

BANNER CORP
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Prospectus of Banner Corporation

Proxy Statement of Siuslaw Financial Group, Inc.

MERGER PROPOSED – YOUR VOTE IS VERY IMPORTANT

The boards of directors of Banner Corporation, or "Banner", and Siuslaw Financial Group, Inc., or "Siuslaw", have each approved a merger of our two companies. Under the merger agreement, Siuslaw will merge with and into Banner, with Banner as the surviving corporation. Each outstanding share of Siuslaw common stock, other than dissenting shares, will be converted into the right to receive, promptly following the completion of the merger, 0.32231 of a share of Banner common stock and \$1.41622 in cash. In connection with the merger, each outstanding share of Siuslaw Series A preferred stock, which we refer to as "preferred stock" will automatically convert to one share of Siuslaw common stock immediately prior to the merger and holders thereof will receive the same merger consideration as the other Siuslaw common shareholders.

The number of shares of Banner common stock that Siuslaw shareholders will receive for the stock portion of the merger consideration is fixed, the market value of those shares will fluctuate with the market price of Banner common stock and will not be known at the time Siuslaw shareholders vote on the merger agreement. Based on the closing price of Banner's common stock of \$39.14 on the NASDAQ Global Select Market, or NASDAQ, on August 7, 2014, immediately prior to the public announcement of the merger agreement, the value of the per share merger consideration payable to Siuslaw shareholders was \$14.03. Based on the closing price of Banner's common stock of \$40.22 on NASDAQ on January 14, 2015, the last trading day before the date of this proxy statement/prospectus, the value of the per share merger consideration payable to Siuslaw shareholders was \$14.38. We urge you to obtain current market quotations for Banner common stock (NASDAQ: trading symbol "BANR") and Siuslaw common stock (Over the Counter OTCQB: trading symbol "SFGP"). Based on the number of shares of Siuslaw common and preferred stock currently outstanding, the maximum number of shares of Banner common stock issuable in the merger is expected to be 1,319,995.

Siuslaw will hold a special meeting of its shareholders in connection with the merger. Siuslaw shareholders will be asked to vote to approve the merger agreement and related matters as described in the attached proxy statement/prospectus. Approval of the merger agreement by Siuslaw shareholders requires the affirmative vote of the holders of a majority of the outstanding shares of Siuslaw common and preferred stock voting together as a single class. References in this proxy statement/prospectus to Siuslaw stock and shareholders of Siuslaw includes outstanding shares of Siuslaw common and preferred stock and the holders of those shares.

The special meeting of Siuslaw shareholders will be held on February 28, 2015.

Siuslaw's board of directors unanimously recommends that Siuslaw shareholders vote "FOR" approval of the merger proposal and "FOR" each of the other items to be considered at the special meeting.

This proxy statement/prospectus describes the special meeting, the documents related to the merger and other related matters. Please carefully read this entire proxy statement/prospectus, including "Risk Factors," beginning on page 14, for a discussion of the risks relating to the proposed merger. You also can obtain information about Banner from

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documents that it has filed with the Securities and Exchange Commission. On behalf of the board of directors of Siuslaw, thank you for your prompt attention to this important matter.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the shares of Banner stock to be issued in the merger or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The securities to be issued in the merger are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of Banner or Siuslaw, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this proxy statement/prospectus is January 15, 2015, and is first being mailed or otherwise delivered to the shareholders of Siuslaw on or about January 28, 2015.

Siuslaw Financial Group, Inc.
777 Highway 101
Florence, Oregon 97439
(541) 997-3486

Notice of Special Meeting of Siuslaw Financial Group, Inc. Shareholders

- Date: February 28, 2015
- Time: 4:00 p.m., local time
- Place: Siuslaw Bank,

777 Highway 101,
Florence, Oregon

To Siuslaw Financial Group, Inc. Shareholders:

We are pleased to notify you of, and invite you to, a special meeting of shareholders (which we refer to as the “special meeting”). At the special meeting, you will be asked to vote on the following matters:

- the approval of the Agreement and Plan of Merger, dated as of August 7, 2014, by and between Banner and Siuslaw, pursuant to which Siuslaw will merge with and into Banner (which we refer to as the “merger proposal”);
- a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the merger proposal (which we refer to as the “adjournment proposal”); and
- any other matters properly brought before the special meeting or any adjournment or postponement of the special meeting.

