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## NEWS RELEASE

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### **Banner Corporation Declares \$0.05 Quarterly Cash Dividend**

Walla Walla, WA – December 17, 2008 – Banner Corporation (NASDAQ GSM: BANR), the parent company of Banner Bank and Islanders Bank, today announced its Board of Directors declared a regular quarterly cash dividend of \$0.05 per share, the same as in the previous quarter. The dividend will be paid January 12, 2009, to shareholders of record on December 31, 2008.

“Providing a cash dividend is a tangible way for our shareholders to benefit from the company’s business strategies,” stated D. Michael Jones, President and CEO. This payment is Banner’s 53<sup>rd</sup> consecutive quarterly cash dividend paid since Banner instituted regular quarterly cash dividends in 1996.

On January 28, 2009, Banner plans to report fourth quarter 2008 earnings after the market closes and will host a conference the following day, January 29, at 8:00 a.m. PST. Complete conference call details will be announced in early January.

#### **About Banner Corporation**

Banner Corporation is a \$4.6 billion bank holding company operating two commercial banks 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).

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NOTE: Transmitted on GlobeNewswire at 3:30 a.m. PST on December 17, 2008.