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## NEWS RELEASE

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### **BANNER CORPORATION DECLARES \$0.17 CASH DIVIDEND**

Walla Walla, WA – June 20, 2005 – Banner Corporation (Nasdaq: BANR), the parent of Banner Bank, today announced that it will pay a \$0.17 per share cash dividend on July 11, 2005 to shareholders of record on June 30, 2005. This is the 39<sup>th</sup> consecutive quarterly cash dividend paid since Banner instituted cash dividends in 1996.

“We are committed to building shareholder value and are delighted to continue rewarding our loyal shareholders with cash dividends,” said D. Michael Jones, President and CEO. “Based on the current share price, our annualized dividend yield is 2.43%.”

In April, Banner reported first quarter net income increased 8% to \$4.7 million, or \$0.39 per diluted share, compared to a year earlier. Revenues increased 10% to \$29.2 million for the quarter, compared to \$26.5 million in the first quarter of 2004. Assets grew 10% to \$2.97 billion, total deposits increased 14% to \$1.99 billion and loans grew 20% to \$2.13 billion from year ago levels.

Banner Corporation is the parent of Banner Bank, a commercial bank that operates a total of 52 branch offices and 13 loan offices in 24 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](http://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 via Business Wire on June 20, 2005 at 1:00 p.m. PDT.