





Sterling Financial Corporation  
*2007 Annual Report*

*Wall Street Strong,  
Main Street Proud*





*Years like 2007 are what responsible leadership and strong fundamentals are all about.*

Although last year will go down as one of the world's most challenging financial markets in recent history, we remain optimistic. Our longstanding commitment to honest and Hometown Helpful® lending will continue to serve us well as we pursue our quest to become the leading regional community bank in the West by all measures.

# 2007 *Financial Data*

(Dollar amounts in thousands, except per-share amounts)

Years Ended December 31,

OPERATING RESULTS	2007	2006	2005	2004	2003
Interest income	\$766,978	\$550,855	\$387,811	\$319,761	\$214,727
Interest expense	(411,618)	(286,943)	(171,276)	(122,945)	(89,807)
Net interest income	355,360	263,912	216,535	196,816	124,920
Provision for credit losses	(25,088)	(18,703)	(15,200)	(12,150)	(10,500)
Net interest income after provision for credit losses	330,272	245,209	201,335	184,666	114,420
Non-interest income	93,478	69,340	59,569	47,799	33,735
Non-interest expenses	(285,537)	(206,373)	(170,281)	(148,370)	(94,564)
Income before income taxes	138,213	108,176	90,623	84,095	53,591
Income tax provision	(44,924)	(34,230)	(29,404)	(27,790)	(18,678)
Net income	\$93,289	\$73,946	\$61,219	\$56,305	\$34,913
Earnings per share—basic <sup>(1)</sup>	\$1.87	\$2.03	\$1.77	\$1.66	\$1.45
Earnings per share—diluted <sup>(1)</sup>	\$1.86	\$2.01	\$1.75	\$1.62	\$1.42
Dividends declared per share	\$0.35	\$0.27	\$0.105	0	0
Weighted average shares outstanding—basic <sup>(1)</sup>	49,786,349	36,423,095	34,633,952	33,931,509	23,980,113
Weighted average shares outstanding—diluted <sup>(1)</sup>	50,217,515	36,841,866	35,035,029	34,708,794	24,590,172
<b>FINANCIAL RATIOS<sup>(1)</sup></b>					
Book value per share	\$23.04	\$18.63	\$14.54	\$13.65	\$10.21
Return on average assets	0.83%	0.88%	0.87%	0.88%	0.88%
Return on average shareholders' equity	8.6%	13.0%	12.4%	13.2%	14.4%
Shareholders' equity to total assets	9.8%	8.0%	6.7%	6.8%	5.9%
Operating efficiency	63.6%	61.9%	61.7%	60.7%	59.6%
Net interest margin (tax equivalent)	3.42%	3.33%	3.30%	3.34%	3.36%
Nonperforming assets to total assets	1.04%	0.11%	0.11%	0.20%	0.50%

<sup>(1)</sup>Weighted average shares and per-share amounts for the applicable prior periods have been restated to reflect stock splits in prior periods.

(Dollar amounts in thousands)

Years Ended December 31,

<b>BALANCE SHEET DATA</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Total assets	\$12,149,775	\$9,834,492	\$7,562,377	\$6,944,234	\$4,280,787
Loans receivable, net	8,948,307	7,021,241	4,889,366	4,253,887	2,907,892
Mortgage-backed securities	1,785,031	1,687,672	1,960,582	2,036,920	983,736
Investments	201,033	134,077	91,331	92,819	38,187
Deposits	7,677,772	6,746,028	4,806,301	3,863,296	2,455,076
FHLB advances	1,687,989	1,308,617	1,443,462	1,635,933	1,026,031
Reverse repurchase agreements and funds purchased	1,178,845	616,354	611,676	780,012	363,137
Other borrowings	273,015	240,226	110,688	131,822	137,998
Shareholders' equity	1,185,330	783,416	506,685	469,844	250,348

#### **CAPITAL RATIOS<sup>(2)</sup>**

Tier 1 leverage (to average assets)					
Sterling	8.7%	8.7%	7.4%	N/A	N/A
Sterling Savings Bank	8.5%	8.6%	7.2%	6.6%	7.4%
Golf Savings Bank	7.3%	6.9%	N/A	N/A	N/A
Tier 1 (to risk-weighted assets)					
Sterling	10.1%	10.0%	9.5%	N/A	N/A
Sterling Savings Bank	9.8%	9.7%	9.2%	9.7%	9.9%
Golf Savings Bank	10.2%	10.9%	N/A	N/A	N/A
Total (to risk-weighted assets)					
Sterling	11.3%	11.1%	10.5%	N/A	N/A
Sterling Savings Bank	11.0%	10.8%	10.2%	10.7%	10.9%
Golf Savings Bank	10.8%	11.6%	N/A	N/A	N/A

#### **STATISTICAL DATA**

Number of:

Employees (full-time equivalents)	2,571	2,405	1,789	1,624	1,121
Depository branches	178	166	140	135	86

#### **ANNUAL STOCK PERFORMANCE**

High	\$33.79	\$34.35	\$26.20	\$26.37	\$20.70
Low	16.36	24.67	21.18	18.72	10.24
Close	16.79	33.35	24.38	25.44	20.16

<sup>(2)</sup> Sterling Financial Corporation did not have regulatory capital-ratio requirements prior to its conversion to a bank holding company in July 2005. Golf Savings Bank's capital ratios have not been disclosed for periods prior to Sterling's acquisition of Golf Savings Bank in July 2006.

# Shareholders' Letter

A message from **Harold B. Gilkey**  
Chairman, President and CEO  
Sterling Financial Corporation



## Dear Shareholders:

As we started 2007, it was a bit like the beginning of a parade. There was excitement in the air and plenty of fanfare. Just as musicians tune their instruments and troubadours practice their antics, all preparations had been made to make the parade a success. The beginning of 2007

was the best of times for Sterling Financial Corporation ("Sterling"). We had just completed the acquisition of FirstBank NW, in Clarkston, and welcomed its employees, customers and shareholders to the Sterling family. This acquisition also expanded our footprint with 19 additional branches in Eastern Washington, Eastern Oregon and Idaho.

