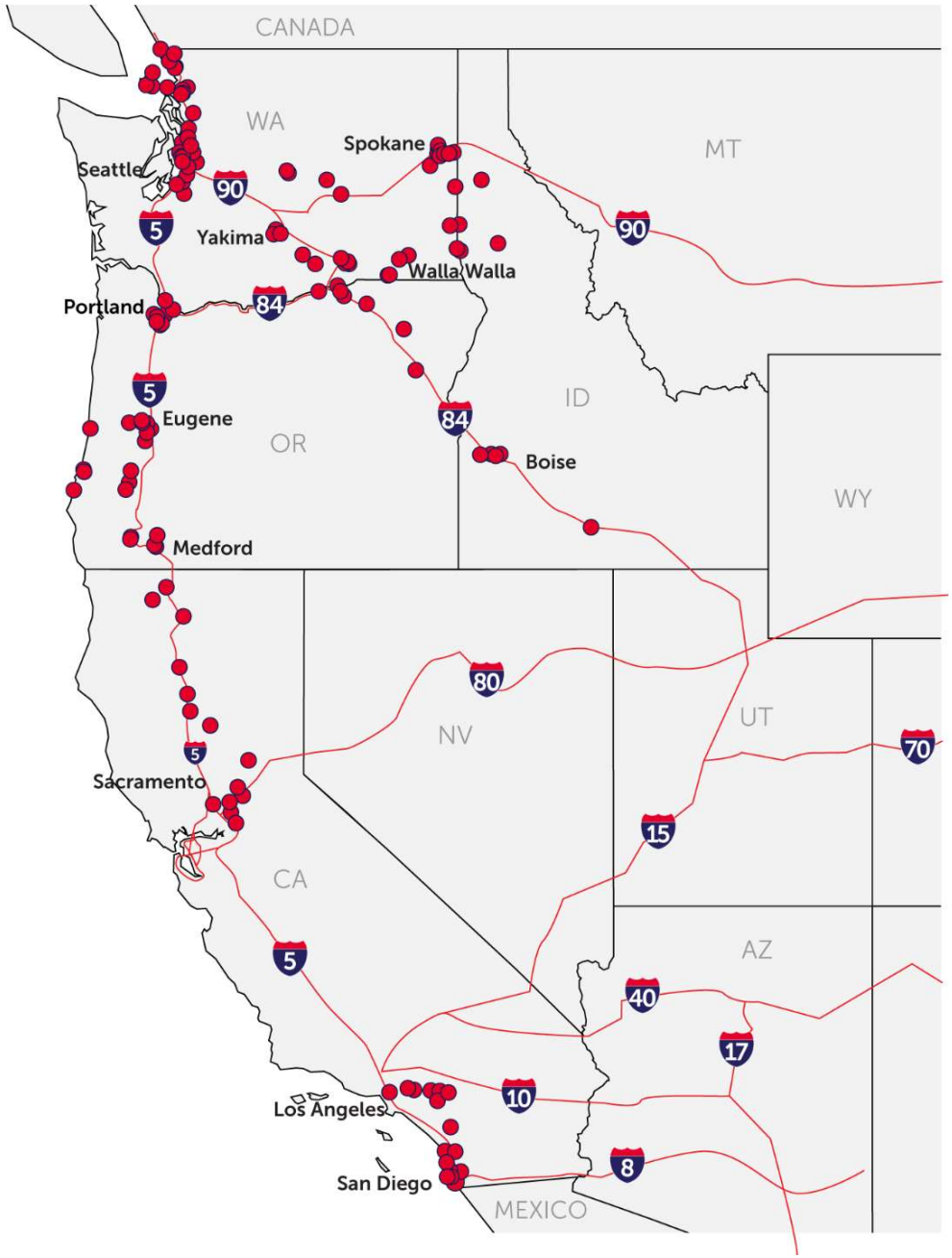
Population Estimate (millions)

	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



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	Microsoft, intel, amazon, Micron, Expedia
Manufacturing	BOEING, intel, PACCAR
Consumer	amazon, COSTCO WHOLESALE, STARBUCKS, NIKE, NORDSTROM
Logistics	Port of Seattle, Port of Tacoma, PORT OF PORTLAND, THE PORT OF LOS ANGELES, Port of LONG BEACH, PORT of SAN DIEGO
Natural Resources	Weyerhaeuser, TRIMARINE, Trident SEAFOODS
Agriculture	Traditional, specialty crops, orchards, wineries, …

