

TIMBERLAND BANCORP INC
Form 424B3
August 22, 2018

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Registration Statement No. 333-226389

To the Shareholders of South Sound Bank:

You are cordially invited to attend the special meeting of shareholders of South Sound Bank. The special meeting will be held on Thursday, September 27, 2018, at 6:00 p.m., Pacific Time at the main office of South Sound Bank, located at 2850 Harrison Avenue NW, Olympia, Washington 98502.

As described in the enclosed proxy statement/prospectus, the board of directors of South Sound Bank has approved a merger agreement that provides for the merger of South Sound Bank with and into Timberland Bank with Timberland Bank being the surviving entity in the merger. Timberland Bank is a direct wholly owned subsidiary of Timberland Bancorp, Inc.. We refer to Timberland Bancorp, Inc. as "Timberland" in this proxy statement/prospectus. We are seeking your vote on this important transaction, as well as the other matters to be considered at the special meeting. Under the terms of the merger agreement, South Sound Bank shareholders will have the right, with respect to each of their South Sound Bank common shares, to receive 0.7460 of a share of Timberland common stock and \$5.68825 in cash, which we refer to as the "merger consideration." As of May 22, 2018, the date the merger was announced, the merger consideration was valued at \$30.42 per South Sound Bank common share or approximately \$36.90 million in the aggregate based on Timberland's closing stock price of \$33.15 on that date. Based on the closing price of Timberland's common stock of \$35.67 on August 16, 2018, the last trading day before the date of this proxy statement/prospectus, the value of the merger consideration payable to South Sound Bank shareholders was \$32.30 per share or \$39.18 million in the aggregate.

You should obtain current stock quotations for Timberland common shares. Timberland common shares trade on Nasdaq under the symbol "TSBK." South Sound Bank's common stock is not listed or traded on any established securities exchange or quotation system.

We expect the transaction to be tax-free for South Sound Bank shareholders with respect to the Timberland shares they receive, but it is not tax-free with respect to the cash they receive. After completion of the merger, based on the issued and outstanding Timberland common shares as of August 16, 2018 and the estimated 904,918 Timberland common shares to be issued to South Sound Bank shareholders, South Sound Bank shareholders would own approximately 11% of Timberland's common shares (ignoring any Timberland common shares they may already own).

We cannot complete the merger unless the holders of two-thirds of the outstanding South Sound Bank common shares vote to approve the merger agreement. Your vote is very important. South Sound Bank will hold its special meeting of shareholders on September 27, 2018 to vote on the merger agreement. Your board of directors recommends that you vote FOR approval of the merger agreement and the other items to be considered at the special meeting. Whether or not you plan to attend the special meeting, please take the time to vote on the proposal to approve the merger agreement and the other matters to be considered by following the instructions that accompany your proxy card and casting your vote by returning your completed, signed, and dated proxy card in the enclosed envelope (please allow a minimum of 10 days for your proxy card to be processed). Please vote as soon as possible to make sure that your shares are represented at the special meeting. If you do not vote, it will have the same effect as voting against the merger agreement.

We encourage you to read carefully the detailed information about the merger contained in this proxy statement/prospectus, including the section entitled "Risk Factors" beginning on page 13. This proxy statement/prospectus incorporates important business and financial information and risk factors about Timberland that are not included in or delivered with this document. See the section entitled "Where You Can Find More Information" on page 67.

We look forward to seeing you at the special meeting.

Daniel D. Yerrington
President and Chief Executive Officer
South Sound Bank

Neither the Securities and Exchange Commission nor any state securities commission or bank regulatory agency has approved or disapproved the Timberland common shares to be issued in the merger or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The securities that Timberland is offering through this proxy statement/prospectus are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of Timberland and they are not insured by the Federal Deposit Insurance Corporation or any other government agency.

This proxy statement/prospectus is dated August 17, 2018 and is first being mailed to South Sound Bank shareholders or otherwise delivered to South Sound Bank shareholders on or about August 20, 2018.

REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Timberland from documents filed with the Securities and Exchange Commission, or the SEC, that are not included in or delivered with this proxy statement/prospectus. You can obtain any of the documents filed with or furnished to the SEC by Timberland at no cost from the SEC's website at www.sec.gov or by requesting them in writing or by telephone from Timberland:

Timberland Bancorp, Inc.
624 Simpson Avenue
Hoquiam, Washington 98550
Attn: Investor Relations
(360) 533-4747

All website addresses given in this proxy statement/prospectus are for information only and are not intended to be an active link or to incorporate any website information into this proxy statement/prospectus.

You should rely only on the information contained in, or incorporated by reference into, this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated August 17, 2018, and you should assume that the information in this proxy statement/prospectus is accurate only as of such date. You should assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of the date of the document that includes such information. Neither the mailing of this proxy statement/prospectus to South Sound Bank shareholders nor the issuance by Timberland of Timberland common shares in connection with the merger will create any implication to the contrary.

