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## NEWS RELEASE

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### **BANNER CORPORATION APPROVES STOCK REPURCHASE PROGRAM**

Walla Walla, WA – July 26, 2007 – Banner Corporation (NASDAQ GSM: BANR), the parent company of Banner Bank, today announced its Board of Directors has authorized the repurchase of up to 750,000 shares of its common stock, representing approximately 5% of the outstanding shares. Under the plan, shares may be repurchased by the Company in open market purchases. The extent to which the Company repurchases its shares and the timing of such repurchases will depend upon market conditions and other corporate considerations.

“We believe our stock is an attractive investment and repurchasing stock affirms our optimism for the future and offers an excellent means to build long-term value for our shareholders,” said D. Michael Jones, President and CEO. Yesterday, Banner reported its second quarter earnings and provided detailed financial information in a separate press release.

#### **About Banner Corporation**

Banner Corporation is the parent company of Banner Bank, a commercial bank that operates a total of 77 branch offices and 13 loan offices in 28 counties in Washington, Oregon and Idaho. It is now also the parent of Islanders Bank which operates three branch offices in Washington’s San Juan Islands. 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).

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NOTE: Transmitted on Business Wire at 3:35 a.m. on July 26, 2007.