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SIUSLAW REPORTS SECOND QUARTER EARNINGS

Florence, OR: (BUSINESS WIRE) Siuslaw Financial Group (SFGP) today announced operating results for the second quarter, ending June 30, 2011, including after tax net income of \$522,000. This is comparable to net income of \$942,000 reported for the same period last year. Earnings per diluted common share totaled \$0.13 for the quarter.

Year-to-date after tax earnings for the company totaled \$1,333,900, compared to \$1,630,300 reported on June 30, 2010.

In view of the weak economic environment, Siuslaw continued to fund its reserve for loan losses by \$800,000 during the first half of 2011. The bank loans on non-accrual status declined by 19% during the quarter, reported at \$10.3 million on June 30, 2011 of which 66% is represented by one borrower in a Chapter 11 Plan.

Despite the continued allocation for future loan losses and the loss of earnings on the \$10.3 million of loans on non-accrual status, the reported after tax net income represented a return on shareholder equity (ROE) of 8.27%. The 8.27% ROE is substantially below the norm for Siuslaw but better than the industry average for all banks at 6.39% ROE.

The June 2011 issue of USBANKER, a trade publication ranked Siuslaw number 40 among the top 200 community banks under \$2 billion based on the last three years return on shareholder equity (ROE) of 12.23%. One other Oregon institution, Citizens Bancorp (Corvallis) with an ROE of 8.29% made the list at number 155. The article noted, "Even as the economic recovery begins, the performance of these banks (top 200) as a group continues to reflect stress and under more earnings pressure than ever."

Siuslaw reported \$325.9 million in total assets, deposits of \$281.4 million and loans of \$204.5 million on June 30, 2011.

Siuslaw Financial Group (SFGP) is quoted on the NASDAQ over-the-counter bulletin board. Its stock closed yesterday at \$8.41 and has a 52-week price range of \$7.00-10.25.

Headquartered in Florence, Siuslaw Financial Group is the parent company of Siuslaw Bank, with offices in Cottage Grove, Creswell, Eugene, Florence, Mapleton, Oakridge, Pleasant Hill, Springfield and Veneta, all in Lane County.

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