In February 2007, Sterling celebrated 20 years as a publicly traded company on NASDAQ. We also completed the acquisition of Sonoma National Bank ("Sonoma"), extending the Sterling footprint into the California retail market, which is a notable milestone. Again, there was an air of excitement as we welcomed the Sonoma employees, customers and shareholders to the Sterling family.

The acquisition of Sonoma was valued at \$332.8 million and Sonoma brought \$1.60 billion in assets and \$987.7 million in deposits to Sterling. This acquisition also added 13 new branches in Northern California. Sonoma also brought a great SBA-lending program that we have implemented throughout Sterling's footprint.

With our growth in total assets, Sterling's bank subsidiary, Sterling Savings Bank, became the second-largest community bank in the western United States. Over the first six months of 2007, Sterling's performance was substantial, with growth in revenues, assets and net income. Loan originations and deposit growth were on track for record performance. Golf Savings Bank ("Golf"), another bank subsidiary of Sterling, was contributing to growth in our mortgage-banking segment, with strong mortgage-loan originations and sales.



Sterling and two of its executive officers were recognized for their accomplishments during 2007. Sandler O’Neill, an investment-banking firm specializing in financial institutions, bestowed on Sterling the coveted SM All-Star (Sterling also received this award in 2004); US Banker magazine recognized Heidi B. Stanley as the 14th of 25 Most Powerful Women in Banking; and Ernst & Young, the international accounting firm, bestowed on me the prestigious Entrepreneur of the Year award in the category of Pacific Northwest Finance Division.

During June 2007, after 17 years, we finally got our day in court (the U.S. Court of Federal Claims) to argue for damages incurred as a result of the U.S. Government’s breach of contracts related to past acquisitions of failed savings institutions. On February 19, 2008, the U.S. Court of Federal Claims issued its decision awarding damages to Sterling in the amount of \$1.05 million. Although the decision made an affirmative award of money damages in Sterling’s favor, the amount of the award was lower than the amount of damages Sterling believes it actually suffered as a result of the breach.

Then, like in many parades, there was a break in activity, or perhaps, more like a float that strays out of line and disrupts the rest of the parade. For many financial institutions, including Sterling, the disruption came in August 2007, with the credit crunch brought on by the sub-prime mortgage “meltdown.”

Although Sterling was not directly involved with the type of exotic, structured products that sparked the credit crunch, indirectly the fallout has had a substantial impact on Sterling. Initially, the reduced liquidity of the mortgage markets had substantially impacted the origination of

residential mortgage loans, and many homebuyers were unable to obtain their mortgages and complete the purchase of homes. This resulted in homebuilders having an excess supply of housing inventory, primarily in Boise, Idaho, and a few of Sterling’s other smaller markets. This, in turn, has led to increased delinquencies and a slowdown in construction.

Sterling had solid performance in 2007. While our recent focus has been on managing asset quality, we are proud of our accomplishments. Through organic growth and acquisition activity, Sterling increased total assets 24 percent to a record \$12.15 billion. Despite difficult market conditions, we also increased net income to \$93.3 million in 2007, a 26-percent increase over 2006. We increased loans receivable 27 percent to \$8.95 billion, deposits 14 percent to \$7.68 billion and capital 51 percent to \$1.19 billion – all record levels.

**Key performance ratios for the year ended December 31, 2007, are as follows:**

- Record total assets of \$12.15 billion
- Record loans receivable of \$8.95 billion
- Record total loan originations of \$5.48 billion
- Record total capital of \$1.19 billion
- Record net income of \$93.3 million

Sterling Savings Bank and its three subsidiaries, Action Mortgage Company, a residential construction lending company; INTERVEST-Mortgage Investment Company, a full-service commercial mortgage banking company; and Harbor Financial Services, a non-bank financial services company, contributed to our success over the year. Although our real estate subsidiaries were significantly impacted in the second half of the year, we were pleased with the contributions of our subsidiaries.





## *Golf Savings Bank Executive Team*

Left to right: David Holmstrom, Vicki Williams, Donn Costa, Debbie Steck, Matt Mullet



Golf also contributed to Sterling's success in 2007. Golf currently operates 27 locations throughout Washington, Oregon, Idaho and Utah, and focuses primarily on single-family residential mortgage loans. Despite the disruption in the mortgage market, Golf performed well and provided shareholder value to the company during 2007, with an increase in originations of 24 percent, in assets of 30 percent and in deposits of 32 percent compared with 2006.

In September, Sterling announced that co-founder William Zuppe would retire as CEO of Sterling Savings Bank, effective December 31, 2007. He will continue to serve as

chairman of the board of Sterling Savings Bank and will continue to serve on the board of directors of Sterling Financial Corporation. Bill has been a true community banker and is past chairman of America's Community Bankers (now the combined organization America's Bankers Association), past chairman of the Washington Savings League board of directors and past member of the Federal Reserve Board - Thrift Institutions Advisory Council. Bill's community activities include leadership roles with the Boy Scouts of America, Gonzaga University's School of Business, United Way and the Salvation Army.



Bill has participated directly in the growth of Sterling since its inception and has helped Sterling grow to more than \$12 billion in assets. Bill's direct management of Sterling Savings Bank has been greatly appreciated.

We are excited to have Heidi Stanley promoted to president and chief executive officer of Sterling Savings Bank. Heidi joined Sterling in 1985, and has served as vice chair of the board and chief operating officer of Sterling Savings Bank since October 2003. In addition to serving as a director of Sterling Savings Bank, she also serves as a

director of Sterling Savings' subsidiaries INTERVEST, Action Mortgage and Harbor Financial. Heidi is vice chair of America's Bankers Association ("ABA") Membership Committee and a member of the ABA's Government Affairs Steering Committee. She is also currently a member of the board of directors of Avista Corporation, a public utility company headquartered in Spokane. She is immediate past chair of Greater Spokane Incorporated, past chair of the board of the Association of Washington Business and the Spokane-area YMCA.