Please note that copies of this proxy statement/prospectus provided to you will not include exhibits, unless the exhibits are specifically incorporated by reference into this proxy statement/prospectus.

This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this proxy statement/prospectus regarding Timberland has been provided by Timberland and information contained in this proxy statement/prospectus regarding South Sound Bank has been provided by South Sound Bank.

If you would like to request documents, please do so by September 7, 2018 in order to receive them before South Sound Bank's special meeting of shareholders. See the section entitled "Where You Can Find More Information" on page 67.

South Sound Bank
2850 Harrison Avenue NW
Olympia, Washington 98502

NOTICE OF SPECIAL MEETING OF SOUTH SOUND BANK SHAREHOLDERS

- Date: September 27, 2018
- Time: 6:00 p.m., Pacific Time
South Sound Bank Main Office
- Place: 2850 Harrison Avenue NW
Olympia, Washington 98502

TO OUR SHAREHOLDERS:

We are pleased to notify you of and invite you to attend a special meeting of shareholders. At the special meeting, you will be asked to vote on the following matters:

approval of the Agreement and Plan of Merger, dated as of May 22, 2018, by and between Timberland Bancorp, Inc. ("Timberland"), Timberland Bank and South Sound Bank ("South Sound Bank") (the "merger agreement"). The merger agreement provides the terms and conditions under which it is proposed that South Sound Bank merge with and into Timberland Bank, as described in the accompanying proxy statement/prospectus;

a proposal of the South Sound Bank board of directors to adjourn or postpone the special meeting, if necessary or appropriate to solicit additional proxies in favor of the merger agreement (which we refer to as the "adjournment proposal"); and

any other business that may be properly submitted to a vote at the special meeting or any adjournment or postponement of the special meeting.

Only shareholders of record at the close of business on August 16, 2018 are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting. The affirmative vote of the holders of two-thirds of the outstanding South Sound Bank common shares as of that date is required to approve the merger agreement. The adjournment proposal will be approved if a majority of the votes cast are voted in favor of the proposal.

In connection with the proposed merger, you may exercise dissenters' rights as provided under the Revised Code of Washington, or RCW 30A.49.090. If you meet all of the requirements under applicable Washington law, and follow all of its required procedures, you may receive cash in the amount equal to the fair value of your shares. The procedure for exercising your dissenters' rights is summarized under the heading "Dissenters' Rights" in the attached proxy statement/prospectus. The relevant Washington statutory provisions regarding dissenters' rights are attached to this document as Appendix C.

South Sound Bank's board of directors has unanimously approved the merger agreement, believes that the merger agreement and the transactions contemplated thereby, including the merger, are in the best interests of South Sound Bank and its shareholders, and unanimously recommends that South Sound Bank shareholders vote "FOR" the approval of the merger agreement and "FOR" the adjournment proposal.

Your vote is very important. To ensure that your shares are voted at the special meeting, please follow the instructions that accompany your proxy card and cast your vote by returning your completed, signed, and dated proxy card in the enclosed envelope (please allow a minimum of 10 days for your proxy card to be processed).

BY ORDER
OF THE
BOARD OF
DIRECTORS

August 20, 2018 Steve Hanson
Secretary

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SOUTH SOUND BANK
SPECIAL MEETING

The following are some of the questions that you, as a shareholder of South Sound Bank, may have regarding the proposed transaction and the special meeting and answers to those questions. These questions and answers, as well as the following summary, are not meant to be a substitute for the information contained in the remainder of this document, and this information is qualified in its entirety by the more detailed descriptions and explanations contained elsewhere in this document. We urge you to read this document in its entirety prior to making any decision as to your South Sound Bank common shares and the merger agreement.

Q1: Why do South Sound Bank and Timberland Bank want to merge?

A1: We want to merge because we each believe the merger will benefit our community, customers, employees and shareholders. We each have long been committed to serving our local customer base. In addition, for South Sound Bank, the merger will allow its customers access to a number of products and services that cannot be offered to them now on a cost-effective basis, and will expand the number of branch locations available to them.

Q2: What will South Sound Bank shareholders receive in the merger?

A2: Each outstanding share of South Sound Bank common stock (except for dissenting shares) will be converted into the right to receive, promptly following the completion of the merger, 0.7460 of a share of Timberland common stock and \$5.68825 in cash (which we refer to as the "merger consideration"). Timberland will not issue any fractional shares of Timberland common stock in the merger. South Sound Bank shareholders who would otherwise be entitled to a fractional share of Timberland common stock upon completion of the merger will instead receive an amount in cash (rounded to the nearest cent) equal to the fractional share interest multiplied by the average of the daily volume weighted closing price (rounded to the nearest one ten thousandth) of Timberland common stock on Nasdaq for the five trading days ending on the trading day immediately preceding the closing date of the merger (which we refer to as the "Timberland average closing price").

Q3: Will the value of the merger consideration change between the date of this document and the time the merger is completed?