Only holders of record of Siuslaw common and preferred stock (“Siuslaw stock”) as of the close of business on January 23, 2015 are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting. Approval of the merger proposal requires the affirmative vote of holders of at least a majority of the outstanding shares of Siuslaw stock. The adjournment proposal will be approved if a majority of the votes cast on such proposal at the special meeting is voted in favor of that proposal.

Siuslaw’s board of directors has unanimously approved the merger agreement, has determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of Siuslaw and its shareholders, and unanimously recommends that Siuslaw shareholders vote “FOR” the merger proposal, and “FOR” the adjournment proposal.

Your vote is very important. We cannot complete the merger unless Siuslaw’s shareholders approve the merger proposal.

To ensure your representation at the special meeting, please complete and return the enclosed proxy card or submit your proxy via the Internet. Whether or not you expect to attend the special meeting in person, please vote promptly. If you hold your shares in street name through a bank, broker or other nominee and wish to vote your shares in person at the special meeting, then you must obtain a legal proxy from the holder of record authorizing you to do so by contacting your bank, broker or other nominee.

In connection with the merger, Siuslaw shareholders will have the opportunity to exercise dissenters’ rights in accordance with the procedures specified in the Oregon Revised Statutes (“ORS”) 60.554 through 50.594. A copy of these statutes are is included in the accompanying proxy statement/prospectus as Appendix C. Prior to the vote on the merger proposal, Siuslaw shareholders who wish to assert dissenters’ rights must notify Siuslaw of their intent to

dissent. For information on how Siuslaw shareholders may perfect their right to dissent on the merger proposal, see the section of this proxy statement/prospectus entitled “The Merger –Dissenters’ Rights of Siuslaw Shareholders” on page 54. A dissenting shareholder who follows the required procedures may receive cash

in an amount equal to the fair value of his or her shares of Siuslaw common stock, plus accrued interest, in lieu of the merger consideration provided for under the merger agreement. A shareholder who chooses to dissent pursuant to the applicable provisions of the ORS may provide the required notice specified therein to Siuslaw's principal executive offices at 777 Highway 101, Florence, Oregon 97439. For additional details about dissenters' rights, please refer to the "The Merger—Dissenters' Rights of Siuslaw Shareholders" and Appendix C in the accompanying proxy statement/prospectus.

We look forward to hearing from you.

By Order of the Board of Directors,

/s/Johan Mehlum

Johan Mehlum
Chairman and Chief Executive Officer
Siuslaw Financial Group, Inc.

Florence, Oregon
January 28, 2015

YOUR VOTE IS VERY IMPORTANT

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE MARK, SIGN AND DATE THE ENCLOSED PROXY CARD AND PROMPTLY RETURN IT IN THE ENCLOSED ENVELOPE.

REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Banner from documents filed with the Securities and Exchange Commission, or the SEC, that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain these documents through the SEC website at <http://www.sec.gov>, or by requesting them in writing or by telephone from Banner, as follows:

Banner Corporation
10 South First Avenue
Walla Walla, Washington 99362
Attention: Albert H. Marshall,
Senior Vice President and Corporate
Secretary
(509) 527-3636

You will not be charged for any of these documents that you request. To obtain timely delivery of these documents, you must request them no later than five business days before the special meeting. This means that Siuslaw shareholders requesting documents must do so by February 20, 2015, in order to receive them before the special meeting.

You should rely only on the information contained in, or incorporated by reference into, this document. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this document. This document is dated January 15, 2015, and you should assume that the information in this document is accurate only as of such date. You should assume that the information incorporated by reference into this document is accurate as of the date of the document that includes such information. Neither the mailing of this document to Siuslaw shareholders nor the issuance by Banner of shares of Banner stock in connection with the merger will create any implication to the contrary.

Information on the websites of Banner or Siuslaw, or any subsidiary of Banner or Siuslaw, is not part of this document or incorporated by reference herein. You should not rely on that information in deciding how to vote.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this document regarding Banner has been provided by Banner and information contained in this document regarding Siuslaw has been provided by Siuslaw.

