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Timberland Bancorp Announces Fiscal First Quarter Results

Core Operating profits rise 6%

Capital Ratios Remain Exceptionally Strong

HOQUIAM, WA – January 25, 2010 -- Timberland Bancorp, Inc. (NASDAQ: TSBK) (“Timberland” or “the Company”) today reported fiscal first quarter net income of \$224,000, or \$0.03 per diluted common share. Income available to common shareholders after adjusting for the preferred stock dividend and the preferred stock discount accretion was a loss of \$(35,000), or \$(0.01) per diluted common share. This compares to a net loss available to common shareholders of \$(524,000), or \$(0.08) per diluted common share for the quarter ended September 30, 2009 and net income available to common shareholders of \$343,000, or \$0.05 per diluted common share, for the quarter ended December 31, 2008.

Fiscal First Quarter 2010 Highlights:

- Capital levels remain exceptionally strong: Total Risk Based Capital of 15.88%; Tier 1 Leverage Capital Ratio of 11.95%; Tangible Capital to Tangible Assets Ratio of 11.40%
- Net interest margin increased to 3.94% from 3.93% for the quarter immediately prior
- Efficiency ratio improved to 65.77% from 70.14% in the prior quarter and 75.13% for the like quarter one year prior
- Deposits increased 13% year over year and 7% from the prior quarter
- N.O.W. checking account balances increased to 25% of deposits compared to 19% of deposits one year prior
- Total assets increased by 7% year over year
- Construction and land development loans decreased 31% year over year and 15% during the quarter
- Loan loss reserves increased to 2.66% of total loans
- Core operating profits (pre-tax, pre-provision and pre-OTTI charges) increased 6% to \$3.2 million compared to the like quarter one year prior

“The Company’s quarterly operating profit emanated from the continuance of strong core revenues that offset higher than normal credit costs,” noted Michael R. Sand, President and CEO. “We continue to reduce our exposure to the speculative residential construction sector with speculative one-to-four family loans at December 31, 2009 representing only 2.14% of the total loan portfolio. Multi-family and land development construction loans represented only 3.26% and 3.09% respectively of the total loan portfolio on the same date. We continue to deploy the necessary personnel to work through and resolve the classified and non-performing assets in our portfolio.”

“Our commitment to increasing the Bank’s transaction account base has resulted in a \$44 million dollar increase in N.O.W. account balances year over year and an associated \$74,000 increase in ATM transaction fees compared to the like quarter in the prior fiscal year,” Sand also stated.

Capital Ratios and Asset Quality

Timberland Bancorp remains very well capitalized with a total risk-based capital ratio of 15.88%, a Tier 1 leverage capital ratio of 11.95% and a tangible capital to tangible assets ratio of 11.40% at December 31, 2009.

The non-performing assets (“NPAs”) to total assets ratio was 6.40% at December 31, 2009 compared to 5.41% at September 30, 2009. During the quarter ended December 31, 2009 net charge-offs were \$1.84 million compared to \$1.47 million during the quarter ended September 30, 2009. Timberland recorded a \$2.60 million provision to its allowance for loan losses during the current quarter. The allowance for loan losses totaled \$14.9 million at December 31, 2009, or 2.66% of total loans compared to \$14.2 million, or 2.52% of loans receivable at September 30, 2009 and \$8.2 million, or 1.44% of loans receivable one year ago.

Non-performing loans (“NPLs”) increased to \$34.6 million at December 31, 2009 from \$29.3 million at September 30, 2009 and were comprised of 64 loans and 45 credit relationships. The change in NPLs for the quarter are the result of changes in the following categories:

- Land Loans - six additional loans with the category balance increased by \$3.69 million
- Land Development Loans – one less loan with the category balance decreased by \$1.04 million
- Commercial Real Estate Loans – one less loan although the category balance increased by \$1.51 million
- Condominium Construction Loans – one additional loan with the category balance increased by \$1.35 million
- One-to-Four-Family Speculative Construction Loans – no change in the number of loans although a decrease in the category balance of \$440,000
- One-to-Four Family Home Loans – no change in the number of loans although the category balance increased by \$570,000
- One-to-Four Family Owner /Builder Construction Loans – one less loan with the category balance decreased by \$157,000
- Consumer Loans – one additional loan with the category balance increased by \$58,000
- Second Mortgage Loans – two fewer loans with the category balance decreasing by \$105,000