California

From Apple to zoom

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 & 2025

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

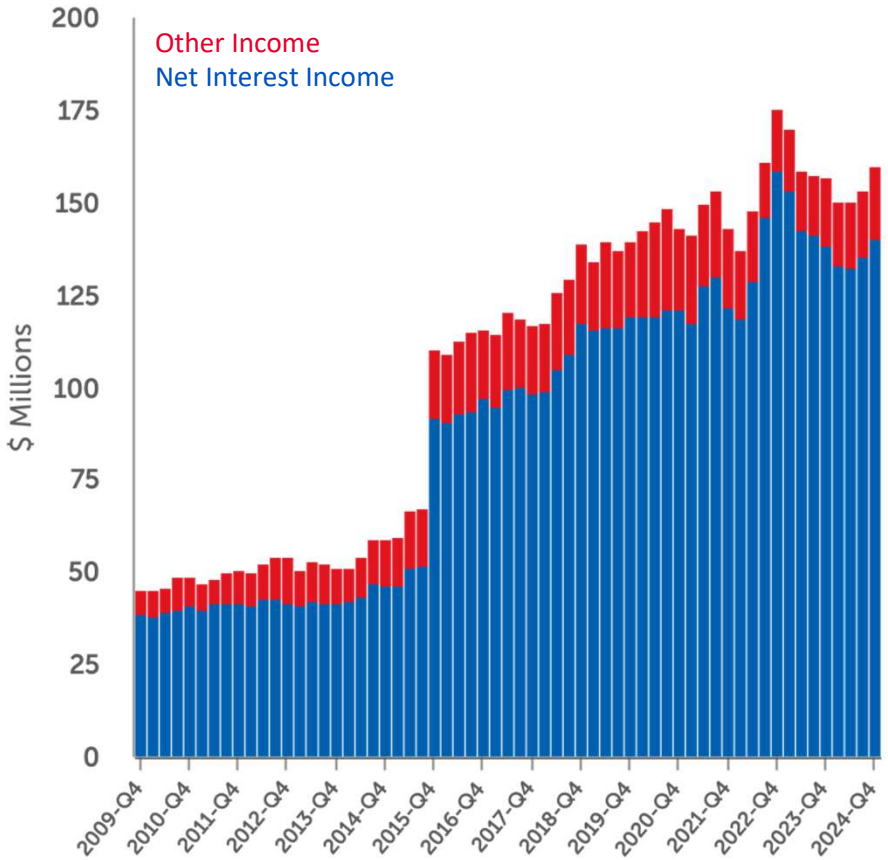
Growing revenue

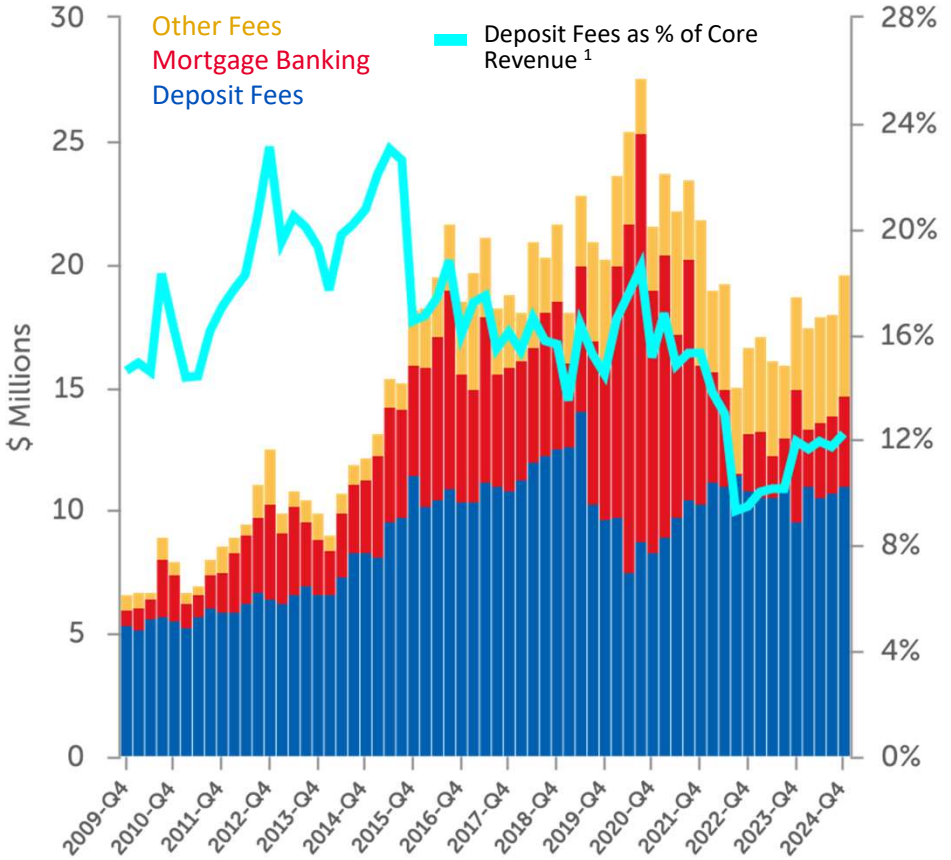
Core revenue[1]

Quarter Ending	Quarter Amount	Last 12 Months Amount
12/31/24	$160M	$615M
12/31/09	$45M	$177M

Noninterest income[1]

Quarter Ending	Quarter Amount	Last 12 Months Amount
12/31/24	$19.6M	$73.1M
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

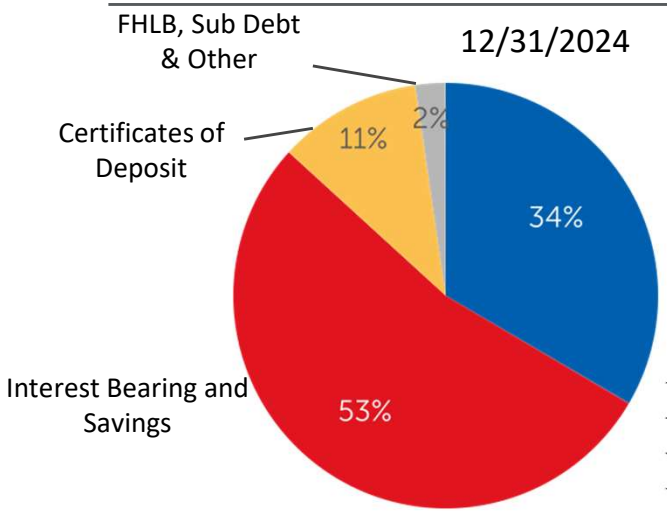
Protecting net interest margin

- Improve earning asset mix
- Improve funding mix
- Reduce deposit costs
- Maintain loan-to-deposit ratio

Protecting net interest margin

Low Cost Funding Mix

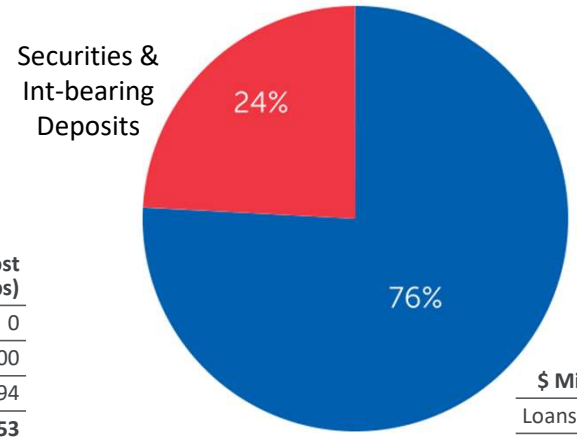
12/31/2024



$ Millions	Avg Bal	Cost (in bps)
Non-Interest	4,641	0
Interest Bearing	7,402	200
CDs	1,514	394
Subtotal Deposits	**13,557**	**153**
FHLB & Other	320	457
Total	**13,877**	**160**

Earning Asset Mix

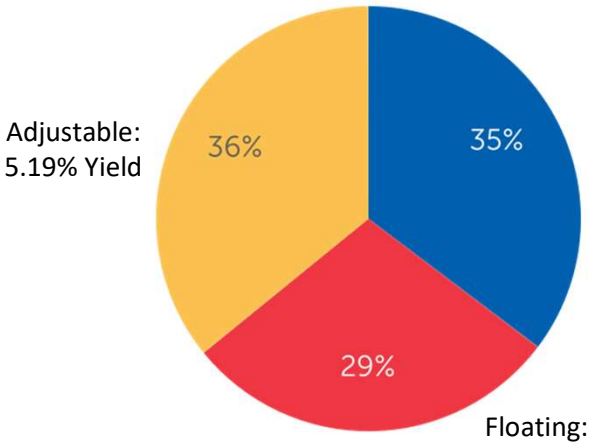
12/31/2024



$ Millions	Avg Bal	Yield (in bps)
Loans	11,354	602
Securities & Int-bearing Deposits	3,614	307
Total	**14,968**	**531**

Loan Repricing Structure

12/31/2024



65% of the loan portfolio is floating/adjustable
70% of the floating/adjustable loans have floors
26% of the loans that have floors are at the floor
27% of the loans that have floors are within 100 basis points of the floor