### *Sterling Savings Bank Executive Team*

Left to right: Tom Colosimo, Ezra Eckhardt, Steve Page, Greg Seibly, Nancy McDaniel, Heidi Stanley





We have a strong executive-management team that is dedicated to Sterling and its mission. Our commitment to building a strong organization remains the same and we have several key executives to help lead the way. Our executive team is comprised of a combination of long-time, committed Sterling leaders and new leaders who bring a fresh perspective to the growing company. Among them are Greg Seibly, EVP and chief production executive (21 years of banking experience); Steve Page, EVP and chief credit officer (one of Sterling's original 13 employees with 30 years of banking experience); Nancy McDaniel, EVP and portfolio manager (22 years of banking experience); Carol Mangan, EVP and commercial banking group director (28 years of banking experience); Debbie Meekins, EVP and retail banking director (former president of Sonoma with 35 years of banking experience); David Herbison, SRVP and deposit management director (24 years of banking experience); Ezra Eckhardt, EVP and chief administration officer; Tom Colosimo, EVP and chief financial officer; and Larry Conley, president of INTERVEST (14 years of banking experience).

We also augmented the expertise of our directorate. In December 2007, Katherine K. Anderson, chief financial officer of the Seattle Opera, and Ellen R.M. Boyer, chief operating officer and chief financial officer of Kibble and Prentice, were appointed to the board of directors of Sterling Financial Corporation. We are pleased to welcome both individuals to Sterling and know that Ms. Anderson and Ms. Boyer, who are both certified public accountants, will add great depth and financial expertise to the board.

All of our directors, executive team members and employees share the vision of becoming the leading regional community bank in the West by all measures. We will meet this goal by continuing to focus on providing Hometown Helpful service. Sterling meets its customers where they want to be met, whether it is through our Internet banking, Loan by Phone services, loan-production centers, ATM network, etc. We remain focused on our customers and on providing the individual attention they deserve. This warm, personal approach to banking is what sets us apart from other banks.

On behalf of myself and all of the executive team, we would like to thank all of our employees for their efforts and dedication to making 2007 another successful year for Sterling. We would also like to thank our loyal customers, board of directors and shareholders for contributing to our success. We have had quite a year with many accolades. We have expanded the total assets of the franchise and its geographic footprint. We have strengthened our capital resources. We have in place a quality and experienced management team with demonstrated skills, and we have a credit administration team and systems in place to manage through this downturn in the residential-construction industry.



As we enter 2008, we are cautiously optimistic that Sterling's market area is insulated, but not isolated, from the downturn in the national economy. The economic signs in the Pacific Northwest are healthier than those of the national economy, and seeing the many successes of our customers is encouraging. As I write this, the Pacific Northwest is seeing major industries, such as aerospace and technology, continue to grow, and agriculture is booming, with record wheat prices. We are encouraged by the trends and growth within our footprint. We have a powerful team at Sterling to lead the 2008 parade into another successful year, and we are optimistic that we will continue to create value for our shareholders.

**Harold B. Gilkey**

Chairman, President and Chief Executive Officer  
Sterling Financial Corporation

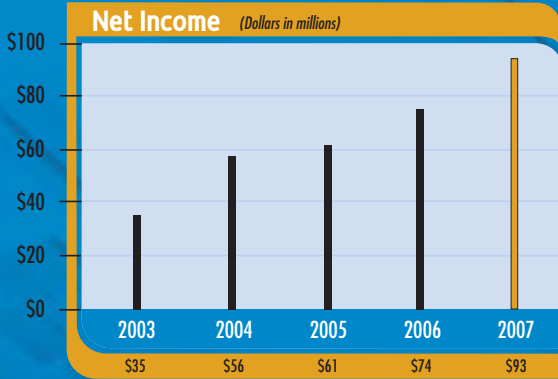


I have been privileged to have worked with Bill Zuppe for the last 30 years. He has been my longtime friend and co-worker, who founded Sterling Savings Bank with me. In September, Bill announced that he would retire at the end of the year. The thing I will miss most is his ability to boil down issues into great one-liners. He has always been able to keep me balanced. I will greatly miss his quick wit and his ability to grasp information and ideas and turn them into action. We are all so happy for Bill and wish him only the best in the golden years of his retirement.

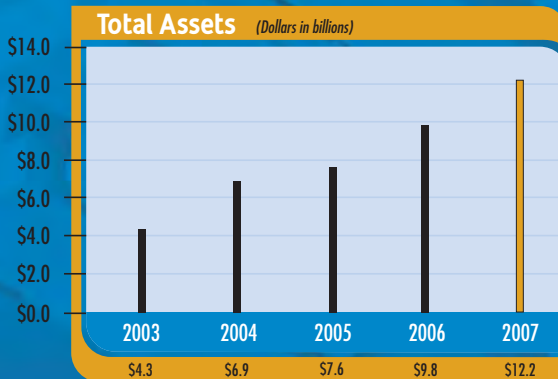
Bill will continue to be an active member of the Sterling family, remaining as chairman of the Sterling Savings Bank Board of Directors as well as director of Sterling Financial Corporation.

I am, however, excited to move forward with Sterling's next generation of leadership. Heidi Stanley, who has been with us since 1985, has been promoted to CEO and president of Sterling Savings Bank. I have great faith that Heidi's and the next generation of leadership's knowledge, skills and commitment to Hometown Helpful will lead our bank to continued success.

