

TCFD Report

Task Force on Climate Related Financial Disclosures

2025



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Our Values

Banner Bank is a dynamic full-service financial institution, operating safely and profitably within a framework of shared integrity. Working as a team, we deliver superior products and services to our valued client by emphasizing strong relationships and a high level of community involvement. Our values are summed up in one phrase, "Do the Right Thing," within the context of these key values: honesty and integrity, mutual respect, quality, trust, teamwork and accountability.

Our strategic priorities include building sustainable revenue growth and profitability; retaining, developing and attracting talented people; improving operating efficiency; building and protecting the Banner brand; and maintaining a moderate risk profile.

This Task Force on Climate-related Financial Disclosures (TCFD) Report outlines our climate-related risks and opportunities; how we identify and manage those risks, including through scenario analysis; and our annual Scope 1, Scope 2 and Scope 3, Category 6 greenhouse gas (GHG) emissions calculations.

We encourage you to read this report in conjunction with our most recent [Corporate Responsibility Report](#) and [Annual Report](#) to gain greater detail and insight into our key values, strategic priorities and performance metrics.

TCFD Overview

In 2017, the TCFD released recommendations designed to help investors and other stakeholders understand how organizations think about and assess climate-related risks and opportunities. There are 11 interrelated recommendations that are split into four reporting categories: governance, strategy, risk, and metrics and targets. More specifically, their guidance indicates companies should disclose the processes utilized for governance around climate-related risks and opportunities in the governance section of their reporting. Disclosure within the strategy section could include actual and potential impacts of climate-related risks and opportunities on a company's business, strategy and financial planning. In the risk management section, companies should disclose how they identify, assess and manage climate-related risks. Finally, in the metrics and targets section, they advise disclosing the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

The TCFD reported, in connection with the release of its 2023 status report in October 2023, it had fulfilled its responsibilities and disbanded. The Financial Stability Board requested the International Financial Reporting Standards (IFRS) Foundation to assume monitoring of climate-related disclosures. Effective November 2023, the TCFD website transitioned to a resource-only site containing previously developed Task Force materials.

In its expanded role, the IFRS Foundation encourages the continued use of the [TCFD Recommendations](#) adding it is the Foundation's position that the recommendations are a good entry point for companies who are beginning to use standards set by the IFRS – International Sustainability Standards Board.

We elected to update this report to demonstrate our ongoing effort to provide a transparent overview of our climate-related risks and opportunities, the related governance and our strategic approach to managing these risks.

Governance

Oversight of Banner's Corporate Responsibility Program is shared among several groups with specific responsibilities assigned to each. Responsibility for climate risk management oversight rests with our Board's Risk Committee.

Board of Directors

Our Board has oversight of climate-related issues and guides strategy as it relates to climate risk. We believe strong governance practices support long-term, sustainable value creation for our stakeholders and provide a foundation for effective Board oversight. Our Board has adopted comprehensive corporate governance guidelines as a framework to assist in fulfilling its responsibilities.

Risk Committee

The Risk Committee provides oversight of our enterprise-wide risk structure and the processes established to identify, measure, monitor, and manage our enterprise risks (excluding credit risks and financial reporting risks, which are overseen by the Credit Risk Committee and the Audit Committee, respectively). The Risk Committee's oversight includes risks in the areas of market/price, capital, liquidity, interest rate, operational, technology/cybersecurity, people, legal/regulatory compliance, reputational, strategic, and environmental, social and climate change. This committee is responsible for reviewing progress on climate risk management initiatives, including in relation to any stated program goal. It also reviews management's strategies and policies for managing these risks and serves as the primary point of contact between the Board and senior management in assessing enterprise-wide risk management activities and effectiveness.

