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***PRESS RELEASE: FOR IMMEDIATE PUBLICATION***

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**Timberland Bancorp Announces Quarterly Cash Dividend of \$0.01 Per Share**

**HOQUIAM, Wash.** – January 28, 2010 – The Board of Directors of Timberland Bancorp, Inc. (NASDAQ: TSBK) has declared a quarterly cash dividend of \$0.01 per common share. The dividend will be paid on February 26, 2010 to shareholders of record on February 15, 2010. This payment will be the 48th consecutive quarterly cash dividend that Timberland has paid on its common stock.

“Our first fiscal quarter in 2010 produced strong core revenues that offset higher than normal credit costs,” said Michael R. Sand, President and CEO. “With Total Risk Based Capital of 15.88%; Tier 1 Leverage Capital Ratio of 11.95%; and a Tangible Capital to Tangible Assets Ratio of 11.40% the Company is very well capitalized. We continue to pay a quarterly dividend albeit at a level that allows us to manage our capital in light of the opportunities we see developing in the current market.”

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, Chehalis, Winlock and Toledo. Timberland Bancorp, Inc. stock trades on the NASDAQ global market under the symbol “TSBK.”