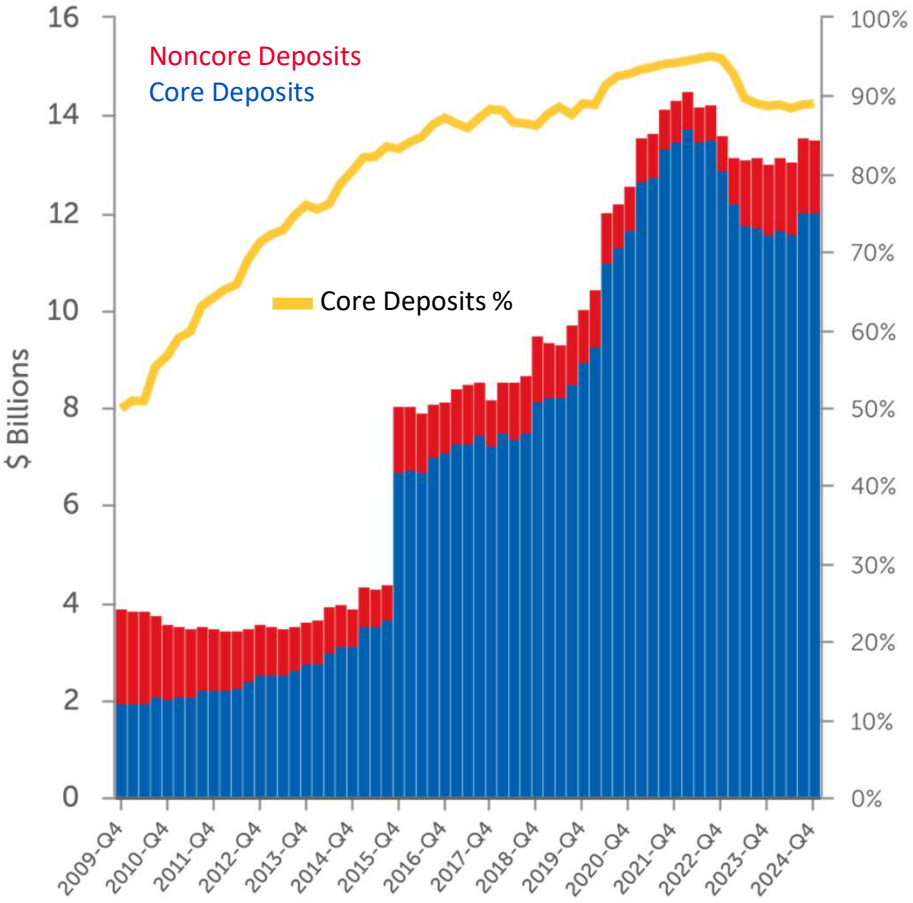
Protecting net interest margin

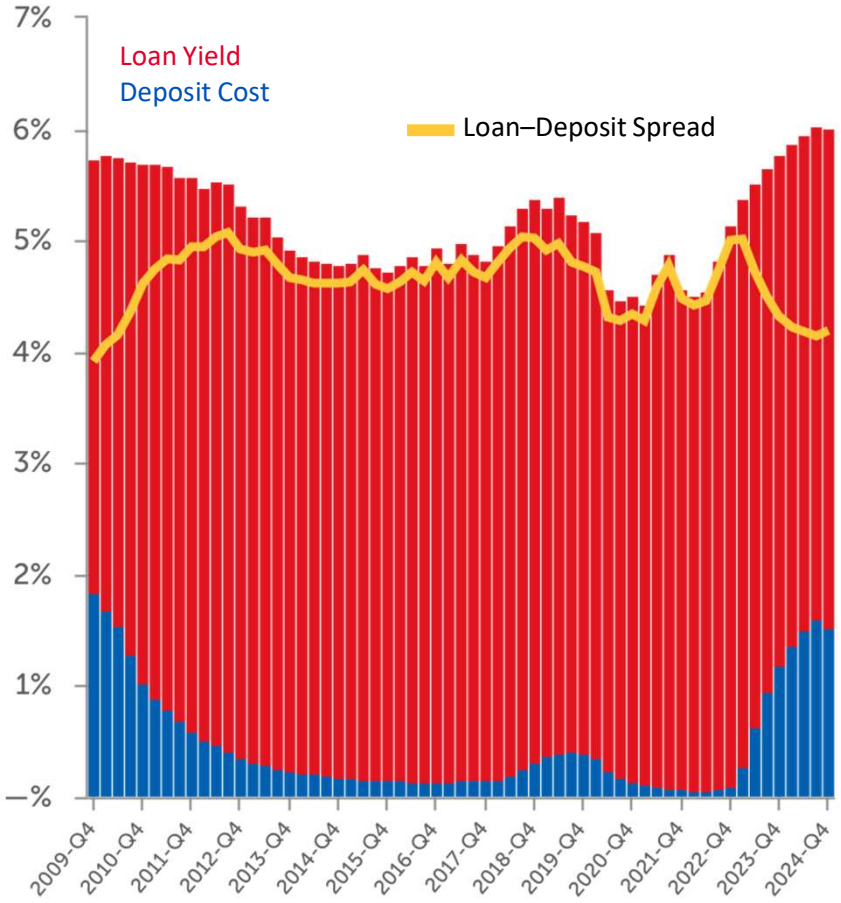
Focus on core deposits

Quarter Ending	Balance	% of Total Deposits
12/31/24	$12,015M	89%
12/31/09	$1,924M	50%