A3: Yes. Although the merger consideration is fixed, the value of the stock portion of the merger consideration will fluctuate between the date of this document and the completion of the merger based upon the market value of the Timberland common shares. Therefore, in these circumstances, any fluctuation in the market price of Timberland common shares after the date of this document will change the value of the Timberland common shares that South Sound Bank shareholders will receive.

Q4: When and where is the special meeting?

A4: The special meeting will be held at the South Sound Bank main office located at 2850 Harrison Avenue NW, Olympia, Washington 98502 on Thursday, September 27, 2018 at 6:00 p.m., local time.

Q5: What is being voted on at the special meeting?

A5: South Sound Bank shareholders will be voting on the approval of the merger agreement, as well as any proposal of the South Sound Bank board of directors to adjourn or postpone the special meeting, if necessary or appropriate to solicit additional proxies in favor of the merger agreement (which we refer to as the "adjournment proposal").

Q6: Who is entitled to vote at the special meeting?

A6: South Sound Bank shareholders of record at the close of business on August 16, 2018, the record date for the special meeting, are entitled to receive notice of and to vote on matters that come before the special

meeting and any adjournments or postponements of the special meeting. However, a South Sound Bank shareholder may only vote his or her shares if he or she is present in person or is represented by proxy at the special meeting.

Q7: How do I vote?

A7: After carefully reading and considering the information contained in this document, please follow the instructions that accompany your proxy card and cast your vote as soon as possible by returning your completed, signed, and dated proxy card in the enclosed envelope (please allow a minimum of 10 days for your proxy card to be processed). You may also attend the special meeting and vote in person. Even if you are planning to attend the special meeting, we request that you cast your vote by proxy card. For more detailed information, please see the section entitled "The Special Meeting of South Sound Bank Shareholders" beginning on page 26.

Q8: How many votes do I have?

A8: Each South Sound Bank common share that you own as of the record date entitles you to one vote. As of the close of business on August 16, 2018, there were 1,213,027 outstanding South Sound Bank common shares. As of that date, 42.5% of the outstanding South Sound Bank common shares entitled to vote were held by directors and executive officers of South Sound Bank and their respective affiliates.

Q9: What constitutes a quorum at the special meeting?

A9: The presence of the holders of a majority of the shares entitled to vote at the special meeting constitutes a quorum. Presence may be in person or by proxy. You will be considered part of the quorum if you return a signed and dated proxy card, or if you vote in person at the special meeting.

Q10: Why is my vote important?

A10: If you do not vote by proxy or in person at the special meeting, it will be more difficult for South Sound Bank to obtain the necessary quorum to hold its special meeting. In addition, if you fail to vote, by proxy or in person, it will have the same effect as a vote against approval of the merger agreement. The merger agreement must be approved by the holders of two-thirds of the outstanding South Sound Bank common shares entitled to vote at the special meeting. If you are the record holder of your shares (meaning a stock certificate has been issued in your name and/or your name appears on South Sound Bank's stock ledger) and you respond but do not indicate how you want to vote, your proxy will be counted as a vote in favor of approval of the merger agreement, as well as a vote in favor of approval of the adjournment proposal. If your shares are held in street name with a broker, your broker will vote your shares on the merger agreement proposal only if you provide instructions to it on how to vote. Shares that are not voted because you do not properly instruct your broker will have the effect of votes against approval of the merger agreement.

If you respond and abstain from voting, your abstention will have the same effect as a vote against approval of the merger agreement but will have no effect on the adjournment proposal.

Q11: What is the recommendation of the South Sound Bank board of directors?

A11: The South Sound Bank board of directors unanimously recommends a vote "FOR" approval of the merger agreement and "FOR" approval of the adjournment proposal.

Q12: What if I return my proxy but do not mark it to show how I am voting?

A12: If your proxy card is signed and returned without specifying your choice, your shares will be voted in favor of approval of both the merger agreement and adjournment proposal in accordance with the recommendation of the South Sound Bank board of directors.

Q13: Can I change my vote after I have mailed my signed proxy card?

A13: Yes. If you are a holder of record of South Sound Bank common shares, you may revoke your proxy at any time before it is voted by:

- signing and returning a proxy card with a later date,
- delivering a written revocation to South Sound Bank's corporate secretary, or
- attending the special meeting in person and voting by ballot at the special meeting.

Attendance at the special meeting by itself will not automatically revoke your proxy. A revocation or later-dated proxy received by South Sound Bank after the vote is taken at the special meeting will not affect your previously submitted proxy. South Sound Bank's corporate secretary's mailing address is: Corporate Secretary, South Sound Bank, 2850 Harrison Avenue NW, Olympia, Washington 98502. If your shares are held in "street name" through a bank or broker, you should contact your bank or broker to change your voting instructions.

Q14: What regulatory approvals are required to complete the merger?