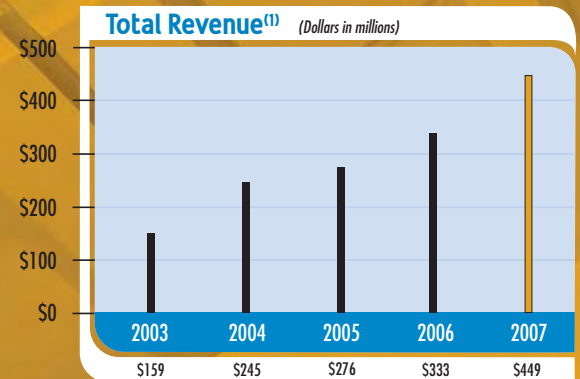
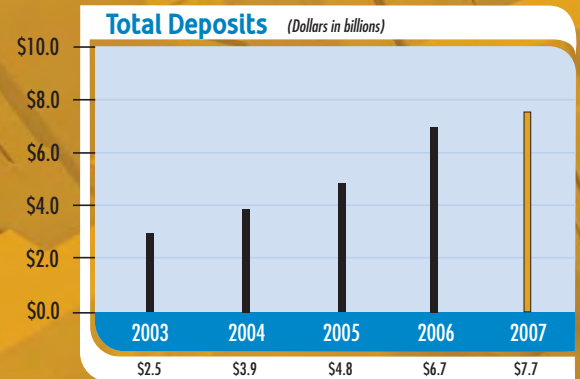
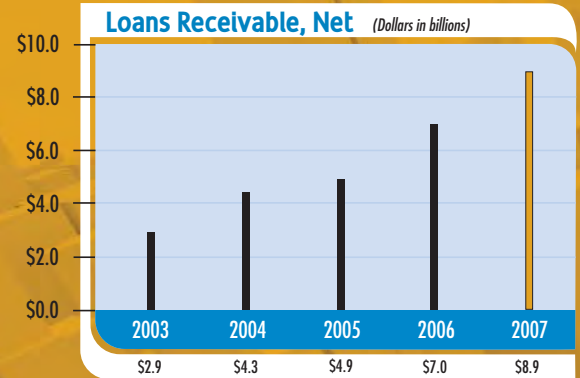
Bill, we thank you for everything you have done for Sterling.



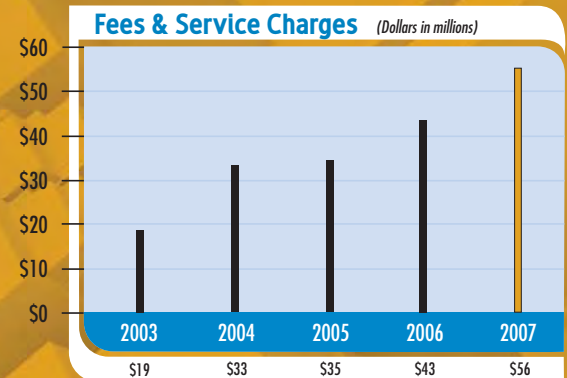
We increased net income to \$93.3 million in 2007, a 26% increase over 2006.



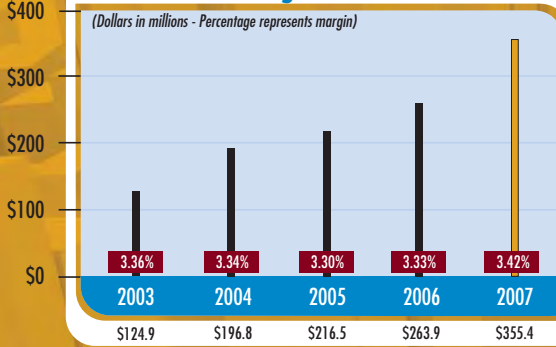
Sterling increased total assets 24% during 2007 to a record \$12.15 billion.



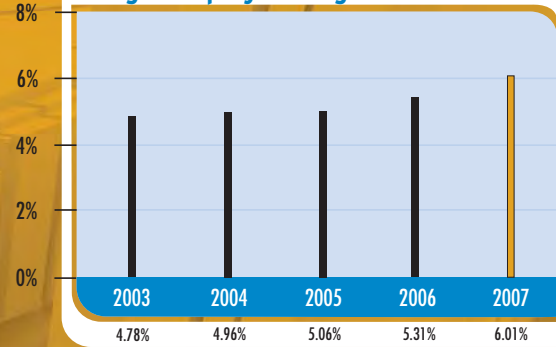
<sup>(1)</sup> Total revenue is net interest income plus non-interest income



