



News Release October 26, 2011

SIUSLAW REPORTS THIRD QUARTER EARNINGS & DECLARES CASH DIVIDEND

Florence, OR: (BUSINESS WIRE) Siuslaw Financial Group (SFGP) today announced their unaudited operating results for the third quarter, ending September 30, 2011. The Company reported \$653,000 in after tax earnings versus \$990,000 reported for the same period last year. Year to date after tax earnings total \$1,987 million compared to \$2,620 million in 2010, down \$633,000 with over half of the difference reflected in higher provision for loan loss reserve during 2011 compared to 2010.

Siuslaw reported \$334.9 million in total assets, deposits of \$289.3 million and loans of \$208.9 million at quarter end, compared to \$294.7 million in assets, \$250.6 million in deposits, and \$199.2 million in loans respectively in 2010. “Even though loans have increased by \$9.7 million in 2011, demand has been soft and the industry continues to experience very competitive pricing for quality loans. We have over \$50 million in excess liquidity earning virtually nothing in short term investments,” according to Johan Mehlum, chairman of the board and chief executive officer.

The Board of Directors of Siuslaw Financial Group, the parent company of Siuslaw Bank, declared a \$0.05 per share quarterly cash dividend to common shareholders and \$0.0525 to preferred shareholders. The dividend is payable to shareholders of record as of November 4, 2011 and payable on or before November 7, 2011.

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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