Corporate Governance/Nominating Committee

The Corporate Governance/Nominating Committee is responsible for a range of corporate governance responsibilities, including carrying out the Board's responsibilities with respect to director nomination and other Board processes and procedures (including conducting an annual review of Board performance) and developing and maintaining the Corporation's corporate governance policies. The committee is also responsible for reviewing our corporate responsibility framework and initiatives and periodically reviewing and assessing our policies and programs that relate to matters of corporate social responsibility. Additionally, this committee is responsible for succession planning for the Board of Directors, including identifying needed skills and backgrounds, developing a list of nominees to fill vacancies, and selecting nominees for directors. Finally, the committee oversees continuing education and ongoing training for Board members.

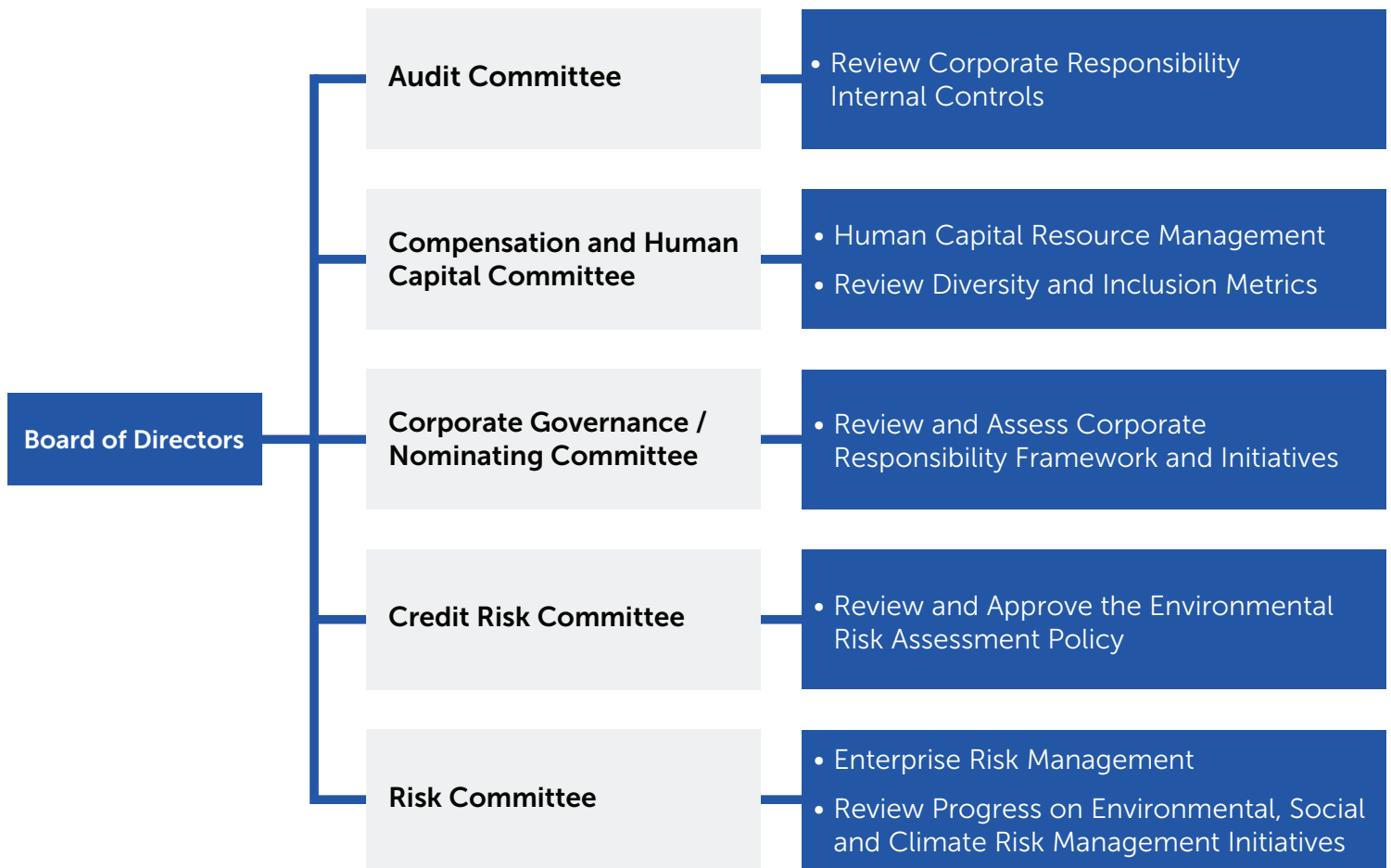
Audit Committee

The Audit Committee oversees management's responsibilities for financial reporting and the establishment of an effective internal control system, which encompasses monitoring the internal controls, including those related to the public disclosure of climate risk-related greenhouse gas (GHG) emissions calculations. The Committee's responsibilities include exercising sole authority to appoint or replace our independent registered public accounting firm ("independent auditor") and overseeing the activities of our internal audit functions.

Additional responsibilities of this committee include:

- Assisting the Board in fulfilling its oversight responsibilities related to the quality and integrity of financial reports and other financial information provided by the company as well as the company's systems of internal accounting and financial controls;
- Oversight and periodic evaluation of the independent auditor's qualifications, independence and performance;
- Annual review of the performance and compensation of the Chief Audit Executive;
- Compliance with legal and regulatory requirements, including disclosure, controls and procedures with respect to financial reporting matters; and
- Review of internal controls related to the Company's corporate responsibility external reporting activities.

Areas of Corporate Responsibility Oversight



Management

Day-to-day climate risk-related responsibilities are led by the Enterprise Risk Management (ERM) team with direct oversight by the Chief Risk Officer. Regular reports are provided to the Corporate Responsibility Working Group, the Risk Management Oversight Committee and the Board's Risk Committee. These reports provide updates on matters such as emissions data, scenario analyses, disclosures and progress towards our overall climate risk program strategic initiatives.

Risk Management Oversight Committee