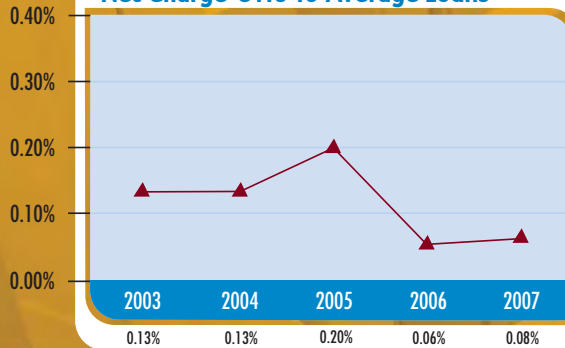
### Net Interest Margin



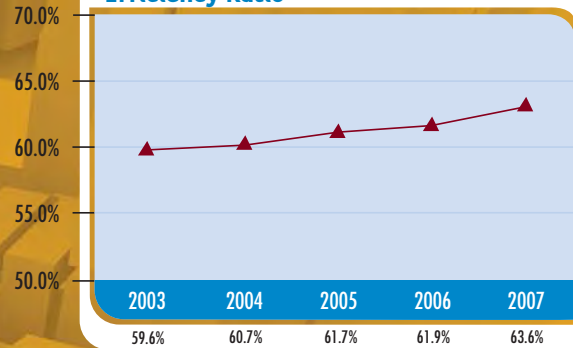
### Tangible Equity To Tangible Assets



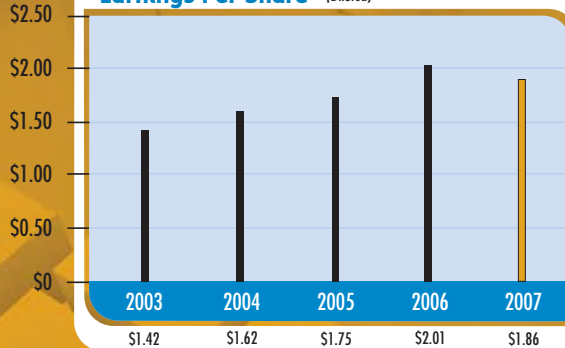
### Net Charge-Offs To Average Loans



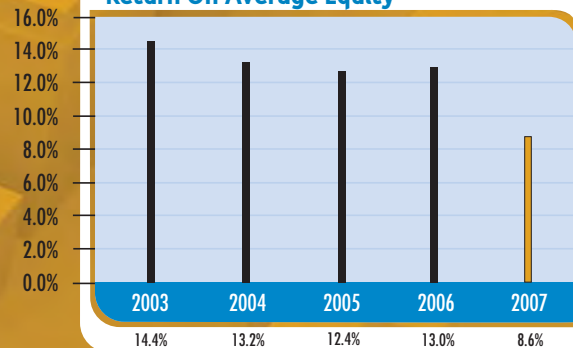
### Efficiency Ratio



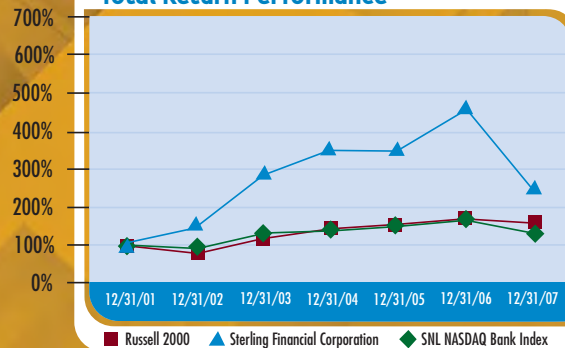
### Earnings Per Share (Diluted)



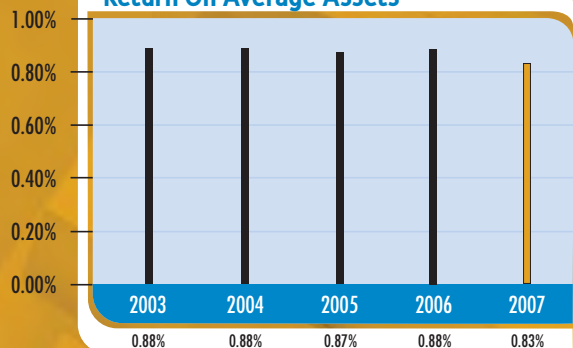
### Return On Average Equity



### Total Return Performance



### Return On Average Assets



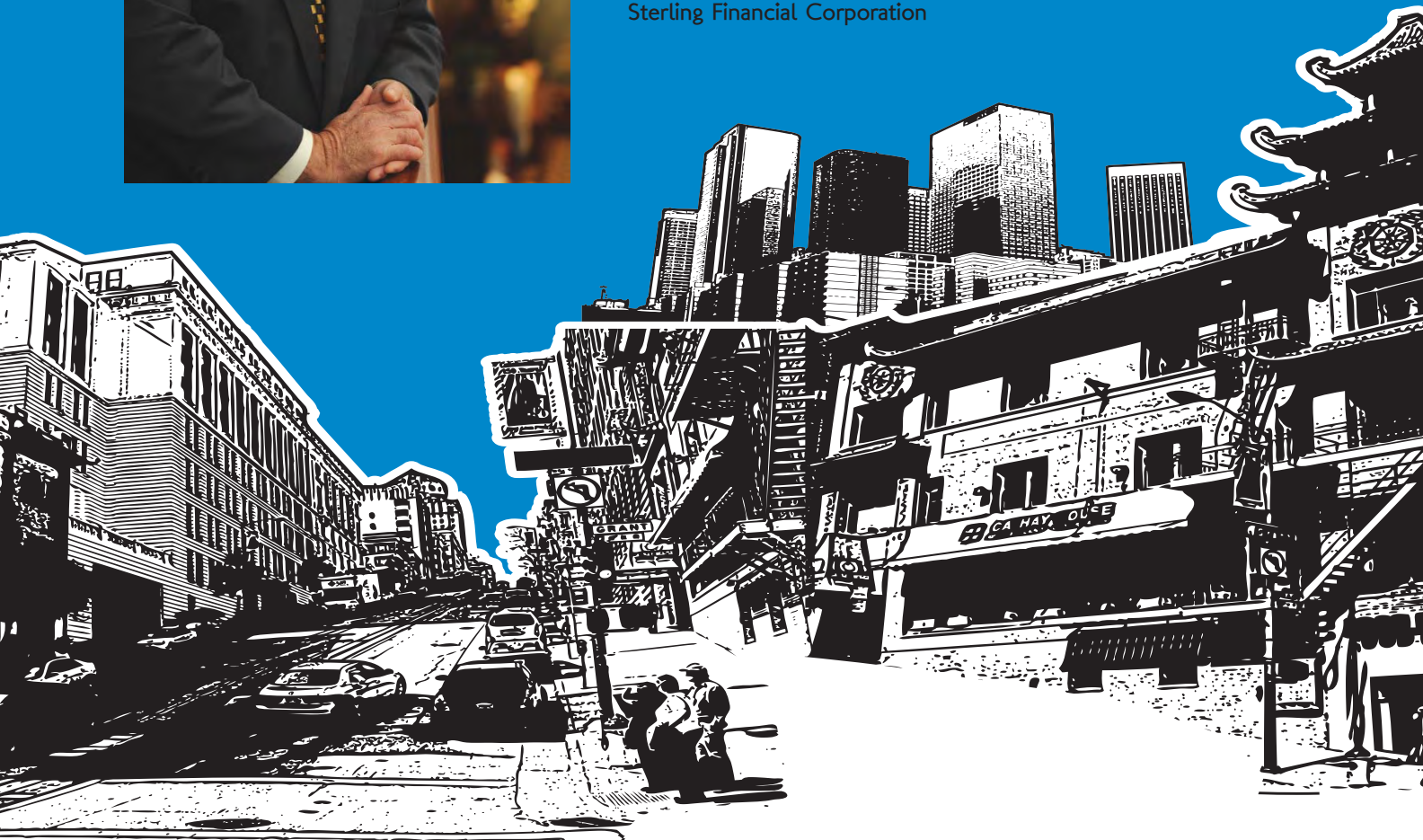
# Building Momentum

- Total Capital - \$1.19 billion
- Tangible Shareholder Equity to Tangible Assets - 6.01%
- Regulatory Tier I Leverage - 8.7%
- Regulatory Total Risk-Based Capital - 11.3%



"In 2007 Sterling continued to improve its capital position and financial resources. We have high expectations for continued achievement in the coming year and remain committed to providing Hometown Helpful services to the benefit of our customers, employees and shareholders."

