BANNER CORP Form 4 July 05, 2006

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB APPROVAL

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if no longer subject to Section 16. Form 4 or Form 5

Check this box

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

(Print or Type Responses)

1(b).

(City)

1. Name and Address of Reporting Person * PURCELL CYNTHIA D

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to

Issuer

BANNER CORP [BANR]

(Check all applicable)

(First) (Last)

10 SOUTH FIRST AVE.

3. Date of Earliest Transaction

(Month/Day/Year)

Director 10% Owner X_ Officer (give title Other (specify

07/01/2006

below) below)

Executive V.P., Banner Bank

(Street) 4. If Amendment, Date Original

(Middle)

(Zip)

Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

Person

WALLA WALLA, WA 99362

(State)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned 1. Title of 2. Transaction Date 2A. Deemed 3. 4. Securities 5. Amount of 6. Ownership 7. Nature of Security (Month/Day/Year) Execution Date, if TransactionAcquired (A) or Securities Form: Direct Indirect (Instr. 3) Code Disposed of (D) Beneficially (D) or Indirect Beneficial (Instr. 3, 4 and 5) Ownership (Month/Day/Year) (Instr. 8) Owned (I) Following (Instr. 4) (Instr. 4)

> Reported (A) Transaction(s) (Instr. 3 and 4)

Code V Amount (D) Price

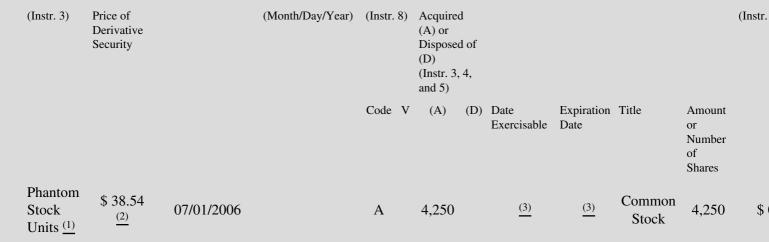
Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

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

1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5. Number	6. Date Exercisable and	7. Title and Amount of	8. Pric
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transactio	onof Derivative	Expiration Date	Underlying Securities	Deriva
Security	or Exercise		any	Code	Securities	(Month/Day/Year)	(Instr. 3 and 4)	Securi

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Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

PURCELL CYNTHIA D 10 SOUTH FIRST AVE. WALLA WALLA, WA 99362

Executive V.P., Banner Bank

Signatures

/s/Cynthia D. 07/03/2006 Purcell

**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) Award of phantom stock units under the Banner Corporation Long-Term Incentive Plan.
- (2) Market price on July 1, 2006. Upon vesting, phantom stock units settle in cash at the value in excess of the value as of the grant date, plus dividends.
- (3) Award vests on July 1, 2011. Each unit will be settled on the officer's separation from service, at a specified time or upon 60 months of continuous service, as determined by the officer.

Note: File three copies of this Form, one of which must be manually signed. If space 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.

Reporting Owners 2