The Risk Management Oversight Committee (RMOC) is an executive-level management committee comprised of all members of the Bank's executive team. This committee serves as the governing body of the ERM Program. The RMOC facilitates discussion, determines appropriate courses of action for risk matters and is responsible for understanding risks impacting our business, including climate risk.

Credit Policy Committee

The Credit Policy Committee is a management committee providing oversight for credit risk and management of the Bank's loan policy. This includes the prudent management of exposures to environmental-related financial risks within both loan underwriting and the portfolio management process. Environmental risk assessments have been incorporated into underwriting criteria for select loan types.

Corporate Responsibility Working Group

The Corporate Responsibility Working Group is comprised of senior-level personnel from risk management, investor relations, legal, human resources, marketing and communications, community reinvestment, finance, data governance, compliance and internal audit. This group provides guidance and accountability related to corporate responsibility strategy, disclosure and identification of risks and opportunities, including incorporating climate risk in relation to public disclosures.

Climate Risk Working Group

In 2023, we established the Climate Risk Working Group as a dedicated team tasked with enhancing the Bank's climate risk program. This working group comprises representatives from risk management, business continuity and disaster recovery, legal and corporate responsibility, and is led by the Risk Services Director. The Chief Risk Officer, together with the RMOC, has direct oversight of this group. The working group meets monthly to review progress, set new goals, and maintain alignment between our climate strategy and both our corporate objectives and the evolving regulatory landscape.

Strategy

At Banner, our long-standing guiding principle is to Do the Right Thing. That guides us as we implement our strategic priorities and maintain a moderate risk profile. Of equal importance is the community spirit upon which our Company was founded as a small thrift in 1890. We place a high value on being actively involved in the communities we serve.

As climate-related risks and opportunities present themselves, we apply these principles to assist our clients in reaching their financial goals. For example, we have responded to various climate-related emergencies and natural disasters by offering our Community Cares loan. This interest-free, zero-fee personal loan offers emergency financing options to assist community members with immediate basic needs. We have a long tradition of supporting clients in a wide range of industries, including those pursuing environmentally responsible projects. We are dedicated to continuing to explore opportunities to finance climate-related investments, green technologies, and emissions efficiency projects in support of the communities and clients we serve.