See “Where You Can Find More Information” on page 106 for more details relating to Banner and “The Companies—Siuslaw” on page 92 for more details relating to Siuslaw.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following are some questions that you may have about the merger and the special meeting, and brief answers to those questions. We urge you to read carefully the entire proxy statement/prospectus because the information in this section does not provide all of the information that might be important to you with respect to the merger and the special meeting. Additional important information is contained in the documents incorporated by reference into this proxy statement/prospectus. See “Where You Can Find More Information” on page 106.

Unless the context otherwise requires, throughout this document, “Banner” refers to Banner Corporation, “Siuslaw” refers to Siuslaw Financial Group, Inc. and “we,” “us” and “our” refers collectively to Banner and Siuslaw.

Q: What is the merger?

A: Banner and Siuslaw have entered into an Agreement and Plan of Merger, dated as of August 7, 2014 (which we refer to as the “merger agreement”), pursuant to which Siuslaw will be merged with and into Banner, with Banner continuing as the surviving corporation (we refer to this transaction as the “merger”). Immediately following the merger, Siuslaw’s wholly owned subsidiary bank, Siuslaw Bank, will merge with Banner’s wholly owned subsidiary bank, Banner Bank (we refer to this transaction as the “bank merger”). A copy of the merger agreement is attached to this proxy statement/prospectus as Appendix A.

Q: Why am I receiving this proxy statement/prospectus?

A: We are delivering this document to you because you are a shareholder of Siuslaw and you are being asked to vote on the merger and the merger agreement at the special meeting of shareholders. This document is a proxy statement being used by Siuslaw’s board of directors to solicit proxies of its shareholders in connection with approval of the merger, approval of the adjournment of the meeting, if necessary, and any other matters properly presented at the meeting. This document is also a prospectus that is being delivered to Siuslaw shareholders because Banner is offering shares of its stock to Siuslaw shareholders in connection with the merger.

The merger cannot be completed unless the shareholders of Siuslaw approve the merger agreement (which we refer to as the “merger proposal”).

Q: In addition to the merger proposal, what else are Siuslaw shareholders being asked to vote on?

A: Siuslaw is soliciting proxies from holders of its stock with respect to one additional proposal; completion of the merger is not conditioned upon approval of this additional proposal:

a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the merger proposal (which we refer to as the “adjournment proposal”); and

to consider and vote on any other matters that may properly come before the special meeting.

Q: What will Siuslaw shareholders receive in the merger?

A: Each outstanding share of Siuslaw stock (except for dissenting shares) will be converted into the right to receive, promptly following the completion of the merger, 0.32231 of a share of Banner common stock, and \$1.41622 in cash (which we refer to as the “merger consideration”). Immediately prior to the merger, each outstanding share of Siuslaw preferred stock will automatically convert to one share of Siuslaw common stock and each holder thereof will receive the same merger consideration as the other Siuslaw common shareholders. Banner will not issue any fractional shares of Banner common stock in the merger. Siuslaw shareholders who would otherwise be entitled to a fractional share of Banner common stock upon completion of the merger will instead receive an amount in cash equal to the fractional share interest multiplied by the average of the volume weighted closing price (rounded to the nearest one ten thousandth) of Banner common stock on NASDAQ for the ten trading days immediately preceding the fifth day before the closing date of the merger (which we refer to as the “average Banner common stock price”).

Although the number of shares of Banner common stock that holders of Siuslaw common stock will receive is fixed, the market value of the stock portion of the merger consideration will fluctuate with the market price of Banner common stock and will not be known at the time Siuslaw shareholders vote on the merger agreement.

Q: How does Siuslaw's board of directors recommend that I vote at the special meeting?

A: After careful consideration, Siuslaw's board of directors unanimously recommends that you vote "FOR" the merger proposal and "FOR" the adjournment proposal.

All of the directors and executive officers of Siuslaw have entered into voting agreements with Banner, pursuant to which they have agreed to vote all of their shares of Siuslaw common stock "FOR" the merger proposal. For more information regarding the voting agreements, please see the section entitled "The Merger Agreement—Voting Agreements" on page 67.