Net charge-offs totaled \$1.84 million for the quarter ended December 31, 2009 and included the following:

- \$502,000 on a condominium construction loan upon receipt of an updated appraisal of the collateral
- \$350,000 on seven land loans – one loan accounted for \$197,000 of the balance charged off
- \$324,000 on three land development loans – one loan accounted for \$183,000 of the balance charged off
- \$305,000 on two commercial real estate loans – one loan accounted for \$299,000 of the balance charged off and the loan was subsequently transferred to OREO for orderly disposition
- \$200,000 on four speculative construction loans – one loan accounted for \$105,000 of the balance charged off
- \$109,000 on four home equity loans
- \$35,000 on a single family construction loan
- \$10,000 on two single family home loans
- \$6,000 on a consumer secured loan

Seven Other Real Estate Owned (“OREO”) properties totaling \$1.57 million were sold during the quarter ended December 31, 2009. A net gain of \$88,000 was recorded on the sale of these OREO properties as a consequence of selling a number of them above their recorded book values. Timberland continues to manage the disposition of OREO properties in an orderly manner. OREO totaled \$8.12 million at December 31, 2009 compared to \$8.19 million at September 30, 2009. The balance was comprised of 23 individual properties and two other repossessed assets representing 19 relationships. The largest OREO property has a balance of \$2.31 million and consists of a 78 lot plat located in Richland, Washington. The Richland/Kennewick/Pasco market is currently one of Washington State’s better performing economic areas and lot sales are expected to commence in February.

Balance Sheet Management

Total assets increased by 2% to \$716.6 million at December 31, 2009 from \$701.7 million at September 30, 2009. The \$14.9 million increase in total assets was primarily the result of a \$13.7 million increase in cash equivalents and certificates of deposits (“CD’s”) held for investment. The Company continues to build and maintain a high level of liquidity, both on balance sheet and through off-balance sheet sources. Liquidity as measured by cash equivalents, CDs held for investment and available for sale investments securities increased to 15.2% of liabilities at December 31, 2009 from 13.5% at September 30, 2009 and 8.5% one year ago. The Bank also prepaid its estimated three-year FDIC insurance assessment during the quarter increasing other assets (prepaid insurance) by \$4.2 million at December 31, 2009.

Net loans receivable remained stable during the quarter and totaled \$547.2 million at December 31, 2009. “The mix of loans in our portfolio continues to improve,” said Dean Brydon, Chief Financial Officer. “Overall, we have reduced our total exposure to construction and land development loans by 31% from one year ago.” The one-to-four family speculative

construction portfolio decreased by 26% during the current quarter and the land development portfolio decreased by 6%. “Our exposure to construction and land development loans decreased by \$54 million year over year,” Brydon added.

LOAN PORTFOLIO

(\$ in thousands)	Dec. 31, 2009		Sept. 30, 2009		Dec. 31, 2008	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Mortgage Loans:						
One-to-four family	\$ 112,678	19%	\$ 110,556	19%	\$ 114,169	19%
Multi-family	27,833	5	25,638	4	26,449	4
Commercial	197,614	34	188,205	32	151,630	25
Construction and land development	118,552	20	139,728	23	172,828	29
Land	<u>65,159</u>	<u>11</u>	<u>65,642</u>	<u>11</u>	<u>63,241</u>	<u>10</u>
Total mortgage loans	521,836	89	529,769	89	528,317	87
Consumer Loans:						
Home equity and second mortgage	40,212	7	41,746	7	49,895	8
Other	<u>9,449</u>	<u>2</u>	<u>9,827</u>	<u>2</u>	<u>9,838</u>	<u>2</u>
Total consumer loans	49,661	9	51,573	9	59,733	10
Commercial business loans	<u>13,023</u>	<u>2</u>	<u>13,775</u>	<u>2</u>	<u>18,700</u>	<u>3</u>
Total loans	\$ 584,520	100%	\$ 595,117	100%	\$ 606,750	100
Less:						
Undisbursed portion of construction loans in process	(20,096)		(31,298)		(38,350)	
Unearned income	(2,337)		(2,439)		(2,678)	
Allowance for loan losses	<u>(14,931)</u>		<u>(14,172)</u>		<u>(8,166)</u>	
Total loans receivable, net	\$ <u>547,156</u>		\$ <u>547,208</u>		\$ <u>557,556</u>	