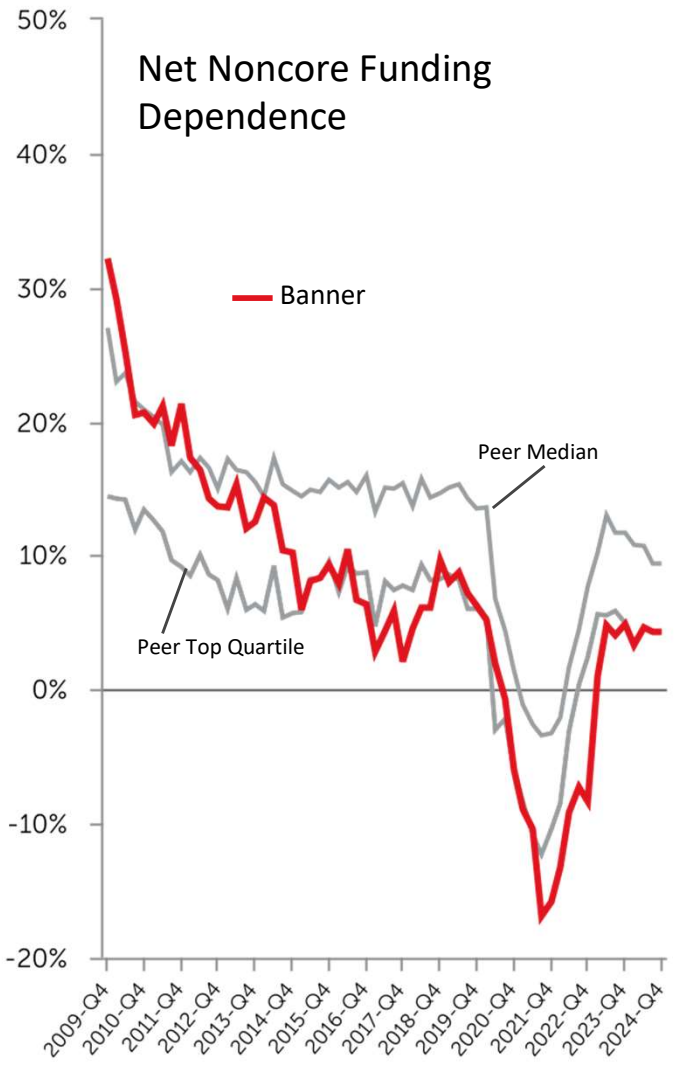
Manage deposit costs

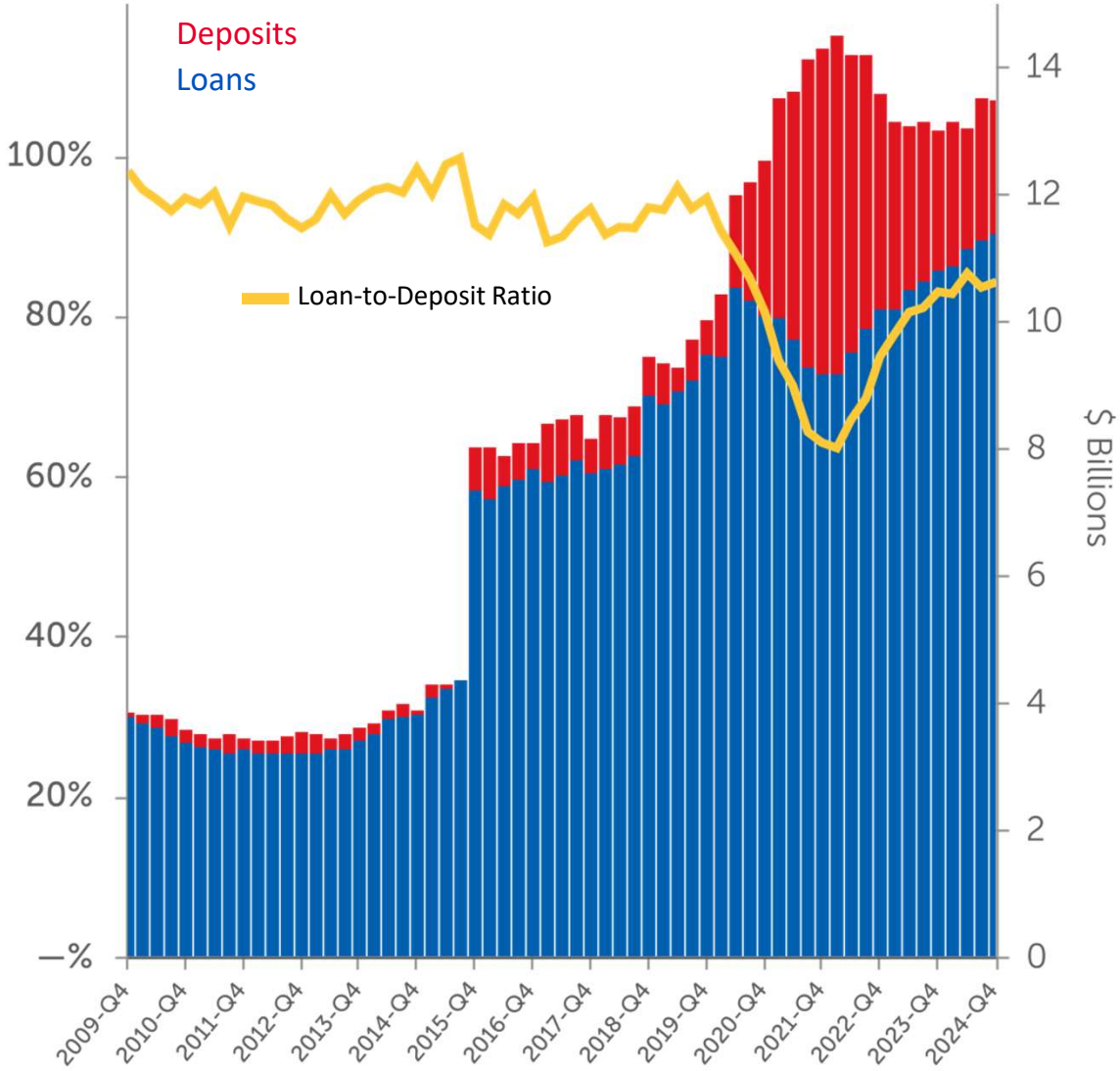
Quarter Ending	Quarter		Last 12 Months	
	Amount	Rate	Amount	Rate
12/31/24	$52.2M	1.53%	$199.5M	1.50%
12/31/09	$17.7M	1.83%	$83.2M	2.21%





Protecting net interest margin



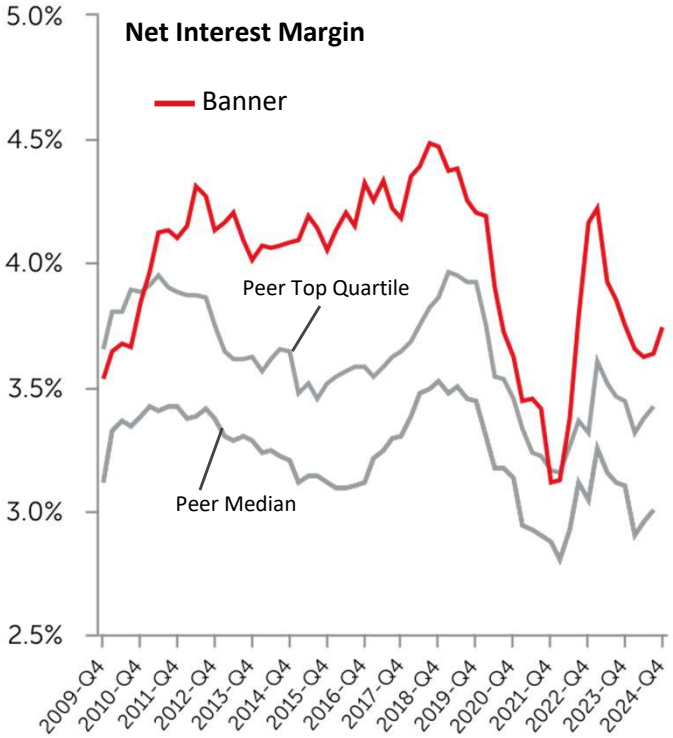


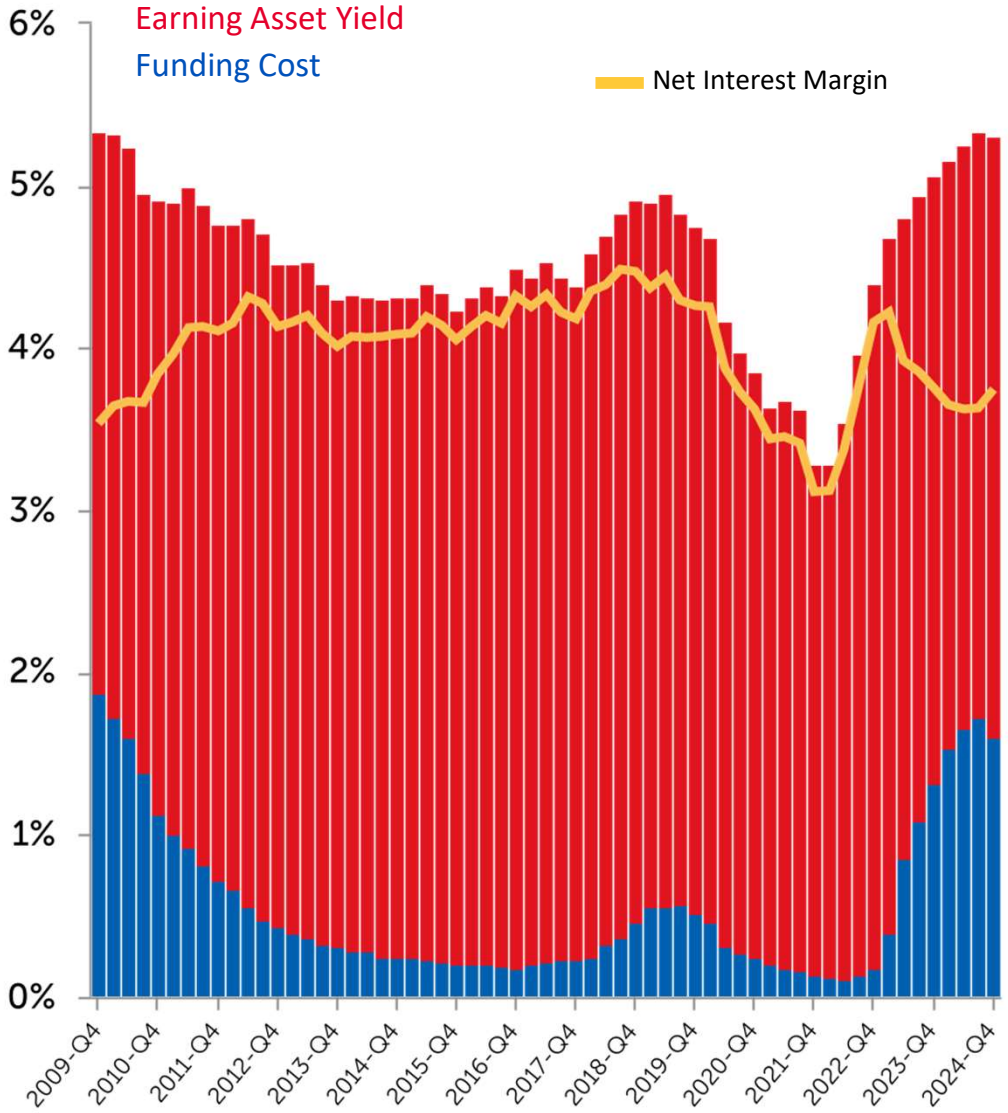
Peer source: Group 1 ($10B and over), Bank Holding Company Performance Report (BHCPR), National Information Center, Federal Reserve System, Division of Banking Supervision and Regulation