For a more complete description of Siuslaw's reasons for the merger and the recommendations of the Siuslaw board of directors, please see the section entitled "The Merger—Siuslaw's Reasons for the Merger; Recommendation of Siuslaw's Board of Directors" beginning on page 35.

Q: When and where is the special meeting?

A: The special meeting will be held at the Florence Office, Siuslaw Bank, 777 Highway 101, Florence, Oregon on February 28,, 2015, at 4:00 p.m. local time.

Q: What do I need to do now?

A: After you have carefully read this proxy statement/prospectus and have decided how you wish your shares to be voted, please promptly take the steps identified in the following sentences so that your shares are represented and voted at the special meeting. If you hold your shares in your name as a shareholder of record, you must complete, sign, date and mail your proxy card in the enclosed return envelope as soon as possible. Alternatively, you can provide your proxy directing how you want your shares voted through the internet. Information and applicable deadlines for providing your proxy through the internet is set forth in the enclosed proxy card instructions. If you hold your shares in "street name" through a bank or broker, you must direct your bank or broker how to vote in accordance with the instructions you have received from your bank or broker.

Q: Who is entitled to vote?

A: Holders of record of Siuslaw common stock and preferred stock at the close of business on January 23, 2015, which is the date that the Siuslaw board of directors has fixed as the record date for the special meeting, are entitled to vote at the special meeting.

Q: What constitutes a quorum?

A: The presence at the special meeting, in person or by proxy, of holders of at least a majority of the outstanding shares of Siuslaw stock entitled to vote at the special meeting will constitute a quorum for the transaction of business. Abstentions and broker-nonvotes will be treated as shares that are present at the meeting for the purpose of determining the presence of a quorum.

Q: If my shares are held in "street name" through a bank, broker or other nominee, will my bank, broker or other nominee vote my shares for me?

A: No. Your bank, broker or other nominee cannot vote your shares without instructions from you. Please follow the voting instruction form provided by your bank, broker or other nominee. The effects of failing to instruct your bank, broker or other nominee how to vote your shares of Siuslaw stock on each of the proposals to be considered at the special meeting is described below.

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Q: What is the vote required to approve each proposal at the special meeting?

A: Merger proposal: To approve the merger proposal, at least a majority of the Siuslaw stock outstanding and entitled to vote at the special meeting must be voted in favor of such proposal. If you mark "ABSTAIN" on your proxy, fail to submit a proxy or fail to vote in person at the special meeting or fail to instruct your bank or broker how to vote with respect to the merger proposal, it will have the same effect as a vote "AGAINST" the merger proposal.

Adjournment proposal: To approve the adjournment proposal, more shares of Siuslaw stock present in person or by proxy at the special meeting must be voted in favor of such proposal than shares voted against the adjournment proposal. If you mark "ABSTAIN" on your proxy, fail to submit a proxy or fail to vote in person at the special meeting or fail to instruct your bank or broker how to vote with respect to the adjournment proposal, it will have no effect on such proposal.

Other matters: To approve action on any other matter properly presented at the meeting, more shares of Siuslaw stock present in person or by proxy at the special meeting must be voted in favor of such matter than shares voted against the matter. We are not aware of any other matter that is expected to be brought before the meeting.

Q: Why is my vote important?

A: If you do not vote by proxy or in person at the special meeting, it will be more difficult for Siuslaw to obtain the necessary quorum to hold its special meeting. In addition, your failure to submit a proxy or vote in person, or failure to instruct your bank or broker how to vote, or abstention from voting will have the same effect as a vote "AGAINST" the merger proposal at the special meeting. The merger agreement must be approved by the affirmative vote of the holders of at least a majority of Siuslaw stock entitled to vote at the special meeting.

Q: What happens if I return my proxy but do not indicate how to vote my shares?

A: If you sign and return your proxy card, but do not provide instructions on how to vote your shares, your shares will be voted "FOR" approval of the merger proposal and adjournment proposal.

Q: Can I attend the special meeting and vote my shares in person?