CONSTRUCTION LOAN COMPOSITION

(\$ in thousands)	Dec. 31, 2009		Sept. 30, 2009		Dec. 31, 2008	
	<u>Amount</u>	<u>Percent of Loan Portfolio</u>	<u>Amount</u>	<u>Percent of Loan Portfolio</u>	<u>Amount</u>	<u>Percent of Loan</u>
<u>Portfolio</u>						
Custom and owner / builder	\$ 32,014	6%	\$ 35,414	6%	\$ 43,832	7%
Speculative	12,523	2	16,959	3	27,117	5
Commercial real estate	36,890	6	49,397	8	43,043	7
Multi-family (including condominium)	19,084	3	18,800	3	32,117	5
Land development	<u>18,041</u>	<u>3</u>	<u>19,158</u>	<u>3</u>	<u>26,719</u>	<u>5</u>
Total construction loans	\$118,552		\$139,728		\$172,828	

Total loan originations were \$54.1 million for the quarter ended December 31, 2009 compared to \$59.5 million for the preceding quarter and \$43.9 million for the like quarter one year ago. Timberland continues to sell fixed rate one-to-four family mortgage loans into the secondary market for asset-liability management purposes and to generate non-interest income. During the quarter ended December 31, 2009, \$18.9 million one-to-four family fixed-rate mortgage loans were sold on the secondary market compared to \$21.7 million for the preceding quarter and \$10.5 million for the quarter ended one year ago.

Timberland’s investment securities decreased by \$1.3 million during the quarter to \$19.2 million at December 31, 2009 from \$20.6 million at September 30, 2009, primarily as a result of impairment related write-downs, prepayments and regular amortization. During the quarter ended December 31, 2009, other-than-temporary-impairment (“OTTI”) write-downs of \$1.2 million were recorded on the private label mortgage-backed securities that were acquired in the in-kind redemption from the AMF family of mutual funds in June 2008. The impairment write-downs were comprised of \$336,000 in credit-related write-downs that were charged to earnings and \$892,000 in non-credit related write-downs that were recorded through the other

comprehensive loss equity component. At December 31, 2009 the Bank's remaining private label mortgage-backed securities portfolio totaled \$6.2 million.

DEPOSIT BREAKDOWN

(\$ in thousands)

	Dec. 31, 2009		Sept. 30, 2009		Dec. 31, 2008	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Non-interest bearing	\$ 50,525	9%	\$ 50,295	10%	\$ 51,775	11%
N.O.W. checking	133,510	25	117,357	23	89,151	19
Savings	61,697	11	58,609	12	55,082	12
Money market	63,965	12	62,478	12	61,210	13
Certificates of deposit under \$100	136,838	25	135,242	27	129,867	27
Certificates of deposit \$100 and over	90,478	17	77,926	15	64,281	13
Certificates of deposit - brokered	<u>4,000</u>	<u>1</u>	<u>3,754</u>	<u>1</u>	<u>25,975</u>	<u>5</u>
Total deposits	<u>\$541,013</u>	<u>100%</u>	<u>\$505,661</u>	<u>100%</u>	<u>\$477,341</u>	<u>100%</u>

Total deposits increased by 7% to \$541.0 million at December 31, 2009, from \$505.7 million at September 30, 2009 primarily as a result of a \$16.2 million increase in N.O.W. checking account balances, a \$14.4 million increase in CD account balances and a \$3.1 million increase in savings account balances. Timberland held no true brokered funds in its deposit base at December 31, 2009. The \$4.0 million noted on the balance sheet as brokered deposits consisted of reciprocal deposits exchanged through the Certificate of Deposits Account Registry Service ("CDARS") program.

Total shareholders' equity increased \$146,000 to \$87.35 million at December 31, 2009, from \$87.20 million at September 30, 2009. Timberland's tangible capital to tangible assets ratio was 11.40% at December 31, 2009. Book value per common share was \$10.18 and tangible book value per common share was \$9.28 at December 31, 2009.