Protecting net interest margin

Maintain top quartile net interest margin

Quarter Ending	Quarter		Last 12 Months	
	Amount	Rate	Amount	Rate
12/31/24	$141M	3.74%	$542M	3.66%
12/31/09	$39M	3.53%	$146M	3.36%





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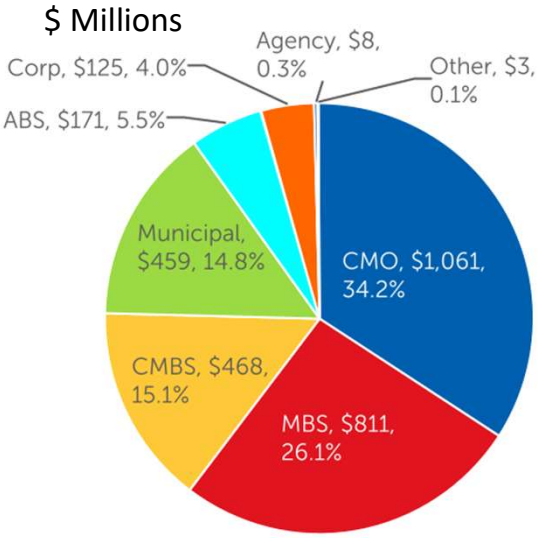
Conservative investment portfolio

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

	Ramp $MM	Ramp % Change	Shock $MM	Shock % Change
Up 200	596,609	0.6%	598,751	0.9%
Up 100	597,129	0.7%	601,126	1.3%
Base	593,279	0.0%	593,279	0.0%
Down 100	584,549	(1.5)%	572,509	(3.5)%
Down 200	576,682	(2.8)%	553,531	(6.7)%

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 12/31/24

Investment Portfolio Composition ($3.11 billion)



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

8.9% 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

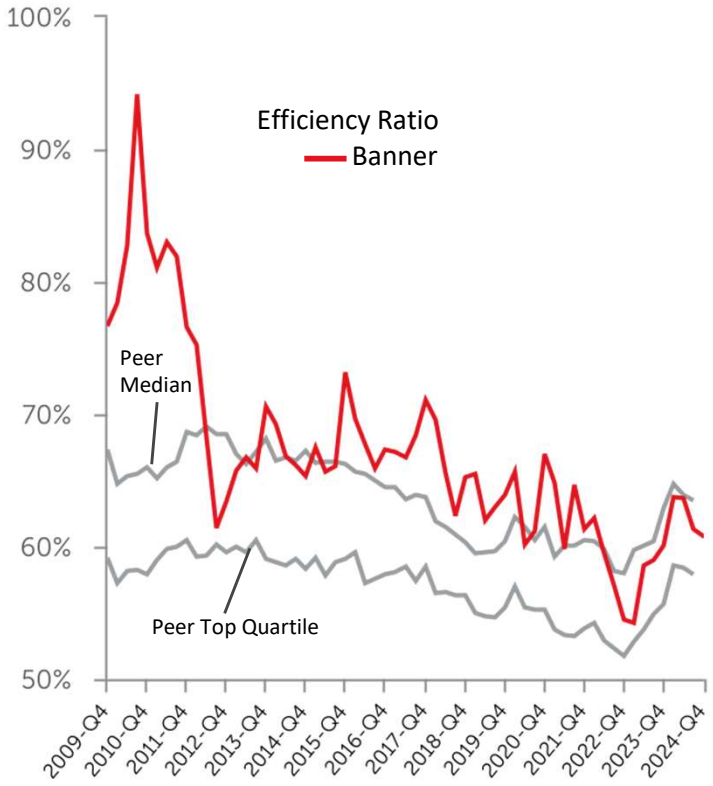
Spending carefully

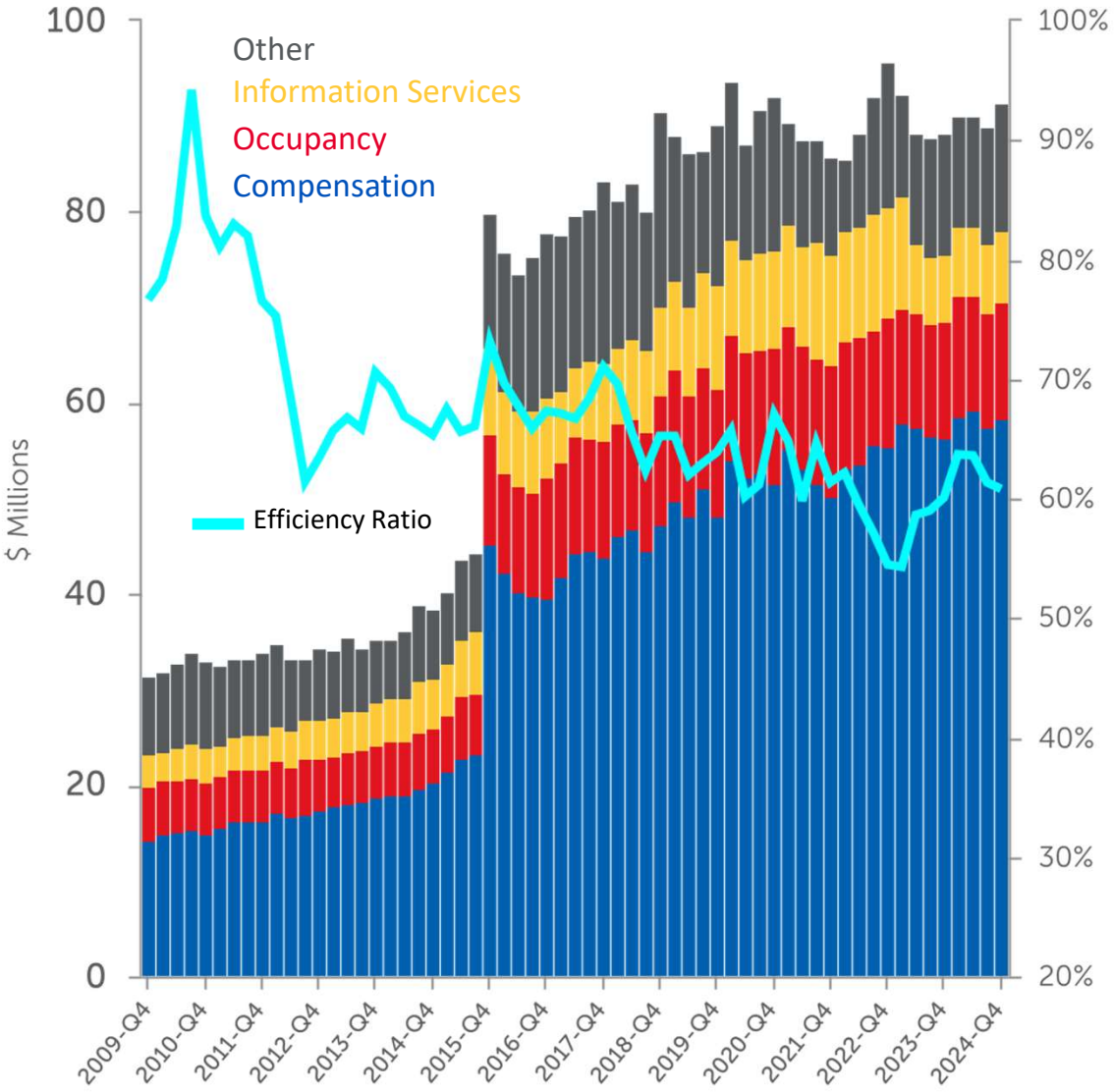
- Benefit from scale
- Control core operating expense

Spending carefully

Control core operating expense

Quarter Ending	Quarter	Last 12 Months
	Amount	Amount
12/31/24	$97M	$383M
12/31/09	$31M	$132M