**Daniel G. Byrne**  
Executive Vice President  
and Chief Financial Officer  
Sterling Financial Corporation



# 2007 Highlights



## *Sterling Savings Bank Production Team*

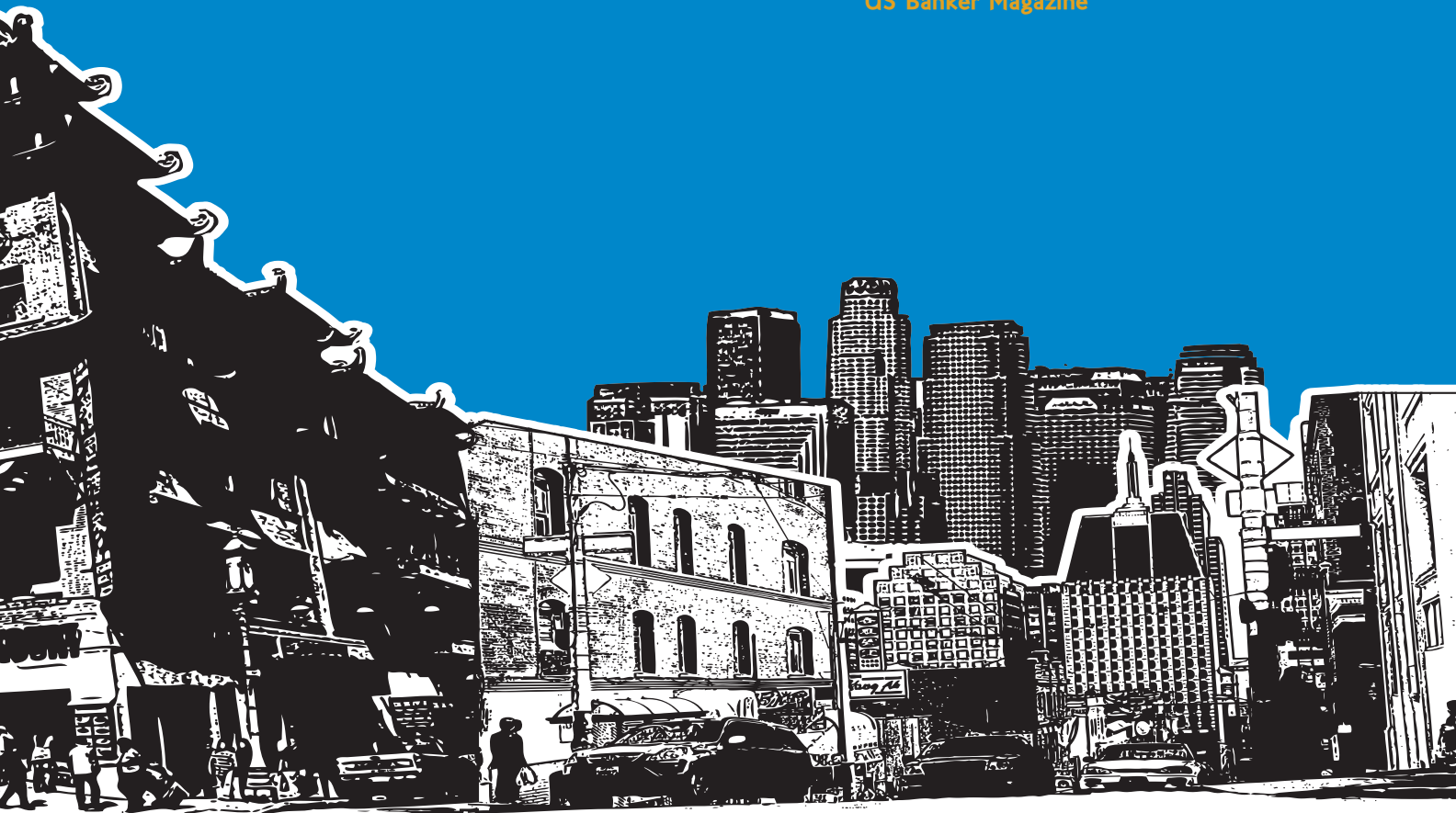
Front Row (Left to Right):

Debbie Meekins, Heidi Stanley, David Herbison

Back Row (Left to Right):

Larry Conley, Carol Mangan, Greg Seibly (not pictured)

- Record total assets of \$12.15 billion
- Record loans receivable of \$8.95 billion
- Record total loan originations of \$5.48 billion
- Record net income of \$93.3 million
- Integrated the acquisition of FirstBank, expanding our footprint with 19 additional branches in Eastern Washington, Eastern Oregon and Idaho
- Integrated the acquisition of Sonoma National Bank, adding 13 branches to the Sterling footprint and making our first expansion into the California market
- Harold Gilkey named Entrepreneur of the Year by Ernst & Young
- Heidi Stanley named 14th of 25 Most Powerful Women in Banking by US Banker Magazine





*Sterling has never been content to simply watch the passing parade.*

We were founded on the principle that a great bank participates in the communities it serves. So whether we're helping beautify a park, building a home for those in need or sponsoring a team of little leaguers, our communities count on us long after the vault door is closed.



*Stock prices may fluctuate, interest rates may fluctuate, but providing Hometown Helpful service does not.*

It is only in serving the business across the street and the neighbor three doors down that we ultimately serve our shareholders.



# Sterling Savings Bank Branch Locations



## California Sonoma National Bank Division

Concord  
Healdsburg  
Novato  
Petaluma  
    East  
    West  
San Rafael  
Santa Rosa  
    Main  
    Oakmont  
    West College  
Sebastopol  
Sonoma  
Walnut Creek  
Windsor

## Idaho

Boise  
Cascade  
Coeur d'Alene  
    Coeur d'Alene  
    Northwood Center  
Grangeville  
Hayden  
Kooskia  
Lewiston  
    Downtown  
    Lewiston  
    Orchards

McCall  
Meridian  
Moscow  
    Jackson Street  
    Moscow  
New Meadows  
Plummer  
Riggins  
Troy

## Montana

Big Timber  
Billings  
Bozeman  
Hamilton  
Livingston  
Missoula  
    Downtown  
    Reserve Street

## Oregon

Ashland  
Astoria  
Baker City  
Bandon  
Bend  
    Bend  
    Bend-East  
Brookings  
Burns  
Carlton  
Cave Junction