Internally, we continue to seek enhancements to our climate risk management approach to assist in mitigating physical and transition risks as well as reducing overall GHG emissions. This effort is championed by our Climate Risk Working Group. In 2024, the group filled a critical role in overseeing the completion of several projects strategically designed to ensure readiness for new climate risk management regulations, enhance our climate risk disclosure suite, and strengthen the integration of climate risk management within the enterprise risk management framework. In 2025, the group remains pivotal to advancing the program, building on the groundwork laid in 2024 through the deployment and enhancement of assessment tools.

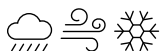
Scenario Analyses

In 2022, we engaged an independent consultant to assist us in identifying climate-related risks and opportunities. Our commercial real estate, commercial and residential lending portfolios, as well as our own physical locations, were evaluated for physical and transition risk through scenario analyses using industry-standard assumptions. As outlined below, physical risks were segmented into acute and chronic risks; and transition risks were segmented into regulatory, technology, stakeholder and legal risks.

Category

Climate Risk Drivers

Physical Risk



Risks which arise from climate and weather-related events can result in financial losses or other adverse organizational impacts.

Acute Hazard

Increased severity and frequency of extreme weather events such as floods, hurricanes, droughts, wildfires, heat waves and cold waves.

Chronic Hazard

Increase in mean temperatures, increase variability of precipitation patterns and sea levels rise.

Transition Risk



Risks which arise from the process of adjustment towards a low-carbon economy could prompt reassessment of value of a large range of assets.

Regulatory

Policy/regulatory changes such as carbon taxes, building energy efficiency standard and carbon footprint disclosures.

Technology

Cost parity of renewable energy, emission abatement advancement and market eschewal of enabling tech.

Stakeholder

Shift away from carbon-intensive sectors by customers/consumers, investors, insurers, other lenders, suppliers/ vendors and employees.

Legal

Increased settlement and litigation costs associated due to impact on climate and environment.

Scenario analyses were performed in 2022 using the Representative Concentration Pathway (RCP) 4.5 scenario for flood, fire and hurricane hazards. The RCP4.5 scenario was chosen because it strikes a balance between two contrasting perspectives. The first perspective posits that significant climate action may take time, and mean temperatures over the coming years will reflect the state of the world as it is today. The second perspective presumes a targeted approach to climate is imminent (e.g., policy action, technological changes). More specifically, the RCP4.5 scenario is described as an intermediate scenario with emissions peaking in the year 2040.

The framework for the scenario analyses included the selection of relevant hazards and timeframes. Flood, fire and hurricane hazards were chosen since they are commonly observed in industry analyses, and they were also highlighted as sample climate risks in the proposed Securities and Exchange Commission's (SEC) climate disclosure rule. A 2023-time horizon was chosen for the short term because it reflected the possible SEC required disclosure date. A 2030-time horizon was chosen for the medium term because it reflected the maturity dates for much of our then-existing commercial real estate (CRE) loans. Finally, a 2040-time horizon was chosen for the long-term because it reflected the maturity dates of most of our then-existing residential loans.

The preliminary results of the scenario analyses related to physical risk suggest our company is quite resilient to the selected hazards over the timeframes noted above. Transition risk was preliminarily determined to be minor in the medium and long terms.

In 2024, we continued to expand our capabilities by onboarding a tool designed to assess and manage climate-related risks. This tool provides real-time, forward-looking insights into climate risk exposure of real asset portfolios. It enables us to analyze climate risk drivers for individual assets or entire portfolios, providing valuable insights to inform due diligence and enhance risk

management with real-time analysis. The tool provides scenario analysis and average annual damage assessments for RCP8.5 and RCP4.5 across time horizons extending to 2100 for six hazards (heat stress, water stress, floods, hurricanes and typhoons, sea level rise and wildfires). It also includes present-day assessments of earthquake risks, which are not directly climate related. This tool will allow us to continue searching for ways to thoughtfully integrate climate risk into our decision-making processes, such as credit assessments, investment strategies and regulatory reporting. In 2025, we plan to fully implement and deploy this tool as a key component of enhancing our climate-related reporting and governance for our climate risk program.