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Building value at Banner

Core banking competency

- Growing revenue
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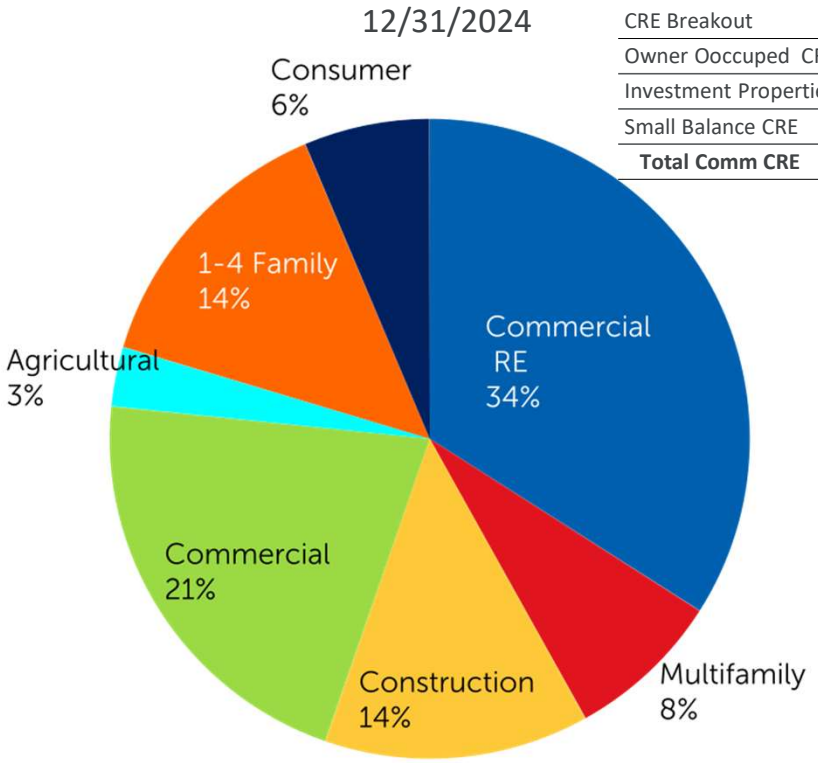
- Maintaining a moderate risk profile
- Employing capital wisely

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

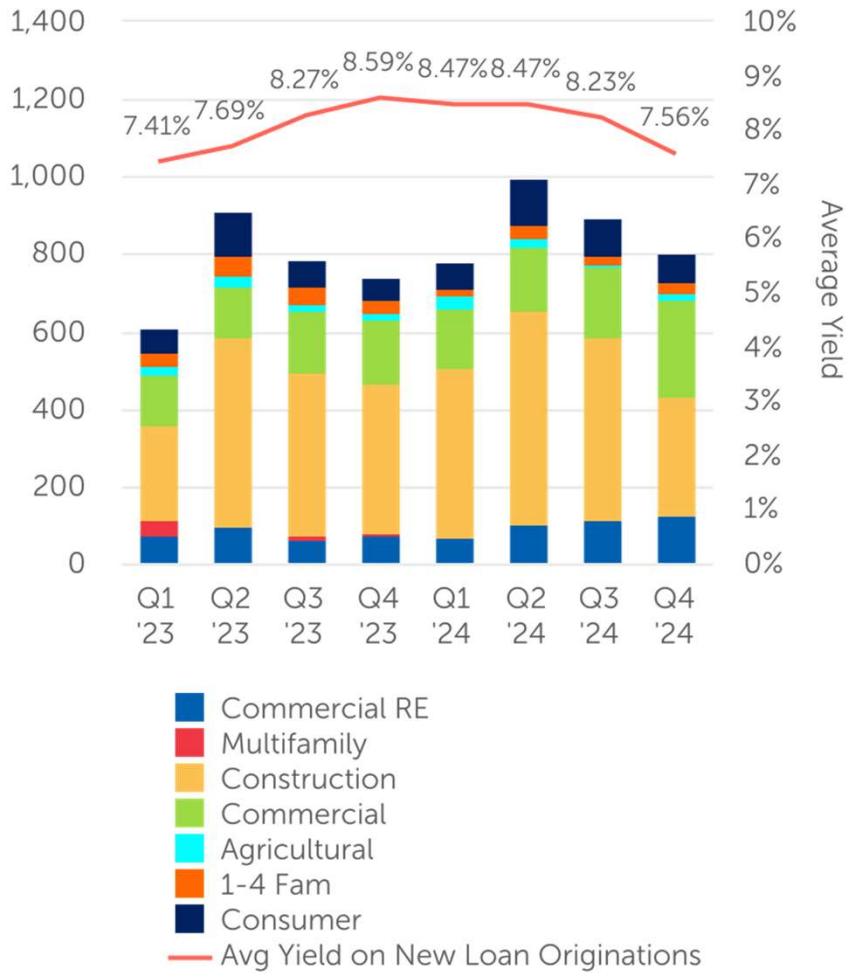
Loan Composition



CRE Breakout	$MM	%
Owner Ooccuped CRE	1,027	9 %
Investment Properties	1,624	14 %
Small Balance CRE	1,214	11 %
Total Comm CRE	**3,865**	**34 %**

Construction Breakout	$MM	%
Commercial	122	1 %
Multifamily	514	5 %
1-4 Family	514	5 %
Land	370	3 %
Total Construction	**1,520**	**14 %**

Loan Originations (commitments, $MM)



Characteristics of highlighted loan segments

Office [1]	
Balances ($MM)	$622.2
Percent of Total Loans	5.5%
Total Investor Office	$278.0
Total Owner Occupied	$344.1
Average Loan Size	$0.8
Largest Loan Size	$18.7
30 + days Past Due	$0.5
Adversely Classified	$6.4

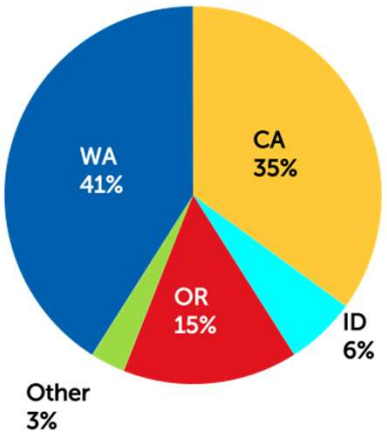
Retail [2]	
Balances ($MM)	$1,403.6
Percent of Total Loans	12.4%
Balance of Retail Loans Secured by CRE *	$1,304.0
Average Loan Size	$0.6
Average CRE Secured Loan Size	$0.8
Largest Loan Size	$23.8
30 + days Past Due	$4.3
Adversely Classified	$14.3

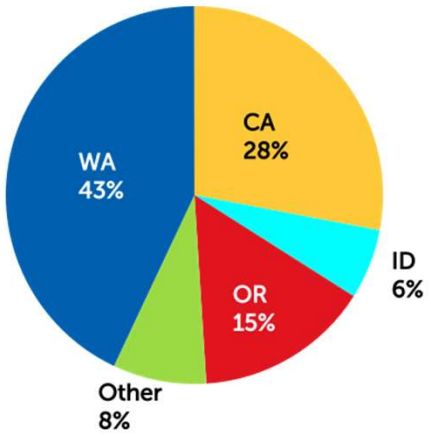
* No mall exposure

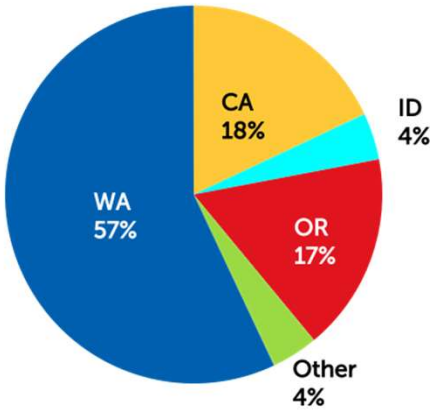
Healthcare [3]	
Balances ($MM)	$409.3
Percent of Total Loans	3.6%
Balance Secured by Medical Office *	$163.1
Medical Office as a % of Total Loans	1.4%
Average Loan Size	$0.5
Average Medical Office Size	$0.7
Largest Loan Size	$16.1
30 + days Past Due	$0.4
Adversely Classified	$10.9