A14: In order to complete the merger, Timberland Bank and South Sound Bank must first obtain all regulatory approvals, consents and orders required in connection with the merger. Accordingly, the parties must obtain the approval of the Federal Deposit Insurance Corporation (the "FDIC") and the Washington State Department of Financial Institutions (the "DFI"). Applications were filed with the DFI and FDIC on June 15, 2018 and approvals were received on July 10, 2018 and July 27, 2018, respectively.

Q15: Do I have dissenters' or appraisal rights with respect to the merger?

A15: Yes. Under Washington law, you have the right to dissent from the merger. To exercise dissenters' rights of appraisal you must strictly follow the procedures prescribed by the Revised Code of Washington, or the RCW 30A.49.090. To review these procedures in more detail, see the section entitled "Dissenters' Rights" beginning on page 66, and Appendix C of this proxy statement/prospectus.

Q16: What are the material U.S. federal income tax consequences of the merger to me?

A16: The merger is expected to qualify for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to throughout this proxy statement/prospectus as the Code. A South Sound Bank shareholder generally will recognize gain, but not loss, in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess, if any, of the sum of the cash received (other than cash received in lieu of a fractional share) and the fair market value of the Timberland common stock received pursuant to the merger over that holder's adjusted tax basis in its shares of South Sound Bank common stock surrendered) and (2) the amount of cash received (other than cash received in lieu of a fractional share) pursuant to the merger. In addition, South Sound Bank shareholders will recognize gain or loss with respect to the receipt of cash in lieu of fractional shares.

For further information concerning U.S. federal income tax consequences of the merger, see the section entitled "Material United States Federal Income Tax Consequences of the Merger" beginning on page 58.

Q17: What risks should I consider before I vote on the merger?

A17: We encourage you to read carefully the detailed information about the merger contained in this document, including the section entitled "Risk Factors" beginning on page 13.

Q18: When do you expect to complete the merger?

A18: We are working to complete the merger in the quarter ending December 31, 2018. We must first obtain the necessary regulatory approvals and the approval of South Sound Bank's shareholders at the special meeting. In the event of delays, the date for completing the merger can occur as late as March 31, 2019, after which

South Sound Bank and Timberland would need to mutually agree to extend the closing date of the merger. We cannot assure you as to if and when all the conditions to the merger will be met nor can we predict the exact timing. It is possible we will not complete the merger.

Q19: What happens if the merger is not completed?

A19: If the merger is not completed, holders of South Sound Bank common shares will not receive any consideration for their shares in connection with the merger. Instead, South Sound Bank will remain an independent company and its common stock will continue to not be listed or traded on any established securities exchange or quotation system. In addition, under the merger agreement, a termination fee may be required to be paid by South Sound Bank in certain circumstances or may be required to be paid by Timberland in other circumstances. See "The Merger Agreement—Termination of the Merger Agreement" beginning on page 54 for a complete discussion of the circumstances under which a termination fee would be required to be paid.

Q20: If I am a holder of South Sound Bank common shares in certificated form, should I send in my stock certificates now?

A20: No. Please do not send in your South Sound Bank stock certificates with your proxy. After completion of the merger, the exchange agent will send you instructions for exchanging South Sound Bank stock certificates for the merger consideration. See "The Merger Agreement—Exchange Procedures."

Q21: What should I do if I hold my South Sound Bank common shares in book-entry form at a bank or broker?

A21: You are not required to take any special additional actions if your South Sound Bank common shares are held in book-entry form at a bank or broker. After the completion of the merger, the exchange agent will send you instructions for converting your book entry shares for the merger consideration. See "The Merger Agreement—Exchange Procedures."

Q22: Whom should I contact if I have questions about this document or voting matters or to obtain additional copies of this document?

South Sound Bank
2850 Harrison Avenue NW

A22: Olympia, Washington 98502

Attn: Steve Hanson, Chief Financial Officer
(360) 705-4200

SUMMARY

This summary highlights selected information included in this document but does not contain all of the information that may be important to you. You should carefully read this entire document and the other documents to which this document refers for a more complete understanding of the matters being considered at the special meeting. See the section entitled "Where You Can Find More Information" beginning on page 67. Unless we have stated otherwise, all references in this document to Timberland are to Timberland Bancorp, Inc., and all references to the merger agreement are to the Agreement and Plan of Merger, dated as of May 22, 2018, between Timberland, Timberland Bank and South Sound Bank, a copy of which is attached as Appendix A to this document. In this document, we often refer to the "combined company," which means, following the merger, Timberland and its subsidiaries including South Sound Bank. References to "we," "us" and "our" in this document mean Timberland, Timberland Bank and South Sound Bank together.