Adapting to New Regulations

The regulatory landscape for climate risk management has evolved significantly with the introduction of new rules proposed by the SEC and the State of California in 2023 and early 2024. However, considerable uncertainty and debate persist regarding many of these disclosure requirements. We remain committed to refining our strategies to meet shifting regulatory expectations.

Risk Management

We recognize that climate change is already impacting regions around the world, including ours, and we are continuing to integrate climate risk as a standard component of our comprehensive enterprise risk management framework.

Enterprise Risk Management Framework

As described in the governance section of this report, climate-related responsibilities sit within our ERM department for efficient consideration in overall risk management processes. Climate-related risks have been incorporated into our Company's ERM framework, which also includes a quarterly assessment of risk relative to the Board's Risk Appetite Statement. Risks are assessed across 11 key areas: credit, market/price, liquidity, interest rate, operational, technology, people, financial reporting, compliance/legal, reputation and strategic. As part of our overall ERM framework, we also evaluate physical and transitional climate risks resulting from our scenario analyses.

We have incorporated environmental risk assessments into our credit underwriting process for select loan types and we maintain policies and procedures to assess this risk.

As part of the overall ERM Framework, we employ a control structure centered on three lines of defense, consistent with our internal ERM Policy.

First Line of Defense

Within our Company, the first line of defense resides with operational units where responsibility to execute objectives is balanced with the potential exposure to risk.

These groups own and manage risks within their functional areas, including being responsible for:

- Managing risk in accordance with the Board's Risk Appetite Statement;
- Maintaining and updating controls to appropriately mitigate inherent risks;
- Assisting in developing and monitoring metrics to quantify the risk profile of the institution;
- Remediating any identified control deficiencies or residual risks that are outside the risk appetite;
- Reporting any newly identified risks and mitigating controls to ERM department; and
- Instilling a risk-awareness culture in their given business line and among their employees.

Second Line of Defense

The second line of defense comprises specializations of credit risk administration, BSA/AML, compliance, fair lending, fraud, physical security, information security, model risk management, regulatory affairs, enterprise risk, operational risk and credit review. Additionally, the second line of defense oversees real estate-related risks in the areas of appraisal and market research. The second line of defense is independent of the business units, or first lines of defense.

Collectively, these teams are responsible for:

- Assisting in the identification of risk across the organization;
- Developing and monitoring key risk indicators for risks (with input from each respective business unit);
- Completing quarterly risk assessments with input from management proponents;
- Providing effective challenge regarding existing controls and/or risk tracking metrics;
- Monitoring the overall risk profile of the institution compared to the Board's Risk Appetite Statement;
- Promoting a consistent risk framework throughout the organization;
- Aggregating and reporting all internal audit and regulatory issues; and
- Participating in various committees and project teams to identify and evaluate risks.

Third Line of Defense

The third line of defense is the internal audit team, which is responsible for providing an independent assessment of the Company's adherence with policies and supporting procedures.

Environmental Risk Assessment

Our Board's Risk Committee provides oversight of climate-related issues and guides our strategy regarding climate risk. The Risk Committee receives quarterly updates on climate-related issues and status updates on the progress of our climate risk program. This includes information on greenhouse gas emissions data and transition and physical risks related to certain climate scenarios.

At the management level, climate-related responsibilities are assigned to the Risk Services Director who leads the Climate Risk Working Group, with direct oversight by the Chief Risk Officer. The Risk Services Director provides regular reports to the Chief Risk Officer and the Corporate Responsibility Working Group, as well as quarterly reports to the Risk Management Oversight Committee and the Risk Committee.

