

**Banner Corporation (NASDAQ: BANR; Walla Walla, WA) has agreed to acquire AmericanWest Bank (Private; Seattle, WA)**

**Deal Value: Approximately \$702 million**

Sandler O'Neill served as financial advisor and provided a fairness opinion to Banner Corporation in this transaction. This transaction represents Sandler O'Neill's 51<sup>st</sup> bank or thrift transaction nationwide since January 1, 2014. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions than any other investment bank during that time period.<sup>1</sup>

Since January 1, 2014, Sandler O'Neill has advised on 8 bank or thrift transactions in the western region, more than any other investment bank. These transactions have an aggregate deal value of approximately \$1.4 billion.<sup>1</sup>

Banner Corporation ("Banner"), the holding company for Banner Bank and Islanders Bank, and AmericanWest Bank ("AmericanWest"), today announced the signing of a definitive agreement pursuant to which AmericanWest's holding company will merge with and into Banner and AmericanWest Bank will merge with and into Banner Bank. The merged banks will operate under the Banner Bank brand.

The combined company will be a super community bank with over \$9.7 billion in assets, \$6.8 billion in loans, \$7.9 billion in deposits, and approximately 190 branches across five western states. The combined company will benefit from a diversified geography with significant growth opportunities, including nine of the top Western Metropolitan Statistical Areas by population, and will have an expanded balance sheet with exceptional asset quality, solid core deposit funding and a substantial capital base. The combination will bring together management teams with proven client acquisition strategies, business banking prowess, and the experience of eleven successful whole-bank acquisitions and three branch acquisition transactions over the last eight years.

Following the merger, Banner will continue to be led by Mark J. Grescovich as President and Chief Executive Officer. Five representatives from AmericanWest will join the Banner Board of Directors at closing, increasing the total number of directors to 17.

Under the terms of the agreement, the aggregate consideration to be received by AmericanWest equityholders will consist of a fixed amount of 13.23 million shares of Banner common stock and \$130.0 million in cash. Upon completion of the transaction, such shares will represent an approximately 38.8% pro forma ownership interest in Banner. Based on the closing price of Banner common stock on November 4, 2014, the aggregate value of the transaction is approximately \$702 million. Banner expects the transaction to be accretive to its 2015 earnings per share, excluding the transaction-related expenses, and to be 13% accretive to earnings per share in 2016. The definitive merger agreement was approved unanimously by the boards of directors of both companies. The merger is expected to close during the second quarter of 2015 and is subject to approval by Banner's shareholders and regulatory agencies as well as other customary closing conditions.

### Financial Highlights (\$ bn)

	<u>BANR</u>	<u>AmericanWest</u>
Total Assets	\$4.8	\$4.1
Gross Loans	\$3.8	\$2.6
Total Deposits	\$4.0	\$3.2

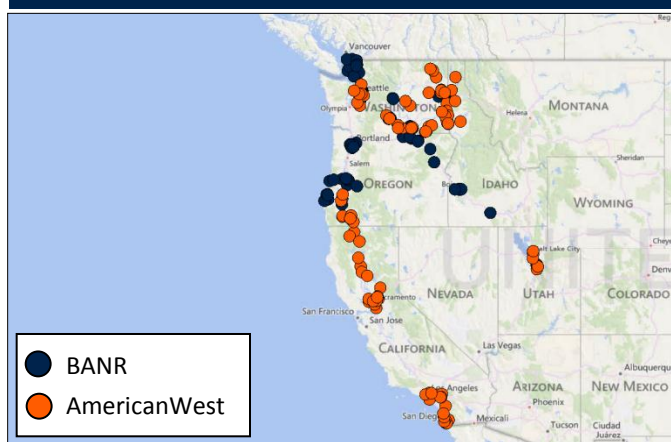
**Notes:**

<sup>1</sup>Includes bank & thrift transactions since January 1, 2014; Excludes terminated transactions and self-advisory roles

Dollars in millions; financial data as of September 30, 2014

Source: SNL Financial

### Pro Forma Branch Network



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