Operating Results

Fiscal first quarter operating revenue (net interest income before provision for loan losses, plus non-interest income excluding OTTI charges), increased by 2% to \$8.7 million compared to \$8.5 million in the like quarter one year ago. The increase was primarily the result of increased non-interest income, which was partially offset by a minor decrease in net interest income. The increased non-interest income was primarily due to a \$168,000 increase in gain on sale of loans and a \$74,000 increase in ATM transaction fees.

Net interest income before the provision for loan losses decreased by 1% to \$6.4 million for the quarter ended December 31, 2009, from \$6.5 million for the like quarter one year ago with interest and dividend income decreasing by 7% and interest expense decreasing by 17%. The decrease in net interest income was primarily due to an increased level of loans on non-accrual status and an increased level of cash equivalents and other liquid assets with lower yields. In spite of the challenging interest rate environment, Timberland's net interest margin remained strong at 3.94% for the current quarter; an increase of one basis point from 3.93% for the quarter ended September 30, 2009 and a decrease of 25 basis points from 4.19% for the quarter one year ago. The reversal of interest income on loans placed on non-accrual status reduced the net interest margin by approximately 22 basis points for the quarter ended December 31, 2009.

Timberland recorded a \$2.6 million provision to its allowance for loan losses for the quarter ended December 31, 2009, compared to \$3.2 million in the preceding quarter and \$1.3 million in the like quarter one year prior. Net charge-offs for the quarter ended December 31, 2009 totaled \$1.8 million compared to \$1.5 million for the quarter ended September 30, 2009 and \$1.2 million for the quarter ended December 31, 2008.

Timberland's total operating (non-interest) expenses decreased by 1% to \$5.50 million for the first fiscal quarter from \$5.54 million from the like quarter one year ago and increased by 2% from \$5.39 million for the immediately prior quarter. A change

in the Bank's vacation accrual policy reduced salaries and employee benefit expenses by approximately \$164,000 during the current quarter.

About Timberland Bancorp, Inc.

Timberland Bancorp operates 22 branches in the state of Washington in Hoquiam, Aberdeen, Ocean Shores, Montesano, Elma, Olympia, Lacey, Tumwater, Yelm, Puyallup, Edgewood, Tacoma, Spanaway (Bethel Station), Gig Harbor, Poulsbo, Silverdale, Auburn, Chehalis, Winlock, and Toledo.

TIMBERLAND BANCORP INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT

	Three Months Ended		
(\$ in thousands, except per share amounts) (unaudited)	Dec. 31, <u>2009</u>	Sept. 30, <u>2009</u>	Dec. 31, <u>2008</u>
Interest and dividend income			
Loans receivable	\$ 9,065	\$ 9,020	\$ 9,570
Investments and mortgage-backed securities	216	297	412
Dividends from mutual funds	9	9	10
Federal funds sold	--	1	24
Interest bearing deposits in banks	<u>51</u>	<u>37</u>	<u>9</u>
Total interest and dividend income	9,341	9,364	10,025
Interest expense			
Deposits	2,077	2,150	2,496
FHLB advances and other borrowings	<u>873</u>	<u>990</u>	<u>1,065</u>
Total interest expense	<u>2,950</u>	<u>3,140</u>	<u>3,561</u>
Net interest income	6,391	6,224	6,464
Provision for loan losses	<u>2,600</u>	<u>3,243</u>	<u>1,315</u>
Net interest income after provision for loan losses	3,791	2,981	5,149
Non-interest income			
Total OTTI on securities	(1,228)	(3,212)	(1,170)
Less: portion recorded as other comprehensive loss	<u>892</u>	<u>1,878</u>	<u>--</u>
Net OTTI loss recognized	(336)	(1,334)	(1,170)
Service charges on deposits	1,130	1,088	1,150
Gain on sale of loans, net	449	357	281
Bank owned life insurance ("BOLI") net earnings	134	464	121
Servicing income on loans sold	29	27	33
Valuation recovery (allowance) on MSR's	--	169	--
ATM transaction fees	362	342	288
Other	<u>201</u>	<u>345</u>	<u>203</u>
Total non-interest income	1,969	1,458	906
Non-interest expense			
Salaries and employee benefits	2,981	2,983	3,073
Premises and equipment	701	496	663
Advertising	172	224	191
OREO and other repossessed items expense	50	91	62
ATM expenses	155	164	125
FDIC insurance	200	192	86
Postage and courier	128	101	119
Amortization of core deposit intangible	48	54	54
State and local taxes	141	154	143
Professional fees	172	198	135
Other	<u>750</u>	<u>731</u>	<u>886</u>
Total non-interest expense	5,498	5,388	5,537
Income (loss) before federal and state income taxes	262	(949)	518
Provision (benefit) for federal and state income taxes	<u>38</u>	<u>(681)</u>	<u>157</u>
Net income	<u>\$ 224</u>	<u>\$ (268)</u>	<u>\$ 361</u>