We consider environmental risks as part of our credit underwriting process for the loan types listed below, and we maintain policies and procedures to assess such risks:

- Construction and permanent commercial real estate loans;
- Land, land acquisition and development loans;
- Agricultural real estate loans;
- Commercial loans with real estate pledged as collateral;
- Bank real estate owned; and
- Commercial loans to borrowers in environmentally sensitive industries.

To assist in this evaluation, we employ an environmental risk officer to address issues of potential environmental concern raised in the real estate lending process and commercial loans in environmentally sensitive industries. Our current environmental risk officer has more than two decades of experience in environmental consulting and the financial services industry. Employing a team member in this role with a high level of environmental expertise demonstrates our recognition of the importance of understanding environmental risks in our lending decisions.

Metrics and Targets

We use a variety of metrics to assess climate-related risks. Key metrics include Scope 1, Scope 2, and Scope 3, Category 6 GHG emissions, as disclosed below.

Separately, we perform our initial calculations around certain other Scope 3 GHG emissions data for internal use, including categories 1 (purchased goods and services), 2 (capital goods) and 15 (investments). In addition to total GHG emissions calculations, we benchmark our performance against peer institutions by comparing emissions based on building area and revenue.

As discussed in the Strategy section above, we conducted initial scenario analyses that delivered baseline financial impact insights for internal assessment, supported by a third-party consultant. Recently, we adopted a tool capable of providing scenario analysis and average annual damage assessments for RCP8.5 and RCP4.5 across time horizons up to 2100, covering six hazards: heat stress, water stress, floods, hurricanes and typhoons, sea level rise and wildfires. Efforts are underway to implement and deploy this tool as a crucial element in strengthening our climate-related reporting and governance within the climate risk program.

Emissions

Scope 1 GHG emissions are direct emissions from sources that are owned or controlled by a company. At Banner, most Scope 1 GHG emissions are related to natural gas used for heating our facilities. Scope 2 GHG emissions result indirectly from the generation of electricity, heat or steam purchased by a company. Banner's Scope 2 GHG emissions are related to electrical usage to support operations and heat or cool our facilities. Scope 3, Category 6 refers to emissions from business travel. This includes the transportation of employees for work-related activities in vehicles not owned or operated by the company, such as planes, trains, buses and rental cars. It also accounts for emissions from transportation providers themselves (e.g., airlines).

Our Scope 1 and 2, from 2021 to 2024, and Scope 3, Category 6 emissions for 2024 are detailed below. Utility consumption figures for Scopes 1 and 2 are converted to GHG emission estimates using a calculator developed by a leading environmental services consultant with expansive international operations.

With oversight from our Disclosure Committee, we have established and maintain procedures reasonably designed to ensure accurate measures and metrics contained in this report. The Board's Audit Committee provides oversight of the related internal controls environment. Additionally, we have obtained Limited Assurance for the overall Scope 1, Scope 2 and Scope 3, Category 6 emissions calculations from our independent external auditors.

Calculated Greenhouse Gas Emissions*

	2021	2022	2023	2024
Scope 1 Emissions	1,416.56	1,451.86	1,254.40	1,190.15
Natural Gas	1,325.04	1,379.44	1,187.78	1,148.16
Fuel Oil/Diesel	34.61	21.00	0.92	0.90
Propane	25.59	18.80	15.31	17.59
Gasoline (Mobile Combustion)	31.31	32.62	50.38	23.50
Scope 2 Emissions – Electricity (Location-Based)	4,355.02	3,946.48	3,384.68	3,335.40
Scope 2 Emissions – Electricity (Market-Based)	4,371.52	3,959.94	3,593.74	3,363.35
Total Scope 1 and 2 Emissions (Location-Based)	5,771.58	5,398.34	4,639.08	4,525.55
Per 1,000 Square Feet	4.73	4.76	4.46	4.46
Per Revenue (Millions)	9.73	8.59	7.48	7.44
Total Scope 1 and 2 Emissions (Market-Based)	5,788.08	5,411.80	4,848.14	4,553.50
Per 1,000 Square Feet	4.75	4.77	4.67	4.48
Per Revenue (Millions)	9.76	8.61	7.81	7.48
Scope 3, Category 6 Emissions: Business Travel				939.06
Per Employee				0.48
Building Area (Square feet)	1,219,379	1,133,706	1,039,240	1,015,700
Revenue (Millions)	\$593.31	\$628.43	\$620.41	\$608.60
Employees				1,956

