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NEWS RELEASE

BANNER CORPORATION DECLARES QUARTERLY CASH DIVIDEND OF \$0.17 PER SHARE

Walla Walla, WA – March 23, 2005 – Banner Corporation (Nasdaq: BANR), the parent of Banner Bank, today announced its Board of Directors has declared a quarterly cash dividend of \$0.17 per share. The dividend will be paid on April 8, 2005, to shareholders of record as of March 31, 2005. This is the 38th consecutive quarterly cash dividend paid since Banner instituted cash dividends in 1996.

“We have been building our franchise, while generating top- and bottom-line improvements. Paying a cash dividend is an effective way for us to share this growth with our shareholders,” said D. Michael Jones, President and CEO. “Based on the current share price, our annualized dividend yield is 2.45%.”

“Recently, we announced additional plans to expand our branch network, as well as the opening of five new locations in the Puget Sound region,” Jones continued. “At this time, we are encouraged by the early success these new locations are enjoying.”

In January, Banner reported fourth quarter net income increased 20% to \$5.3 million, or \$0.45 per diluted share, compared to a year earlier. Revenues increased 16% to \$29.4 million for the quarter, compared to \$25.3 million in the fourth quarter of 2003. Assets grew 10% to \$2.90 billion, deposits increased 15% to \$1.93 billion and loans grew 21% to \$2.06 billion during the twelve months ending December 31, 2004.

Banner Corporation is the parent of Banner Bank, a commercial bank that operates a total of 51 branch offices and twelve loan offices in 23 counties in Washington, Oregon and Idaho. Banner serves the Pacific Northwest region with a full range of deposit services and business, commercial real estate, construction, residential, agricultural and consumer loans. Visit Banner Bank on the Web at www.bannerbank.com.

Statements concerning future performance, developments or events, concerning expectations for growth and market forecasts, and any other guidance on future periods, constitute forward-looking statements, which are subject to a number of risks and uncertainties that might cause actual results to differ materially from stated objectives. These factors include but are not limited to: BANR's ability to maintain current dividend payments or increase dividend payouts to shareholders and the successful operation of the newly-opened branches and loan offices. Banner undertakes no responsibility to update or revise any forward-looking statements.

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NOTE: Transmitted on Business Wire at 5:00 a.m. PST on March 23, 2005.