



## News Release December 18, 2012

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### SIUSLAW FINANCIAL GROUP ANNOUNCES SPECIAL DIVIDEND

Florence, OR: (BUSINESS WIRE) Siuslaw Financial Group (SFGP) Chairman and Chief Executive Officer, Johan Mehlum announced today that the directors of Siuslaw Financial Group have declared a special dividend of \$0.20 per share to common shareholders and \$0.21 cents per share to preferred shareholders. The dividend will be paid to shareholders of record as of December 24, 2012 and paid prior to year end.

The special dividend, which is equal to the four previous quarterly dividends, already distributed to Siuslaw Shareholders in 2012 is being paid from current earnings. The action by the holding company's board of directors is in anticipation of the possible increase in the present 15% tax rate on corporate dividends which is anticipated to rise to a rate of up to 39.6% under the Obama plan. It was also a consideration that an additional tax of 3.8% could be levied on investment income for upper-income households starting in January 2013.

Siuslaw's capital ratios will remain well above current regulatory guidelines as well as those ratios that are being discussed under the Basel III international treaty. Those discussions have been delayed but it is anticipated to come back to the table next year. "Consequently in view of our strong capital position as well as consistent earnings our governing body felt it was appropriate to distribute some of our current earnings prior to year end" said Mehlum.

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