

BANNER CORP
Form 10-Q
May 07, 2010

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

FORM 10-Q

(Mark
One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED March 31, 2010.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ to _____

Commission File Number 0-26584

BANNER CORPORATION
(Exact name of registrant as specified in its charter)

Washington 91-1691604
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

10 South First Avenue, Walla Walla, Washington 99362
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (509) 527-3636

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Title of class:	As of April 30, 2010
Common Stock, \$.01 par value per share	23,539,984 shares*

* Includes 240,381 shares held by the Employee Stock Ownership Plan that have not been released, committed to be released, or allocated to participant accounts.

BANNER CORPORATION AND SUBSIDIARIES

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BANNER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited) (In thousands, except shares)
March 31, 2010 and December 31, 2009

	March 31 2010	December 31 2009
ASSETS		
Cash and due from banks	\$ 277,752	\$ 323,005
Securities—trading, cost \$162,997 and \$192,853, respectively	138,659	147,151
Securities—available-for-sale, cost \$95,376 and \$95,174, respectively	96,718	95,667
Securities—held-to-maturity, fair value \$76,390 and \$76,489, respectively	73,555	74,834
Federal Home Loan Bank (FHLB) stock	37,371	37,371
Loans receivable:		
Held for sale, fair value \$4,472 and \$4,534, respectively	4,398	4,497
Held for portfolio	3,684,459	3,785,624
Allowance for loan losses	(95,733)	(95,269)
	3,593,124	3,694,852
Accrued interest receivable	18,501	18,998
Real estate owned, held for sale, net	95,074	77,743
Property and equipment, net	101,541	103,542
Other intangibles, net	10,426	11,070
Deferred income tax asset, net	14,470	14,811
Income taxes receivable, net	18,844	17,436
Bank-owned life insurance (BOLI)	55,125	54,596
Other assets	50,551	51,145
	\$ 4,581,711	\$ 4,722,221
LIABILITIES		
Deposits:		
Non-interest-bearing	\$ 549,291	\$ 582,480
Interest-bearing transaction and savings accounts	1,404,301	1,341,145
Interest-bearing certificates	1,896,186	1,941,925
	3,849,778	3,865,550
Advances from FHLB at fair value	62,108	189,779
Other borrowings	177,244	176,842
Junior subordinated debentures at fair value (issued in connection with Trust Preferred Securities)	48,147	47,694
Accrued expenses and other liabilities	24,049	24,020
Deferred compensation	13,661	13,208
	4,174,987	4,317,093
COMMITMENTS AND CONTINGENCIES (Note 16)		
STOCKHOLDERS' EQUITY		

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Preferred stock - \$0.01 par value, 500,000 shares authorized; Series A – liquidation preference

\$1,000 per share, 124,000 shares issued and outstanding	117,805	117,407
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Common stock and paid in capital - \$0.01 par value per share, 75,000,000 shares authorized, 21,101,149 shares issued:

22,860,768 shares and 21,299,209 shares outstanding at March 31, 2010 and

December 31, 2009, respectively	335,877	331,538
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Retained earnings (accumulated deficit)	(45,775)	(42,077)
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Accumulated other comprehensive income:

Unrealized gain on securities available for sale and/or transferred to held to maturity	804	249
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