Central Point  
Clatskanie  
Coos Bay  
    Coos Bay  
    Coos Bay-Empire  
Coquille  
Enterprise  
Eugene In-store  
Florence  
Garibaldi  
Gold Beach  
Grants Pass In-store  
Hermiston  
    Hermiston  
    Hermiston In-store  
Independence  
Jacksonville  
Jefferson  
John Day  
Klamath Falls  
    Campus  
    Madison  
    Main  
    Shasta  
LaGrande  
    LaGrande  
    Island City  
Lakeview  
Medford  
McAndrews  
Stewart

Merrill  
Monroe  
North Bend  
Nyssa  
Oakridge  
Ontario  
Orencia Station  
Pendleton  
Pilot Rock  
Port Orford  
Portland  
    Hollywood  
    Lombard  
    Rockwood  
    Peterkort  
    Tualatin  
    Wilsonville  
Redmond  
Riddle  
Scio  
Seaside  
Springfield In-store  
Sunnyside  
Tillamook  
    Pacific  
    Third Street  
Union  
Vale  
Woodburn In-store  
Yamhill

**Washington**

Aberdeen  
 Alderwood  
 Auburn  
 Bainbridge Island  
 Bellevue  
 Blaine  
 Brewster  
 Burien  
 Cascade Park  
 Centralia  
 Chehalis  
 Clarkston  
 16th Avenue  
 Clarkston  
 Cle Elum  
 Colfax  
 College Place  
 Coulee City  
 Dayton  
 Ellensburg  
 Elma  
 Federal Way  
 Fircrest  
 Forks  
 Goldendale  
 Issaquah  
 Kennewick  
 Kennewick  
 Kennewick In-store  
 Kirkland  
 Lacey  
 Liberty Lake  
 Lynden  
 McCleary  
 Medical Lake  
 Mercer Island  
 Montesano  
 Morton  
 Moses Lake  
 North Bend  
 Oakville  
 Olympia  
 Oroville  
 Othello  
 Panorama City  
 Pasco  
 Point Roberts  
 Pomeroy  
 Port Angeles  
 Redmond  
 Richland  
 Richland  
 Richland In-store  
 Ritzville  
 Rochester  
 Seattle  
 4th & Union  
 Ballard  
 Northgate  
 ☼ Spokane  
 Argonne  
 Convenience Center  
 Main

Manito  
 Northpointe  
 Northtown  
 Valley  
 Stanwood  
 Tacoma Mall  
 Walla Walla  
 Waterville  
 White Salmon  
 Winlock

**Commercial  
 Banking Centers**  
 California Sonoma  
 National Bank Division  
 Santa Rosa

**Idaho**  
 Boise  
 Coeur d'Alene  
 Grangeville  
 Lewiston  
 McCall  
 Moscow

**Montana**  
 Billings  
 Bozeman  
 Missoula

**Oregon**  
 Baker City  
 Bend  
 Coos Bay  
 Eugene  
 Klamath Falls  
 LaGrande  
 Lakeview  
 Medford  
 Pendleton  
 Portland  
 Portland  
 Peterkort  
 Seaside  
 Tillamook  
 Wilsonville

**Washington**  
 Bellevue  
 Blaine  
 Chehalis  
 Federal Way  
 Fircrest  
 Kennewick  
 Moses Lake  
 Seattle  
 Spokane  
 Main  
 Northpointe

**Corporate  
 Banking Centers**  
 Eugene  
 Portland  
 Seattle

**Private Banking Centers**

**Idaho**  
 Boise

**Montana**  
 Billings

**Oregon**  
 Bend  
 Portland

**Washington**  
 Bellevue  
 Lynden  
 Seattle  
 Spokane  
 Tacoma  
 Tri-Cities

**Golf Savings  
 Bank Locations**

**Idaho**  
 Boise  
 Coeur d'Alene  
 Arrowhead  
 Ironwood

**Oregon**  
 Clackamas  
 Coos Bay  
 Eugene  
 Klamath Falls  
 Lake Oswego  
 Medford  
 Roseburg

**Washington**  
 Bellevue  
 Bellingham  
 Gig Harbor  
 Kennewick  
 Kirkland  
 Moses Lake  
 Mountlake Terrace  
 Mount Vernon  
 Northgate  
 Seattle  
 Silverdale  
 Spokane  
 Downtown  
 North Side  
 Tacoma  
 Vancouver  
 Yakima

**Utah**  
 Salt Lake City

**Action Mortgage Company  
 Locations**

**Action Mortgage Residential**  
 Spokane - Home  
 Loan Center

**Action Construction**

**Washington**  
 Bellevue  
 Mountlake Terrace  
 Spokane  
 Tacoma  
 Vancouver

**Oregon**  
 Bend  
 Clackamas  
 Lake Oswego  
 Portland

**Idaho**  
 Boise

**Utah**  
 Salt Lake City

**California**  
 Santa Rosa

**INTERVEST Locations**

**Arizona**  
 Phoenix

**California**  
 Oakland (Bay Area)  
 Sacramento  
 Walnut Creek

**Colorado**  
 Denver

**Oregon**  
 Portland

**Washington**  
 Seattle  
 Spokane

**Harbor Financial Services**  
 Service available in all Sterling  
 Savings Bank locations



## STERLING FINANCIAL CORPORATION BOARD OF DIRECTORS

### Row 1 Left to Right:

Harold B. Gilkey, Co-Founder, Chairman of the Board, President and Chief Executive Officer of Sterling Financial Corporation

William W. Zuppe, Co-Founder and Director of Sterling Financial Corporation

Donald J. Lukes, Retired attorney, formerly with Witherspoon, Kelley, Davenport & Toole, P.S. in Spokane, WA

### Row 2 Left to Right:

Ellen R.M. Boyer, Chief Operating Officer/Chief Financial Officer of Kibble & Prentice, a financial services company in Seattle, WA

James B. Keegan Jr., Partner in Keegan & Coppin Company, Inc., a real estate brokerage and development firm in Santa Rosa, CA

### Row 3 Left to Right:

Michael F. Reuling, Self-employed real estate consultant in Boise, ID

James P. Fugate, Retired Superintendent of Auburn School District No. 408 in Auburn, WA

