

LARSEN MICHAEL K
Form 4
December 28, 2004

FORM 4

**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).

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

(Print or Type Responses)

1. Name and Address of Reporting Person *
LARSEN MICHAEL K

2. Issuer Name and Ticker or Trading Symbol
BANNER CORP [BANR]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
C/O BANNER CORP, PO BOX 907

3. Date of Earliest Transaction (Month/Day/Year)
12/27/2004

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Executive VP, Banner Bank

(Street)
WALLA WALLA, WA 99362

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

6. Individual or Joint/Group Filing (Check Applicable Line)
 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 Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Common stock, \$.01 par value per share	12/27/2004		F		23,872	D	\$ 31.48 (1)
Common stock, \$.01 par value per share	12/27/2004		M		35,907	A	\$ 12.2934
					79,402	D	(2)
					115,309	D	(3)

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)
Option to buy Common Stock	\$ 12.2934	12/27/2004		M	59,779	07/26/1997 ⁽⁴⁾ 07/26/2006	Common stock 59,779

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LARSEN MICHAEL K C/O BANNER CORP PO BOX 907 WALLA WALLA, WA 99362			Executive VP, Banner Bank	

Signatures

/s/Michael K. Larsen 12/27/2004

Signature of Reporting Person Date

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).
- (1) Market price on December 27, 2004.
- (2) Includes direct ownership of 3,228 shares through IRA, 1,525 shares through Deferred Compensation Plan and 10,984 shares through Employee Stock Ownership Plan. Also includes indirect ownership of 2,752 shares through spouse's IRA.
- (3) Includes direct ownership of 37,432 shares through Deferred Compensation Plan as a result of surrender of 35,907 options into the Plan.
- (4) Options vest at rate of 20% per year from date of grant on 7/26/96.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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