The parties

Timberland Bancorp, Inc.
624 Simpson Avenue
Hoquiam, Washington 98550
Attn: Investor Relations
(360) 533-4747

Timberland is a bank holding company incorporated under the laws of the State of Washington and the parent company of Timberland Bank. Timberland is subject to regulation by the Federal Reserve Board. Timberland had total consolidated assets of approximately \$1.0 billion, total deposits of approximately \$880.4 million and total consolidated stockholders' equity of approximately \$117.8 million at March 31, 2018. Timberland's principal executive offices are located at 624 Simpson Avenue, Hoquiam, Washington 98550 and its telephone number is (360) 533-4747. Timberland trades on the Nasdaq Global Market under the symbol "TSBK."

Timberland Bank
624 Simpson Avenue
Hoquiam, Washington 98550
(360) 533-4747

Timberland Bank is a state-chartered, FDIC-insured savings bank with 22 banking offices (including its main office in Hoquiam) located in Washington. Timberland Bank opened for business in 1915 and serves consumers and businesses across Grays Harbor, Thurston, Pierce, King, Kitsap and Lewis counties, Washington with a full range of lending and deposit services. Timberland Bank is examined and regulated by the DFI and the FDIC.

South Sound Bank
2850 Harrison Avenue NW
Olympia, Washington 98502
Attn: Steve Hanson, Chief Financial Officer
(360) 705-4200

South Sound Bank is a state chartered, FDIC-insured commercial bank. South Sound Bank is examined and regulated by the DFI and the FDIC. South Sound Bank was opened in 2000 by local business people to deliver loan and deposit product solutions through experienced and professional bankers to businesses and individuals. South Sound Bank serves Olympia, Washington with two offices. South Sound Bank had total assets of approximately \$186.9 million, total deposits of approximately \$160.7 million and total stockholders' equity of approximately \$24.2 million at March 31, 2018.

The merger (Page 30)

We propose a merger in which South Sound Bank will merge with and into Timberland Bank. As a result of the merger, South Sound Bank will cease to exist as a separate financial institution.

Based on the number of Timberland common shares and South Sound Bank common shares outstanding as of March 31, 2018, South Sound Bank shareholders will collectively own up to approximately 11% of the outstanding Timberland common shares after completion of the merger. See the section entitled "The Merger Agreement—Consideration to be Received in the Merger."

We expect the merger of South Sound Bank and Timberland to be completed during the quarter ending December 31, 2018. If the merger is not completed by March 31, 2019, South Sound Bank and Timberland would need to mutually agree to extend the closing date of the merger.

Approval of the merger agreement requires the affirmative vote, in person or by proxy, of two-thirds of the outstanding South Sound Bank common shares. No vote of Timberland shareholders is required (or will be sought) in connection with the merger. Timberland, as the sole shareholder of Timberland Bank, has approved the merger agreement and the merger.

The merger agreement (Page 46)

The merger agreement is described beginning on page 46. The merger agreement also is attached as Appendix A to this document. We urge you to read the merger agreement in its entirety because it contains important provisions governing the terms and conditions of the merger.

Consideration to be received in the merger (Page 46)

In the merger, South Sound Bank shareholders will have the right, with respect to each of their South Sound Bank common shares, to receive, as described below, an amount of Timberland common shares equal to the exchange ratio, which is 0.7460 and \$5.68825 in cash. The value of the stock portion of the consideration to be received by South Sound Bank shareholders in the merger will vary with the trading price of Timberland common shares between now and the completion of the merger. See "The Merger Agreement-Consideration to be Received in the Merger."

South Sound Bank shareholders will own approximately 11% of the outstanding Timberland common shares after the merger (Page 46)

Based on the number of Timberland common shares and South Sound Bank common shares outstanding as of March 31, 2018, South Sound Bank shareholders will collectively own approximately 11% of the outstanding Timberland common shares after the merger. See the section entitled "The Merger Agreement—Consideration to be Received in the Merger."

Recommendation of the South Sound Bank board of directors and reasons of South Sound Bank for the merger (Page 32)

The South Sound Bank board of directors believes the merger is in the best interests of South Sound Bank and the South Sound Bank shareholders. The South Sound Bank board of directors unanimously recommends that South Sound Bank shareholders vote "FOR" the approval of the merger agreement. For the factors considered by the South Sound Bank board of directors in reaching its decision to approve the merger agreement and making its recommendation, see "The Merger—Recommendation of the South Sound Bank Board of Directors and Reasons of South Sound Bank for the Merger."

Opinion of South Sound Bank's financial advisor (Page 35)

In connection with the merger, South Sound Bank's financial advisor, Wedbush Securities Inc. or Wedbush, delivered a written opinion, dated May 22, 2018, to the South Sound Bank board of directors as to the fairness, from a financial point of view as of such date, to the holders of South Sound Bank common shares of the merger consideration to be received by them in the merger. The full text of the opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Wedbush in preparing the opinion, is attached as Appendix B to this proxy statement/prospectus. You should read the opinion and the description of Wedbush's opinion contained in this proxy statement/prospectus carefully in their entirety.