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Preferred stock dividends	\$ 208	\$ 206	\$ 18
Preferred stock discount accretion	<u>51</u>	<u>50</u>	<u>--</u>
Net income (loss) avail. to common shareholders	<u>\$ (35)</u>	<u>\$ (524)</u>	<u>\$ 343</u>
Earnings (loss) per common share:			
Basic	\$ (0.01)	\$ (0.08)	\$ 0.05
Diluted	\$ (0.01)	\$ (0.08)	\$ 0.05
Weighted average common shares outstanding:			
Basic	6,709,985	6,655,479	6,570,776
Diluted	6,709,985	6,655,479	6,578,080

TIMBERLAND BANCORP, INC.
CONSOLIDATED BALANCE SHEET

(\$ in thousands, except per share amounts) (unaudited)

	Dec. 31, <u>2009</u>	Sept. 30, <u>2009</u>	Dec. 31, <u>2008</u>
Assets			
Cash equivalents:			
Cash and due from financial institutions	\$ 11,676	\$ 10,205	\$ 12,049
Interest-bearing deposits in other banks	57,250	56,257	12,138
Federal funds sold	<u> -</u>	<u> -</u>	<u>9,725</u>
	68,926	66,462	33,912
 Certificate of deposits (“CDs”) held for investment	 14,442	 3,251	 --
 Investments and mortgage-backed securities:			
Held to maturity	6,626	7,087	12,891
Available for sale	12,594	13,471	15,491
FHLB stock	<u>5,705</u>	<u>5,705</u>	<u>5,705</u>
	24,925	26,263	34,087
 Loans receivable	 559,153	 560,750	 563,312
Loans held for sale	2,934	630	2,410
Less: Allowance for loan losses	<u>(14,931)</u>	<u>(14,172)</u>	<u>(8,166)</u>
Net loans receivable	547,156	547,208	557,556
 Accrued interest receivable	 2,997	 2,805	 3,087
Premises and equipment	17,951	18,046	17,369
OREO and other repossessed items	8,119	8,185	1,266
BOLI	13,042	12,918	13,023
Goodwill	5,650	5,650	5,650
Core deposit intangible	707	755	918
Mortgage servicing rights	2,691	2,618	1,336
Other assets	<u>9,999</u>	<u>7,515</u>	<u>3,388</u>
Total Assets	\$ <u>716,605</u>	\$ <u>701,676</u>	\$ <u>671,592</u>
 Liabilities and Shareholders’ Equity			
Non-interest-bearing deposits	\$ 50,525	\$ 50,295	\$ 51,775
Interest-bearing deposits	<u>490,488</u>	<u>455,366</u>	<u>425,566</u>
Total deposits	541,013	505,661	477,341
 FHLB advances	 75,000	 95,000	 99,609
Federal Reserve Bank advances	10,000	10,000	--
Other borrowings: repurchase agreements	622	777	714
Other liabilities and accrued expenses	<u>2,625</u>	<u>3,039</u>	<u>2,985</u>
Total Liabilities	<u>629,260</u>	<u>614,477</u>	<u>580,649</u>
 Shareholders’ Equity			
Preferred stock - \$.01 par value; 1,000,000 shares authorized;	15,605	15,554	15,408
Dec. 31, 2009 – 16,641 shares, Series A, issued and outstanding			
Sept. 30, 2009 – 16,641 shares, Series A, issued and outstanding			
Series A shares: \$1,000 liquidation value			
Common stock - \$.01 par value; 50,000,000 shares authorized;	10,343	10,315	10,152
Dec. 31, 2009 – 7,045,036 shares issued and outstanding			
Sept. 30, 2009 – 7,045,036 shares issued and outstanding			
Dec. 31, 2008 – 7,028,015 shares issued and outstanding			
Unearned shares- Employee Stock Ownership Plan	(2,446)	(2,512)	(2,710)
Retained earnings	65,607	65,854	69,000
Accumulated other comprehensive loss	<u>(1,764)</u>	<u>(2,012)</u>	<u>(907)</u>
Total Shareholders’ Equity	<u>87,345</u>	<u>87,199</u>	<u>90,943</u>
Total Liabilities and Shareholders’ Equity	\$ <u>716,605</u>	\$ <u>701,676</u>	\$ <u>671,592</u>

