

THE CEREGHINO GROUP

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NEWS RELEASE

BANNER CORPORATION DECLARES \$0.18 CASH DIVIDEND

Walla Walla, WA – April 26, 2006 – Banner Corporation (Nasdaq: BANR), the parent company of Banner Bank, today announced its Board of Directors declared its quarterly cash dividend of \$0.18 per share, to be paid on July 10, 2006, to shareholders of record on June 30, 2006. This is the 43rd consecutive quarterly cash dividend paid since Banner instituted cash dividends in 1996.

“Paying a cash dividend is a tangible way for us to share our success with shareholders,” stated D. Michael Jones, President and CEO. “Based on the current share price, our annualized dividend yield is 2.0%.”

Yesterday, Banner reported record results for the first quarter of 2006. Net income increased 44% to \$6.8 million, or \$0.56 per diluted share, compared to \$4.7 million, or \$0.39 per diluted share in the first quarter of 2005. Loans grew 19% to \$2.54 billion, deposits increased 21% to \$2.42 billion and assets grew 5% to \$3.12 billion from year ago levels.

About Banner Corporation

Banner Corporation is the parent of Banner Bank, a commercial bank that operates a total of 58 branch offices and eleven 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.

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NOTE: Transmitted on Business Wire at 3:30 a.m. PDT on April 26, 2006.