Wedbush's opinion speaks only as of the date of the opinion. The opinion of Wedbush does not reflect any developments that may have occurred or may occur after the date of its opinion and prior to the completion of the merger. The opinion was for the information of, and was directed to, the South Sound Bank board of directors (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion does not constitute a recommendation to the South Sound Bank board of directors in connection with the merger, and it does not constitute a recommendation to any holder of South Sound Bank common shares or any shareholder or any other person as to how to vote in connection with the merger or any other matter. Wedbush's opinion does not address the underlying business decision of South Sound Bank to engage in the merger or enter into the merger agreement, the form or structure of the merger, the relative merits of the merger as compared to any other alternative business strategies that might exist for South Sound Bank or the effect of any other transaction in which South Sound Bank might engage.

Share price information (Page 24)

Timberland common shares are traded on Nasdaq under the symbol "TSBK." South Sound Bank's common shares are not listed or traded on any established securities exchange or quotation system

The following table sets forth (a) the last reported sale prices per share of Timberland common shares on (i) May 22, 2018, the last trading day preceding public announcement of the signing of the merger agreement and (ii) August 16, 2018, the last practicable date prior to the mailing of this proxy statement/prospectus and (b) the equivalent price per South Sound Bank share, determined by multiplying the exchange ratio of 0.7460 by such prices and then adding the cash consideration of \$5.68825.

	Historical market value per share of Timberland	Equivalent value per share of South Sound Bank
May 22, 2018	\$33.15	\$30.42
August 16, 2018	\$35.67	\$32.30

South Sound Bank's directors and executive officers have interests in the merger that differ from, or are in addition to, your interests in the merger (Page 43)

You should be aware that some of the directors and executive officers of South Sound Bank have interests in the merger that are different from, or are in addition to, the interests of South Sound Bank shareholders. These interests may create potential conflicts of interest. South Sound Bank's board of directors was aware of and considered these interests, among other matters, when making its decisions to approve the merger agreement and in recommending that South Sound Bank shareholders vote in favor of approving the merger agreement. These include the following:

Following the completion of the merger, Dan Yerrington, the current Chief Executive Officer of South Sound Bank will join the Timberland and Timberland Bank boards of directors;

Dan Yerrington and Executive Vice President and Chief Financial Officer Steve Hanson will receive change in control payments of \$747,424 and \$430,000, respectively;

Messrs. Yerrington and Hanson will receive payments under the deferred compensation plan of \$963,800 and \$658,419, respectively;

Executive officers are participants in South Sound Bank's Employee Stock Ownership Plan or ESOP. In connection with the merger, the ESOP will be terminated;

Messrs. Yerrington and Hanson are participants in a survivor income plan which will provide a payment to their respective designated beneficiaries in the event either of them die prior to termination of their employment at South Sound Bank;

South Sound Bank's directors and executive officers will receive indemnification from Timberland for their past acts and omissions in their capacities as directors and officers as well as continuing insurance coverage with respect thereto for a period of six years after completion of the merger, to the fullest extent permitted under South Sound Bank's organizational documents and to the fullest extent otherwise permitted by law; and

Each director and executive officer has entered into a voting agreement in favor of Timberland agreeing to vote his or her South Sound Bank common shares for approval of the merger agreement and approval of the adjournment proposal.

For a more complete description of these interests, see "The Merger – Interests of Certain Persons in the Merger" on page 43.

Material United States federal income tax considerations of the merger (Page 58)

The merger is expected to qualify for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Code. As a result, a South Sound Bank shareholder generally will recognize gain, but not loss, in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess, if any, of the sum of the cash received (other than cash received in lieu of a fractional Timberland common share) and the fair market value of the Timberland common stock received pursuant to the merger over that holder's adjusted tax basis in its shares of South Sound Bank common stock surrendered) and (2) the amount of cash received (other than cash received in lieu of a fractional Timberland common share) pursuant to the merger. In addition, South Sound Bank shareholders will recognize gain or loss with respect of the receipt of cash in lieu of fractional Timberland common shares.

For further information concerning U.S. federal income tax consequences of the merger, please see "Material United States Federal Income Tax Consequences of the Merger" beginning on page 58.

Tax matters are very complicated and the consequences of the merger to any particular South Sound Bank shareholder will depend on that shareholder's particular facts and circumstances. South Sound Bank shareholders are urged to consult their own tax advisors to determine their own tax consequences from the merger.

Following the merger, you will be entitled to receive any dividends that Timberland pays on its common shares (Page 24).

After the merger, you will receive dividends, if any, that Timberland pays on its common shares. During 2017, Timberland has paid regular quarterly cash dividends of \$0.11 per share on February 27, 2017, May 26, 2017, August 25, 2017 and November 30, 2017 and a special dividend of \$0.08 per share on August 25, 2017. During 2018, Timberland has paid regular quarterly dividends of \$0.13 per share on February 28, 2018 and May 25, 2018 and a special dividend of \$0.10 per share on May 25, 2018.

Accounting treatment (Page 42)

The merger will be accounted for as an acquisition of South Sound Bank by Timberland under the acquisition method of accounting in accordance with U.S. generally accepted accounting principles.

