

STERLING FINANCIAL CORP /WA/  
Form 5  
January 30, 2007

# FORM 5

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).  
Form 3 Holdings Reported Form 4 Transactions Reported

## ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person \*  
GILKEY HAROLD B

2. Issuer Name and Ticker or Trading Symbol  
STERLING FINANCIAL CORP /WA/ [STSA]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)  
12/31/2006

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
CEO & Chairman of the Board

111 N. WALL STREET

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting

(check applicable line)

SPOKANE, WA 99201

Form Filed by One Reporting Person  
 Form Filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|-----------------------------------|
|                                 |                                      |  |                                | (A) or (D) Price  |  |  |                                   |
| Common Stock                    | 12/31/2006                           | 12/31/2006   | J(1)                           | 877 A \$ 0  | 30,989   | D  | 401(k) Plan                       |
| Common Stock                    | 12/31/2006                           | 12/31/2006   | J(2)                           | 0.5 D \$ 0  | 41,254   | I  | Spouse IRA                        |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|-------------------------------|
|  |  |                                      |  |                                | (A) (D)   | Date Exercisable Expiration Date                         | Title   |  |                               |

## Reporting Owners

| Reporting Owner Name / Address                             | Relationships |           |         |                             |
|--|---------------|-----------|---------|-----------------------------|
|  | Director      | 10% Owner | Officer | Other                       |
| GILKEY HAROLD B<br>111 N. WALL STREET<br>SPOKANE, WA 99201 | X             |           |         | CEO & Chairman of the Board |

## Signatures

Daniel G. Byrne                      01/30/2007  
 \*\*Signature of                      Date  
 Reporting Person

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (2) Adjustment to reflect an incorrect rounding of shares by the Transcentive stock administration program.
- (1) To balance 401(k) share ownership at 12/31/2006 -- This footnote reflects the shares owned by the employee as well as the company match at 12/31/2006.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.