*Emissions expressed in Metric Tons of Carbon Dioxide Equivalent (MT CO₂e).

Note 1: Scope 1, Scope 2 and Scope 3, Category 6 emissions calculations were developed in accordance with the GHG Protocol. Limited Assurance has been provided for emissions calculations.

Note 2: Utility consumption is based on actual utility invoices for properties where Banner receives a utility bill, and estimated for properties that Banner controls, but does not receive a bill. Fugitive emissions are considered immaterial.

Note 3: Scope 3, Category 6 emissions are based on business travel expenses.

Note 4: No base year for GHG emissions calculations will be determined unless emissions reductions targets are established.

Note 5: The threshold for base-year emissions recalculation will be 10% of base year emissions, determined on a cumulative basis from the time of the established base year.

Targets

We have not established any climate-related targets. As described above, we have completed calculations for Scope 1 and Scope 2 emissions for 2021 through 2024 and Scope 3, Category 6 for 2024. We believe all our decisions should be based on data-driven insights, and setting specific greenhouse gas reduction targets is no different. Our focus is currently on understanding and rigorously documenting our emissions data. These are essential prerequisites for setting meaningful and realistic reduction goals. To establish an appropriate baseline, we will continue to consider trends related to remote as compared to on-premises work.

About This Report

This TCFD Report was created to provide added transparency on climate-related risks and opportunities, scenario analyses and related risk management practices for the company for the fiscal year ended December 31, 2024 (unless otherwise noted). We undertake no obligation to update the information in this report or otherwise notify stakeholders in the event any views, opinions, or facts stated in this report change or subsequently become inaccurate. Any goals or plans discussed in this report are aspirational and/or reflect management's good faith belief as to potential future events, and we cannot guarantee or promise they will be achieved.

To prepare this report, internal subject-matter experts developed and reviewed relevant content and internal reporting experts assisted in gathering and analyzing the necessary documentation. Prior to publication, the report underwent a rigorous review and revision process by a cross-functional team of colleagues. It was also reviewed by our Disclosure Committee—the same group responsible for reviewing Banner Corporation's SEC reports on Forms 10-Q and 10-K. Additionally, the report was submitted to the Board's Audit Committee, Corporate Governance/Nominating Committee, and Risk Committee for pre-publication review and feedback. Finally, our internal audit team is also engaged in the overall TCFD disclosure process.

Data included in this report may be estimates and based on assumptions. Additionally, certain information was not prepared in accordance with generally accepted accounting principles (GAAP) and the report has not been independently audited. Certain topics identified as particularly important to the company and its stakeholders may be referred to as "material." The use of "material" or "materiality" in this report is distinct from, and should not be confused with, these same terms as construed in accordance with securities laws or regulations or as used in the context of financial statements and reporting.

This report does not constitute an offer to sell or a solicitation of any offer to buy any securities issued by Banner Corporation. The information in this report shall not be deemed to be incorporated by reference in any filing under the Securities Exchange Act of 1934 or the Securities Act of 1933, except as expressly set forth by specific reference. This report is for general informational purposes only, is not comprehensive, and contains only voluntary disclosures.

This report should be read in conjunction with, but is not incorporated into, other publicly disclosed material such as our Annual Report on Form 10-K and our quarterly reports on Form 10-Q, with particular attention to the "Forward-Looking Statements" and "Risk Factors" sections of those reports.