KEY FINANCIAL RATIOS AND DATA

(\$ in thousands, except per share amounts) (unaudited)

	Three Months Ended		
	Dec. 31, 2009	Sept. 30, 2009	Dec. 31, 2008
PERFORMANCE RATIOS:			
Return (loss) on average assets (a)	0.13%	(0.16)%	0.22%
Return (loss) on average equity (a)	1.02%	(1.20)%	1.88%
Net interest margin (a)	3.94%	3.93%	4.19%
Efficiency ratio	65.77%	70.14%	75.13%
	Dec. 31, 2009	Sept. 30, 2009	Dec. 31, 2008
ASSET QUALITY RATIOS:			
Non-performing loans	\$ 34,563	\$ 29,287	\$ 13,520
Non-performing investment securities	3,189	477	--
OREO and other repossessed assets	<u>8,119</u>	<u>8,185</u>	<u>1,266</u>
Total non-performing assets	\$ 45,871	\$ 37,949	\$ 14,786
Non-performing assets to total assets (b)	6.40%	5.41%	2.20%
Allowance for loan losses to non-performing loans	43%	48%	60%
Troubled debt restructured loans (c)	\$ 9,799	\$ 9,492	\$ --
Past due 90 days and still accruing	\$ 6,299	\$ 796	\$ --
CAPITAL RATIOS:			
Tier 1 leverage capital	11.95%	12.24%	13.07%
Tier 1 risk based capital	14.62%	14.67%	15.47%
Total risk based capital	15.88%	15.94%	16.73%
Tangible capital to tangible assets (f)	11.40%	11.62%	12.69%
BOOK VALUES:			
Book value per common share (d)	\$ 10.18	\$ 10.17	\$ 10.58
Book value per common share (e)	\$ 10.68	\$ 10.68	\$ 11.16
Tangible book value per common share (d) (f)	\$ 9.28	\$ 9.26	\$ 9.65
Tangible book value per common share (e) (f)	\$ 9.73	\$ 9.72	\$ 10.17

(a) Annualized

(b) Non-performing assets include non-accrual loans, non-accrual investment securities, and other real estate owned and other repossessed assets

(c) At December 31, 2009 and September 30, 2009 all troubled debt restructured loans were on non-accrual status and included in total non-performing assets.

(d) Calculation includes ESOP shares not committed to be released

(e) Calculation excludes ESOP shares not committed to be released

(f) Calculation subtracts goodwill and core deposit intangible from the equity component

AVERAGE BALANCE SHEET:

	Three Months Ended		
	Dec. 31, 2009	Sept. 30, 2009	Dec. 31, 2008
Average total loans	\$ 561,378	\$ 563,159	\$ 564,782
Average total interest-earning assets (a)	648,716	633,803	617,284
Average total assets	701,614	685,534	663,339
Average total interest-bearing deposits	474,898	444,241	430,259
Average FHLB advances and other borrowings	85,537	95,668	100,436
Average shareholders' equity	87,756	89,164	76,702

(a) Includes loans on non-accrual status

Disclaimer

This report contains certain “forward-looking statements.” The Company desires to take advantage of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 and is including this statement for the express purpose of availing itself of the protection of such safe harbor with forward-looking statements. These forward-looking statements may describe future plans or strategies and include the Company’s expectations of future financial results. Forward-looking statements are subject to a number of risks and uncertainties that might cause actual results to differ materially from stated objectives. These risk factors include but are not limited to the effect of interest rate changes, competition in the financial services market for both deposits and loans as well as regional and general economic conditions. The words “believe,” “expect,” “anticipate,” “estimate,” “project,” and similar expressions identify forward-looking statements. The Company’s ability to predict results or the effect of future plans or strategies is inherently uncertain and undue reliance should not be placed on such statements.