In order to complete the merger, we must first obtain certain regulatory approvals (Page 42)

In order to complete the merger, Timberland Bank and South Sound Bank must first obtain all regulatory approvals, consents or waivers required in connection with the merger. Accordingly, the parties must obtain the approval of the FDIC and the DFI. The U.S. Department of Justice may review the impact of the merger on competition. Applications with the DFI and the FDIC were filed on June 15, 2018 and approvals were received on July 10, 2018 and July 27, 2018, respectively.

There can be no assurance as to whether all regulatory approvals will be obtained or as to the dates of the approvals. There also can be no assurance that the regulatory approvals received will not contain a condition or requirement (an "unduly burdensome condition") that results in a failure to satisfy the conditions to closing set forth in the merger agreement. See the section entitled "The Merger Agreement—Conditions to Completion of the Merger" on page 53. South Sound Bank shareholders have dissenters' rights (Page 66)

South Sound Bank shareholders have the right under Washington law to dissent from the merger, obtain the fair value of their South Sound Bank common shares, and receive cash equal to the fair value of their South Sound Bank common shares instead of receiving the merger consideration. To exercise dissenters' rights, among other things, a South Sound Bank shareholder must (i) vote against the merger agreement and (ii) make a written demand within 30 days after the closing of the merger accompanied by the shareholder's stock certificate. Submitting a properly signed proxy card that is received prior to the vote at the special meeting (and is not properly revoked) that does not direct how the shares of South Sound Bank represented by proxy are to be voted will constitute a vote in favor of the merger agreement and a waiver of such shareholder's statutory dissenters' rights.

If you dissent from the merger agreement and you satisfy the other requirements of Washington law relating to the exercise of dissenter's rights, then your South Sound Bank common shares will not be exchanged for the merger consideration in the merger, and your only right will be to receive the fair value of your South Sound Bank common shares, pursuant to the appraisal (or accepted offer) procedure under Washington law. The appraised value may be more or less than the consideration you would receive under the terms of the merger agreement, and will be based upon the value of South Sound Bank common shares on the date of the special meeting at which the South Sound Bank shareholders approve the merger agreement. If you exercise dissenters' rights, any cash you receive for your South Sound Bank common shares that results in a gain or loss will be immediately recognizable for federal income tax purposes. You should be aware that submitting a signed proxy card without indicating a vote with respect to the merger will be deemed a vote "FOR" the merger agreement and a waiver of your dissenters' rights. A vote "AGAINST" the merger agreement does not dispense with the other requirements to exercise dissenters' rights under Washington law.

A shareholder electing to dissent from the merger agreement must strictly comply with all procedures required under Washington law. These procedures are described more fully beginning on page 66 of this proxy statement/prospectus, and a copy of the relevant Washington statutory provisions regarding dissenters' rights is included as Appendix C to this proxy statement/prospectus.

Additional conditions to consummation of the merger (Page 53)

In addition to the receipt of regulatory approvals without any unduly burdensome condition, the consummation of the merger depends on a number of other conditions being met, including, among others:

- approval of the merger agreement by the holders of two-thirds of all outstanding South Sound Bank common shares;

- authorization of the Timberland common shares to be issued in the merger for listing on Nasdaq;
- the effectiveness of a registration statement on Form S-4 with the SEC in connection with the issuance of Timberland common shares in the merger;
- absence of any order, injunction, decree or law preventing or making illegal completion of the merger;
- receipt by each party of an opinion from such party's tax counsel that the merger will qualify as a tax-free reorganization for U.S. federal income tax purposes;
- accuracy of the representations and warranties of South Sound Bank and Timberland, subject to the standards set forth in the closing conditions of the merger agreement;
- performance in all material respects by South Sound Bank and Timberland of all obligations required to be performed by either of them under the merger agreement;
- the shareholders' equity and certain deposit liabilities of South Sound Bank not being less than the respective amounts specified in the merger agreement;
- shares voted against the merger shall be not more than 10% of the issued and outstanding South Sound Bank common shares;
- receipt of certain third-party consents by South Sound Bank; and
- receipt of certain confirmations by Timberland relating to South Sound Bank employee and employee benefit matters as specified in the merger agreement.

Where the law permits, either Timberland or South Sound Bank could elect to waive a condition to its obligation to complete the merger although that condition has not been satisfied. We cannot be certain when (or if) the conditions to the merger will be satisfied or waived or that the merger will be completed.

In addition, after South Sound Bank's shareholders have adopted the merger agreement, we may not amend the merger agreement to reduce the amount or change the form of consideration to be received by South Sound Bank shareholders in the merger without the approval of South Sound Bank shareholders as required by law.