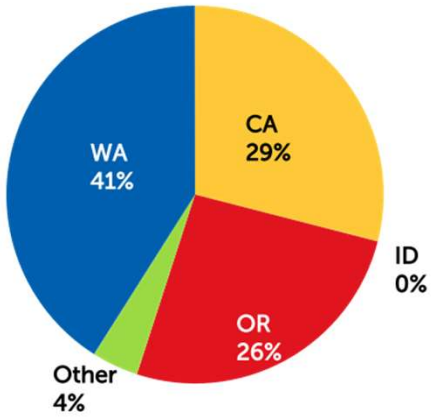
* No hospital exposure

Multifamily	
Balances ($MM)	$894.4
Percent of Total Loans	7.9%
Total Affordable Housing	$382.9
Total Market Rent/Middle Income	$511.5
Average Loan Size	$1.8
Largest Loan Size	$30.0
30 + days Past Due	$0.0
Adversely Classified	$2.1









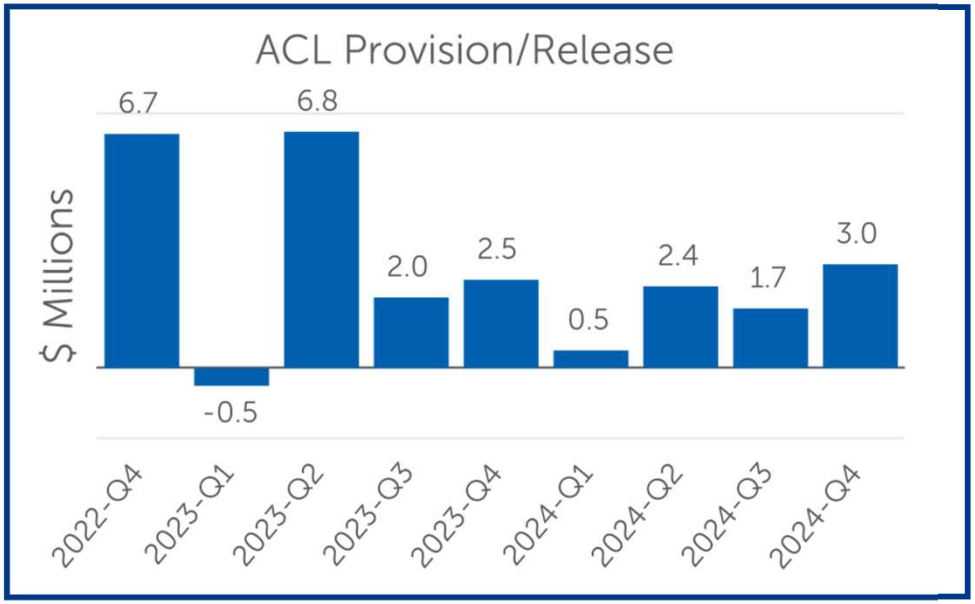
[1] By collateral code
[2] Retail business loans, both commercial and commercial real estate secured loans
[3] All healthcare and social services, including both commercial and commercial real estate secured loans

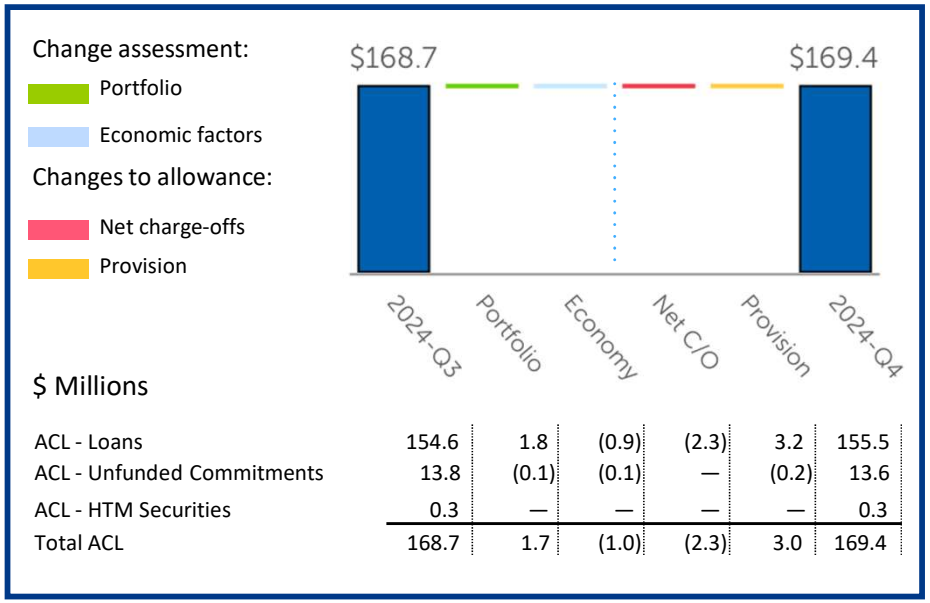
Characteristics of highlighted loan segments

Origination Year						
Portfolio Segment	Balance	% Owner Occupied	2024	2023	2022	2021 and earlier
Office	$622.2	55%	$28.5	$40.0	$77.5	$476.2
Retail (CRE Secured)	$1,304.0	53%	$214.8	$149.5	$189.1	$750.6
Medical Office	$163.1	51%	$15.1	$8.1	$24.2	$115.7
Multifamily	$894.4	0%	$34.2	$64.5	$208.9	$586.8

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	$622.2	$68.9	$96.9	$87.4	$166.7	$139.0
Retail (CRE Secured)	$1,304.0	$112.2	$157.7	$159.0	$437.3	$192.3
Medical Office	$163.1	$10.8	$29.2	$20.9	$41.4	$31.5
Multifamily	$894.4	$114.5	$107.9	$130.7	$73.0	$389.9

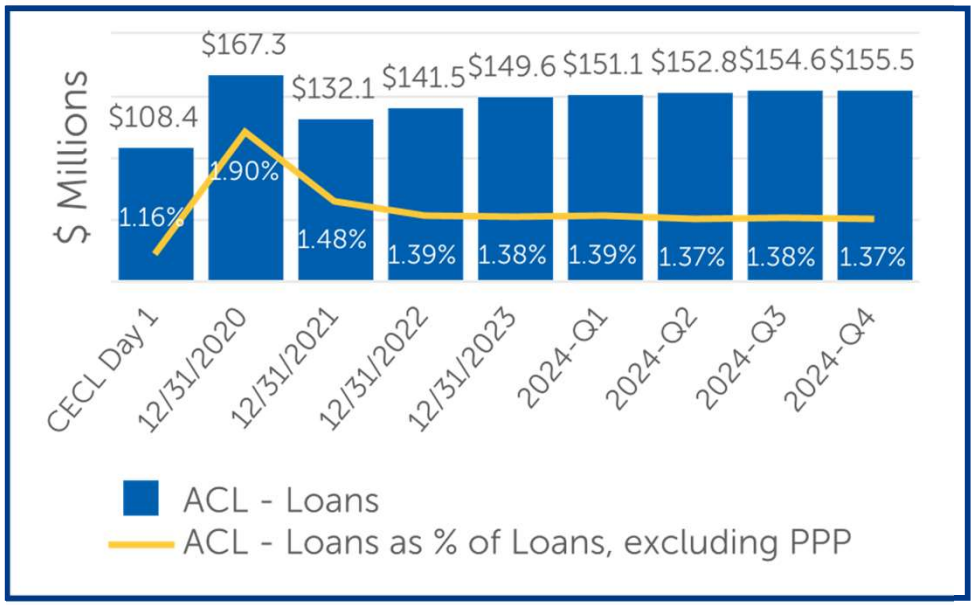
Allowance for credit losses





$ Millions

ACL - Loans	154.6	1.8	(0.9)	(2.3)	3.2	155.5
ACL - Unfunded Commitments	13.8	(0.1)	(0.1)	—	(0.2)	13.6
ACL - HTM Securities	0.3	—	—	—	—	0.3
Total ACL	168.7	1.7	(1.0)	(2.3)	3.0	169.4



