



News Release

July 23, 2010

SIUSLAW REPORTS SECOND QUARTER EARNINGS AND PAYMENT OF DIVIDENDS

Florence, OR: (BUSINESS WIRE) Siuslaw Financial Group (SFGP) today announced operating results for the second quarter, ending June 30, 2010, including after tax net income of \$942,000. This is comparable to net income of \$903,000 reported for the same period last year. Earnings per diluted common share totaled \$0.23 for the quarter.

Year-to-date after tax earnings for the company totaled \$1,630,300, compared to \$1,939,500 reported on June 30, 2009.

In view of the weak economic environment, Siuslaw continued to fund its reserve for loan losses by \$700,000 during the first half of 2010. The bank loans on non-accrual status declined by 21% during the quarter, reported at \$12.7 million on June 30, 2010 of which 58% is represented by one borrower in Chapter 11 Reorganization. The bank experienced losses totaling \$249,884, and recovered \$181,084 from previous write-offs for a net loss of \$68,000 for the six months of 2010, compared to a net loss of \$254,969 for the same period in 2009.

Despite the continued allocation for future loan losses and the loss of earnings on the \$12.7 million on non-accrual, the reported after tax net income represented a return on shareholder equity (ROE) of 10.59% and return on average assets (ROA) at 1.11%. "Siuslaw's earnings are a reflection and result of limiting our investments and loans within the communities served by the bank's 10 branches here in Lane County." "This allows us to stay closely connected to our customers and in many cases mitigate financial problems before events turn catastrophic," said Bruce Webber, executive vice president and chief credit officer.

Siuslaw Bank continues to be cited for its superior utilization of its resources compared to national peer groups and the June issue of "US Banker", a financial trade publication, ranked Siuslaw #33 in the nation based on return on shareholder equity over the past three years among 7,607 community banks nationwide with less than \$2 billion in assets.

Siuslaw reported \$289.9 million in total assets, deposits of \$246.9 million and loans of \$208.7 million on June 30, 2010.

The Board of Directors declared a \$0.10 per share quarterly dividend to common shareholders and \$0.105 per share dividend to preferred shareholders of record on July 28, 2010, payable on or before August 6, 2010.

Siuslaw Financial Group (SFGP) is quoted on the NASDAQ over-the-counter bulletin board. Its stock closed yesterday at \$8.05 and has a 52-week price range of \$6.90-11.00.

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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