



News Release

August 1, 2011

SIUSLAW REPORTS DIVIDEND

Florence, OR: (BUSINESS WIRE) The Board of Directors of Siuslaw Financial Group at its meeting in late July declared a \$0.05 cents per share dividend to its common shareholders and \$0.0525 per share to its preferred shareholders, payable on or about August 5, 2011.

The cash dividend was reduced by 50% from the \$0.10 per share distributed during previous quarters. We continue to be concerned about the extended economic downturn and we don't see substantial improvement in the employment base in our market area. One of the last major luxury coach manufacturers just announced the closing of its Coburg facility with the layoff of 250 employees and there is no let up in residential foreclosures, according to Johan Mehlum, chairman of the board and chief executive officer. In view of these observations, the Board of Directors felt it was prudent to reduce the cash dividends and preserve capital.

With some \$10 million of non-accrual loans, senior management continues to work diligently with these financially distressed borrowers. Likewise, management is also in the process of attempting to dispose of over \$2 million in ORE (other real estate acquired through foreclosure).

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