

STERLING FINANCIAL CORP /WA/
 Form 5
 February 11, 2005

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 *
 BYRNE DANIEL G

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)
 12/31/2005

___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
 Executive Vice President Sterl

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 Indirect Beneficial Ownership (Instr. 4)
				(A) or (D) Amount Price			
Common Stock	02/11/2005	05/28/2004	J ⁽¹⁾	1,700 A \$ 0	18,772	D	Â
Common Stock	02/11/2005	02/11/2005	J ⁽²⁾	1,661 A \$ 0	20,433	D	Â
Common Stock	02/11/2005	12/31/2004	J ⁽³⁾	2,632 A \$ 39.26	23,617	I	401(k) Plan
Common Stock	02/11/2005	05/28/2004	J ⁽⁴⁾	63 A \$ 28.93	695	I	Spouse IRA

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

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(9-02)

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	Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BYRNE DANIEL G 111 N. WALL STREET SPOKANE, WA 99201	^	^	^	Executive Vice President Sterl

Signatures

E. Marie Hirsch 02/11/2005
 **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).
- (1) Adjustment to balance to brokerage account at 12/31/2004. This adjustment includes the 5/28/04 dividend paid.
- (2) Adjustment to common shares outstanding reflecting DGB IRA account balance omitted on 2/04 Form 5 + 10% stock dividend paid on 5/28/04.
- (3) To balance 401(k) share ownership at 12/31/2004. -- This footnote reflects the shares owned by the employee as well as the company match at 12/31/04.
- (4) 10% stock dividend payable on May 28, 2004.

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.