



News Release November 3, 2010

SIUSLAW REPORTS INCREASED PROFITS; DECLARES CASH DIVIDEND

Florence, OR: (BUSINESS WIRE) Siuslaw Financial Group (SFGP) today announced operating results for the third quarter, ending September 30, 2010, including after tax net income of \$990,000. This is up slightly compared to net income of \$766,000 reported for the same period last year. The reported after tax net income represents a return on shareholder equity (ROE) of 15.18% and return on average assets (ROA) at 1.60% which are substantially above industry norms.

Earnings per diluted common share totaled \$0.24 for the quarter compared to \$0.19 last year. Year-to-date after tax earnings totaled \$2.620 million compared to \$2.705 million reported on September 30, 2009.

The Board of Directors of Siuslaw Financial Group, the parent company of Siuslaw Bank, declared a \$0.10 per share quarterly cash dividend to common shareholders and \$0.105 to preferred shareholders. The dividend is payable to shareholders of record as of October 31, 2010 and payable on or before November 10, 2010.

The dividend is consistent with the company's policy of only declaring dividends from current operating earnings and sharing profits with its shareholders. Siuslaw Bank has reported operating profits annually since 1965 with the exception of 1981 when the bank liquidated a portion of its municipal securities portfolio and created a tax loss for the year.

"Contrary to national trends and statistics, Siuslaw Bank is extremely liquid and has money to lend to its customers," states Bruce Webber, Chief Credit Officer. Deposits increased to \$250.6 million and assets increased to \$294.74 million as of September 30, 2010 but net loans decreased to \$199.2 million as of September 30, 2010 versus \$218.9 million at the end of September 2009. Non-accrual loans were reported as \$10.6 million on September 30, 2010 versus \$8.9 million as of September 30, 2009. "What doesn't show in the numbers is that \$5.7 million of the 2009 total paid off or were brought current", said Webber. The 2010 number reflects a Chapter 11 bankruptcy client representing a \$7.3 million exposure. The bank expects to have a positive resolution to that credit.

Residential refinancing is still taking place at a brisk pace. A total of 974 home mortgage loans were recorded in Lane County during the month of September 2010, the latest data available. 781 of the recordings were loans being refinanced with the same mortgage lender, according to RMS Information Services.

"Thirteen new residential construction loans totaling \$3.1 million were made in Lane County during September 2010, compared to twenty nine for \$6.4 million made a year ago, a reflection of the economic dilemma facing our home builders," states Fawnda Thompson, assistant vice president and manager of Siuslaw Mortgage.

"Home owners with good credit and real equity qualify for super interest rates," says Thompson. "30 year fixed rates of 4.125% and 15 year fixed rates of 3.375% are now available, this compares to 5.0% and 4.5% for similar terms a year ago."

“Even though Lane County has not been hit as hard economically as some other areas in Oregon, residential foreclosures are not slowing down, credit card losses and other consumer defaults will remain at elevated levels until local employment recovers,” according to Johan Mehlum, chairman of the board and chief executive.

Siuslaw Financial Group (SFGP) is quoted on the NASDAQ over-the-counter bulletin board. Its stock closed on September 30, 2010 at 8.00 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.

CONTACT:

Johan Mehlum
Chairman of the Board and Chief Executive
[541.342.4000](tel:541.342.4000)/johan.mehlum@siuslawbank.com

Lonnie Iholts
President
[541-997-3486](tel:541-997-3486)/lonnie.iholts@siuslawbank.com