Katherine K. Anderson, Chief Financial Officer of Seattle Opera in Seattle, WA

Donald N. Bauhofer, Founder and President of The Pennbrook Company, a real estate development firm in Bend, OR

### Row 4 Left to Right:

William "Ike" L. Eisenhart, Independent financial consultant to privately held and publicly traded companies in Seattle, WA

Robert D. Larrabee, Retired, owner of Merchant Mortuary Group in Clarkston, WA



## STERLING SAVINGS BANK BOARD OF DIRECTORS

### Row 1 Left to Right:

Harold B. Gilkey, Co-Founder and Director of Sterling Savings Bank

Heidi B. Stanley, Vice Chair, President and Chief Executive Officer of Sterling Savings Bank

William W. Zuppe, Co-Founder, Chairman of the Board of Sterling Savings Bank, retired Chief Executive Officer of Sterling Savings Bank

### Back Row Left to Right:

William J. Wrigglesworth, President and Chief Executive Officer of Payne Financial Group in Spokane, WA

Rodney W. Barnett, President and General Manager of Carr Sales Co., an electrical supply firm in Spokane, WA

Ned M. Barnes, Corporate Secretary; Principal in the law firm of Witherspoon, Kelley, Davenport & Toole, P.S. in Spokane, WA

Dianne E. Spires, Certified Public Accountant and Partner in the firm of Rusth, Spires & Menefee, LLP in Klamath Falls, OR

Kermit K. Houser, Former President and Chief Executive Officer of Klamath First Bancorp, Inc. in Klamath Falls, OR

Marcus Lampros, Co-owner of Lampros Steel and co-owner of Alliance Steel in Portland, OR

Creigh H. Agnew, Retired, former Vice President Government Affairs and Corporate Contributions/Corporate Affairs of Weyerhaeuser Company in Federal Way, WA

Clement "Clem" C. Carinalli, Self-employed real estate investor, vineyard owner and partner in Santa Rosa Recycling & Collections, a solid waste and recycling franchise in Santa Rosa, CA

Thomas H. Boone, Attorney, Shareholder and President in the law firm Boone Karlberg, P.C. in Missoula, MT



## GOLF SAVINGS BANK BOARD OF DIRECTORS

Row I Left to Right:

Bob Donegan, **President of Ivar's Restaurants in Seattle, WA**  
Harold B. Gilkey, **Chairman of the Board, President and Chief Executive Officer of Golf Savings Bank**

Mark Tueffers, **JD, CPA, Tueffers, Guckian & Gamon, PLLC, Certified Public Accountants in Mercer Island, WA**

Gerry Zachary, **Financial Consultant in Olympia, WA**

Charles Ainslie, **Former CEO and Founder of Golf Savings Bank in Mountlake Terrace, WA**

## STERLING MANAGEMENT TEAM

### STERLING FINANCIAL CORPORATION

Harold B. Gilkey, **Co-Founder, Chairman of the Board, President and Chief Executive Officer of Sterling Financial Corporation, Director of Sterling Savings Bank, Chairman of the Board, President and Chief Executive Officer of Golf Savings Bank**

Daniel G. Byrne, **Executive Vice President and Chief Financial Officer**

### STERLING SAVINGS BANK

William W. Zuppe, **Co-Founder, Chairman of the Board of Sterling Savings Bank, Director of Sterling Financial Corporation and retired Chief Executive Officer of Sterling Savings Bank**

Heidi B. Stanley, **Vice Chair, President and Chief Executive Officer**

Thomas W. Colosimo, **Executive Vice President and Chief Financial Officer**

Ezra A. Eckhardt, **Executive Vice President and Chief Administration Officer**

Nancy R. McDaniel, **Executive Vice President and Portfolio Manager**

Stephen L. Page, **Executive Vice President and Chief Credit Officer**

J. Greg Seibly, **Executive Vice President and Chief Production Executive**

Larry A. Conley, **President of INTERVEST-Mortgage Investment Company**

David W. Herbison, **Senior Vice President and Deposit Management Director**

Carol S. Mangan, **Executive Vice President and Commercial Banking Group Director**

Deborah A. Meekins, **Executive Vice President and Retail Banking Director**

## GOLF SAVINGS BANK

Donn C. Costa, **Executive Vice President of Golf Savings Bank**

David Holmstrom, **Vice President and Construction Lending Manager**

Matt Mullet, **Chief Financial Officer**

Debbie Steck, **Chief Operating Officer, Vice President of Production**

Vicki Williams, **Operations Manager**

## INVESTOR RELATIONS

### THE ANNUAL MEETING

The annual meeting of shareholders of Sterling Financial Corporation will be held in the Eric A. Johnston Auditorium of the Cheney Cowles Center, 2316 West First Avenue, Spokane, Wash., on Tuesday, April 22, 2008, at 10 a.m., local time.

### ANNUAL REPORT ON FORM 10-K

The financial highlights herein should be read in conjunction with the audited financial statements and other financial data included in the Form 10-K portion of the Annual Report for the year ended December 31, 2007, as the financial highlights presented herein have been derived from Sterling's audited financial statements for the periods shown.

### STOCK TRANSFER REGISTRAR

American Stock Transfer & Trust Company  
59 Maiden Lane, Plaza Level  
New York, NY 10038-4502  
(800) 676-0791

### SHAREHOLDER INQUIRIES & INVESTOR MATERIALS

Sterling Financial Corporation makes a variety of information and financial publications available on its website at [www.sterlingfinancialcorporation-spokane.com](http://www.sterlingfinancialcorporation-spokane.com). Copies of recent news releases may also be obtained by contacting Sterling at (509) 227-5389.

### NASDAQ: STSA

Financial publications, including Sterling's Annual Report on Form 10-K, may also be obtained without charge by writing or calling:

Sterling Financial Corporation  
111 North Wall Street  
Spokane, WA 99201  
(509) 227-5389

### Websites:

[sterlingfinancialcorporation-spokane.com](http://sterlingfinancialcorporation-spokane.com)  
[sterlingsavingsbank.com](http://sterlingsavingsbank.com)