

**Sterling Financial Corporation (NASDAQ: STSA; Spokane, WA) has agreed to sell six branches to Banner Corporation (NASDAQ: BANR; Walla Walla, WA)**

Sandler O'Neill served as the exclusive financial advisor in the sale of these branches.

This branch transaction represents Sandler O'Neill's 42<sup>nd</sup> bank branch transaction since January 1, 2011. During that time period, Sandler O'Neill has advised on branch transactions totaling 446 branches and \$24.1 billion in deposits, more than any other investment bank.<sup>1</sup>

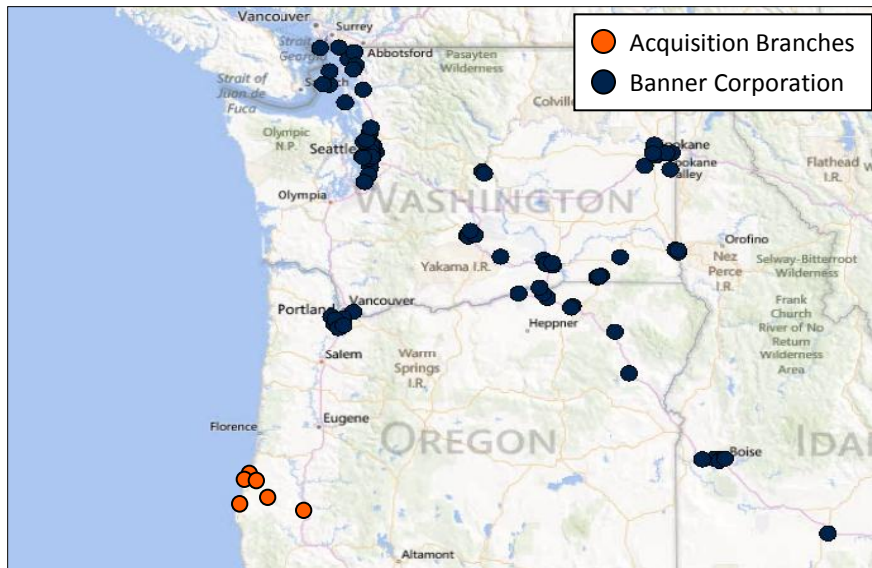
**About the Transaction:**

Walla Walla, WA – Banner Corporation (NASDAQ: BANR), the parent company of Banner Bank and Islanders Bank, today announced the signing of an agreement for the acquisition of six Oregon branches from Sterling Savings Bank together with approximately \$226 million in deposits and \$95 million in loans. Five of the six branches are located in Coos County, Oregon and the sixth branch is located in Douglas County.

"This transaction presents a unique opportunity for Banner to expand our Pacific Northwest franchise, specifically in Oregon, through an existing presence with a significant market share," said Mark Grescovich, Banner Bank President and Chief Executive Officer. "The acquired branches collectively capture a 28% share of the Coos County market. We are pleased to welcome these new clients and employees to the Banner Bank family. At Banner, we strive to provide great financial services to our clients and believe our new colleagues and clients will soon come to realize that Banner is a special place to work and bank." An independent global research firm recently recognized Banner for the second consecutive year with the highest ranking in retail banking customer satisfaction in the Northwest Region.

The purchase of the branches is subject to consummation of the previously announced merger between Sterling Financial Corporation, the parent of Sterling Savings Bank, and Umpqua Holdings Corporation, regulatory approval and the satisfaction of customary closing conditions and is expected to be completed in June 2014.

**Pro Forma Branch Network**



Note(s):

<sup>1</sup> Includes all completed and pending branch transactions since January 1, 2011

Source: SNL Financial

**Sandler O'Neill Contacts:**

**JIMMY DUNNE III**  
Senior Managing Principal  
(212) 466-7819

**PETER BUCK**  
Managing Director  
(415) 978-5051

**ADAM KEEFER**  
Associate Director  
(415) 978-5057

**ANDREW HIRAI**  
Analyst  
(415) 978-5054