A: Yes. All shareholders of Siuslaw, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Holders of record of Siuslaw stock can vote in person at the special meeting. If you wish to vote in person at the special meeting and if you are a shareholder of record, you should bring the enclosed proxy card and proof of identity. If you hold your shares in street name through a broker, or beneficially own your shares through another holder of record, you will need to bring with you and provide to the inspectors of election proof of identity and a letter from your bank, broker, nominee or other holder of record confirming your beneficial ownership of common stock as of the record date and authorization for you to vote such shares at the special meeting (a "legal proxy" from your holder of record). At the appropriate time during the special meeting, the shareholders present will be asked whether anyone wishes to vote in person. You should raise your hand at this time to receive a ballot to record your vote. Everyone who attends the special meeting must abide by the rules distributed at the meeting for the conduct of the meeting.

Q: Can I change my proxy or voting instructions?

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- A: Yes. If you are a holder of record of Siuslaw stock, you may revoke your proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation to Siuslaw's corporate secretary, (3) attending the special meeting in person and voting by ballot at the special meeting, or (4) voting by the internet at a later time. Attendance at the special meeting by itself will not automatically revoke your proxy. A revocation or later-dated proxy received by Siuslaw after the vote is taken at the special meeting will not affect your previously submitted proxy. Siuslaw's corporate secretary's mailing address is: Corporate Secretary, Siuslaw Financial Group, Inc., P.O. Box 280, Florence, Oregon 97439. If you hold your

shares in “street name” through a bank or broker, you should contact your bank or broker to change your voting instructions.

Q: Will Siuslaw be required to submit the proposal to approve the merger agreement to its shareholders even if Siuslaw’s board of directors has withdrawn, modified or qualified its recommendation?

A: Yes. Unless the merger agreement is terminated before the special meeting, Siuslaw is required to submit the proposal to approve the merger agreement to its shareholders even if Siuslaw’s board of directors has withdrawn or modified its recommendation.

Q: What are the U.S. federal income tax consequences of the merger to Siuslaw shareholders?

A: The merger is intended to qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or Code. Assuming the merger qualifies as a reorganization, a U.S. holder of Siuslaw common stock generally will not recognize any gain or loss upon receipt of Banner common stock in exchange for Siuslaw common stock in the merger, and will recognize gain (but not loss) in an amount not to exceed any cash received as part of the merger consideration (except with respect to any cash received upon exercise of dissenters’ rights under Oregon law and in lieu of a fractional share of Banner common stock, as discussed below under “The Merger—Material U.S. Federal Income Tax Consequences of the Merger—Receipt of Only Cash Consideration Upon Exercise of Dissenters’ Rights and Cash Received Instead of a Fractional Share of Banner Common Stock” on page 53). It is a condition to the completion of the merger that Banner receive a written opinion from its counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code.

Q: Are Siuslaw shareholders entitled to dissenter’s rights?

A: Yes. Under Oregon law, Siuslaw shareholders have the right to dissent from the merger and receive cash for the fair value of their shares of Siuslaw stock. To perfect dissenters’ rights, a Siuslaw shareholder must send or deliver a notice to Siuslaw prior to the special meeting and must not vote in favor of the merger. Following the special shareholders meeting, Banner will deliver a written dissenters’ notice to all shareholders who have satisfied the statutory provisions described above. Dissenting shareholders who receive the notice must demand payment and satisfy certain other requirements. In any case, a shareholder electing to dissent must strictly comply with all the procedures required by Oregon law. These procedures are described later in this document, and a copy of the relevant provisions of Oregon law is attached as Appendix C. Note that if you return a signed proxy card without voting instructions or with instructions to vote “FOR” the merger proposal, agreement, your shares will be automatically voted in favor of the merger agreement and you will lose all dissenters’ rights available under Oregon law. For further information, see “The Merger—Dissenters’ Rights of Siuslaw Shareholder” on page 54.

Q: If I am a holder of Siuslaw common or preferred stock in certificated form, should I send in my Siuslaw stock certificates now?

A: No. Please do not send in your Siuslaw stock certificates with your proxy. After the merger, an exchange agent will send you instructions for exchanging Siuslaw stock certificates for the merger consideration. See “The Merger Agreement—Exchange of Stock Certificates” on page 58.