



PRESS RELEASE: FOR IMMEDIATE PUBLICATION

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**Timberland Bancorp Increases Quarterly Cash Dividend 10% to \$0.11 Per Share
Hosting Annual Meeting of Shareholders Today at Company Headquarters**

HOQUIAM, Wash. – January 22, 2008 – The Board of Directors of Timberland Bancorp, Inc. (NASDAQ: TSBK) has increased its quarterly cash dividend 10% to \$0.11 per share. The dividend will be paid on February 22, 2008 to shareholders of record February 8, 2008. This payment will be the 40th consecutive quarterly cash dividend that Timberland has paid on its common stock.

“We invite our shareholders and interested investors to join us this afternoon for our annual meeting,” said Michael Sand, President and CEO. The meeting will be held at the Hoquiam Timberland Library at 1:00 p.m. Pacific Time. For investors unable to attend the meeting, the annual review slide presentation will be posted on the investor relations section at www.timberlandbank.com

Timberland Bancorp, Inc. is the holding company for Timberland Bank, a western Washington-based financial institution since 1915. The Bank operates branches in the state of Washington in Hoquiam, Aberdeen, Ocean Shores, Montesano, Elma, Lacey, Tumwater, Olympia, Yelm, Puyallup, Edgewood, Tacoma, Bethel Station (Spanaway), Gig Harbor, Silverdale, Poulsbo, Auburn, Winlock and Toledo. Timberland Bancorp, Inc. stock trades on the NASDAQ global market under the symbol “TSBK”.