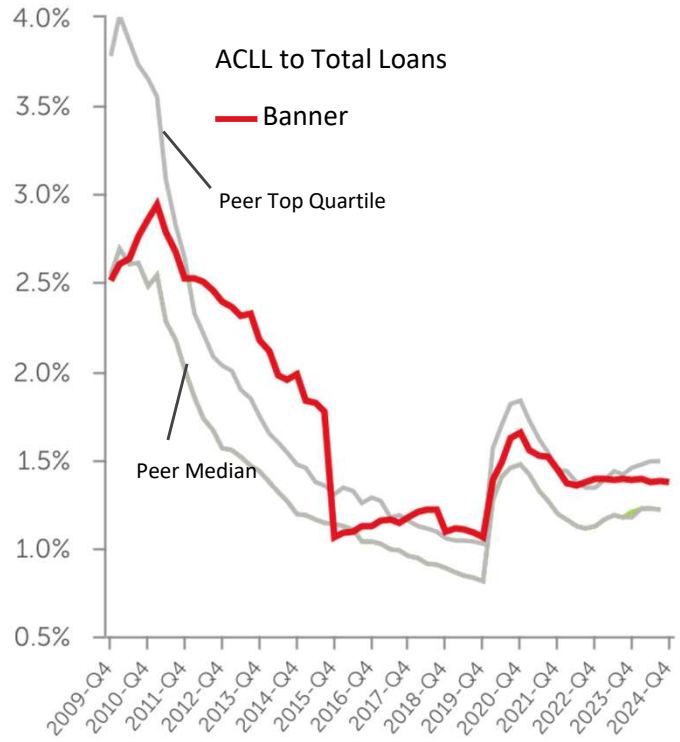
Allocation of Allowance for Credit Losses-Loans

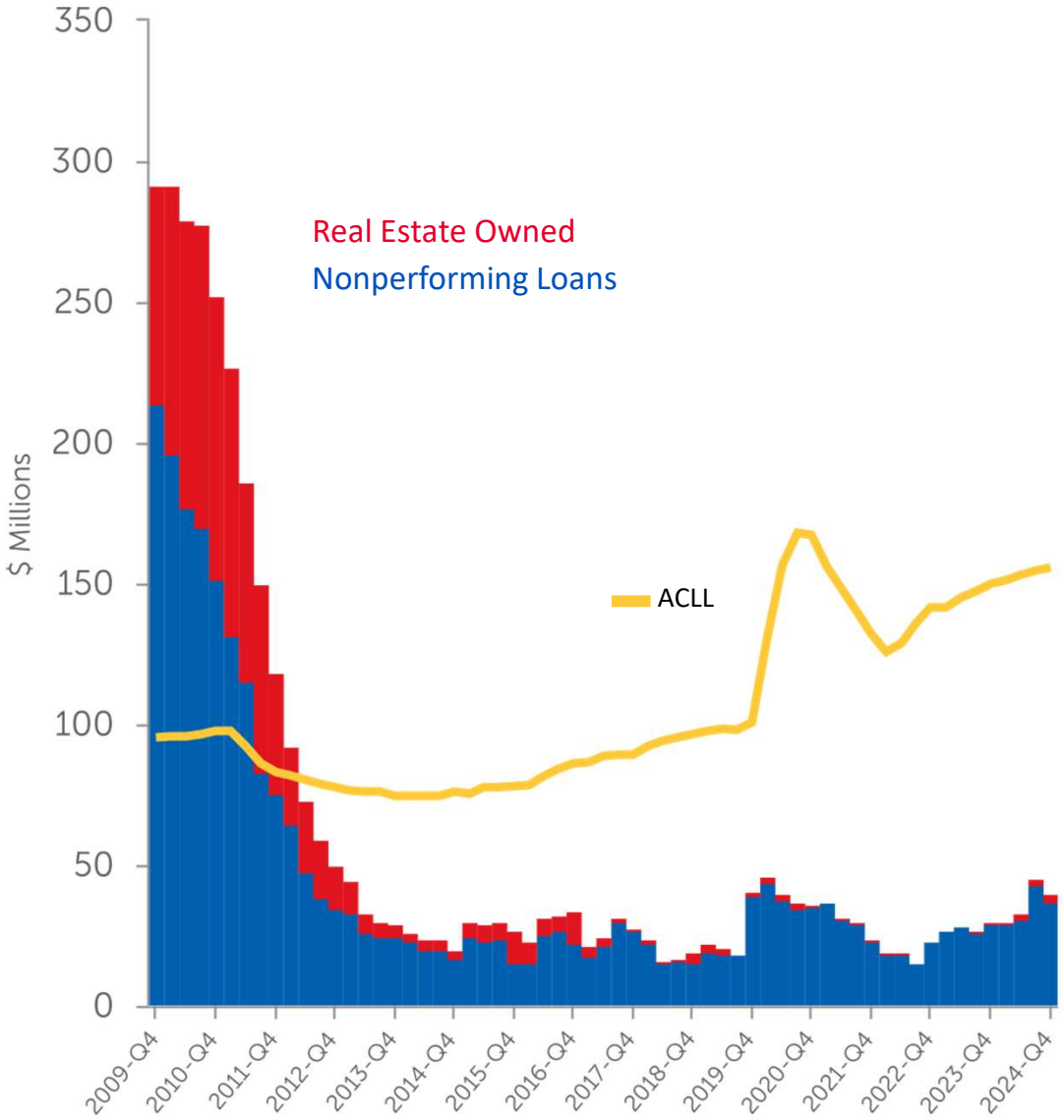
	Allowance ($000)	% Coverage	Non Performing ($000)	% Coverage NPLs
Commercial RE	40,830	1.06%	2,186	1,868%
Multifamily	10,308	1.15%	0	0%
Construction	29,038	1.91%	3,963	733%
1-4 Family	20,807	1.31%	10,385	200%
Commercial	38,611	1.59%	7,067	546%
Agricultural	5,727	1.68%	8,485	67%
Consumer	10,200	1.41%	4,870	209%
Total	155,521	1.37%	36,956	421%

Maintaining a moderate risk profile

Minimize nonperforming assets

Quarter Ending	NPAs		REO	
	Amount	% of TA	Amount	% of TA
12/31/24	$40M	0.24%	$2M	0.01%
12/31/09	$292M	6.11%	$78M	2.01%





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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			Year Ended	
PRE-TAX PRE-PROVISION EARNINGS	**Dec 31, 2024**	**Sep 30, 2024**	**Dec 31, 2023**	**Dec 31, 2024**	**Dec 31, 2023**
Income before provision for income taxes (GAAP)	$ 58,093	$ 55,755	$ 53,318	$ 209,485	$ 227,087
Provision for credit losses	3,000	1,692	2,522	7,581	10,789
Pretax pre provision earnings (non-GAAP)	61,093	57,447	55,840	217,066	237,876
Exclude net loss/(gain) on sale of securities	(275)	—	4,806	5,190	19,242
Exclude net change in valuation of financial instruments carried at fair value	(161)	(39)	(139)	982	4,218
Exclude Banner Forward expenses	—	—	—	—	1,334
Adjusted pretax pre provision earnings (non-GAAP)	$ 60,657	$ 57,408	$ 60,507	$ 223,238	$ 262,670

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