We may decide not to complete the merger (Page 54)

South Sound Bank, Timberland and Timberland Bank, by mutual consent, can agree at any time not to complete the merger, even if the shareholders of South Sound Bank have voted to approve the merger agreement. Also, South Sound Bank, on the one hand, and Timberland and Timberland Bank, on the other hand, can decide, without the consent of the other, not to complete the merger in a number of other situations, including:

- if any governmental entity that must grant a required regulatory approval of the merger has denied such approval and such denial has become final and nonappealable, unless the denial is due to the failure of the party seeking to terminate the merger agreement to perform or observe the covenants and agreements of that party set forth in the merger agreement;
- if any governmental entity of competent jurisdiction has issued a final nonappealable order, injunction or decree enjoining or otherwise prohibiting or making illegal the consummation of the merger;
- failure to complete the merger by March 31, 2019, unless the failure of the closing to occur by that date is due to the failure of the party seeking to terminate the merger agreement to perform or observe the covenants or agreements of that party;

if the other party has breached any of its covenants, agreements, representations or warranties contained in the merger agreement based on the closing condition standards set forth in the merger agreement, and the party seeking to terminate is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement, and the breach is not cured within thirty (30) days following written notice to the party committing the breach, or which breach, by its nature, cannot be cured within such thirty (30) day period; if the approval of the shareholders of South Sound Bank contemplated by the merger agreement is not obtained by reason of the failure to obtain the vote required at the South Sound Bank special meeting, except this right may not be exercised by South Sound Bank if South Sound Bank or its board of directors has committed an act that would entitle Timberland to terminate the merger agreement and receive a termination fee from South Sound Bank as specified in the merger agreement; and

Timberland and Timberland Bank, without the consent of South Sound Bank, can terminate:

if the board of directors of South Sound Bank fails to recommend to its shareholders the approval of the merger agreement, or adversely changes, or publicly announces its intention to adversely change its recommendation, or South Sound Bank breaches its obligation to call or hold the South Sound Bank special meeting or materially breaches the merger agreement provisions outlined in "The Merger Agreement – Agreement Not to Solicit Other Offers" on page 50.

South Sound Bank, without the consent of Timberland or Timberland Bank, can terminate:

prior to obtaining shareholder approval in order to enter into an agreement relating to a superior proposal; provided, however, that South Sound Bank has not materially breached the merger agreement provisions outlined in "The Merger Agreement—Agreement Not to Solicit Other Offers" on page 50.

Under some circumstances, South Sound and Timberland will be required to pay each other a termination fee if the merger agreement is terminated (Page 54)

South Sound Bank must pay Timberland a termination fee of \$1.035 million if:

Timberland terminates the merger agreement as a result of: (i) the South Sound Bank board of directors failing to recommend the approval of the merger agreement or adversely changing or publicly announcing its intention to adversely change its recommendation and the South Sound Bank shareholders failing to approve the merger agreement; (ii) South Sound Bank breaching its nonsolicitation or related obligations as provided in the merger agreement; or (iii) South Sound Bank refuses to call or hold the special meeting for a reason other than that the merger agreement has been previously terminated;

South Sound Bank terminates the merger agreement prior to obtaining shareholder approval in order to enter into an agreement relating to a superior proposal; provided, however, that South Sound Bank has not materially breached its nonsolicitation and related obligations as provided in the merger agreement; or

the merger agreement is terminated by either party as a result of the failure of South Sound Bank's shareholders to approve the merger agreement and if, prior to such termination, there is publicly announced a proposal for a tender or exchange offer, for a merger or consolidation or other business combination involving South Sound Bank or for the acquisition of a majority of the voting power in, or a majority of the fair market value of the business, assets or deposits of, South Sound Bank and, within one year of the termination, South Sound Bank either enters into a definitive agreement with respect to that type of transaction or consummates that type of transaction.

Timberland must pay South Sound Bank a termination fee of \$400,000 if:
· the merger agreement is terminated by South Sound Bank as a result of a willful and material breach of the provisions of the merger agreement by Timberland or Timberland Bank.

The rights of South Sound Bank Shareholders will change as a result of the Merger (Page 63)

The rights of South Sound Bank shareholders will change as a result of the merger. The rights of South Sound Bank shareholders are governed by the Revised Code of Washington and South Sound Bank's articles of incorporation and bylaws. Upon completion of the merger, South Sound Bank shareholders will become common shareholders of Timberland, and their rights will be governed by the Washington Business Corporation Act, or WBCA and Timberland's restated articles of incorporation and amended and restated bylaws. For more information see, "Comparison of Shareholders' Rights" beginning on page 63.

The special meeting (Page 26)

Meeting Information and Vote Requirements

The special meeting of South Sound Bank's shareholders will be held on Thursday, September 27, 2018, at 6:00 p.m., Pacific Time, at the South Sound Bank main office, 2850 Harrison Avenue, NW, Olympia, Washington, 98502, unless adjourned or postponed. At the special meeting, South Sound Bank's shareholders will be asked to:

- approve the merger agreement; and
- approve the adjournment proposal.

Shareholders will also be asked to act on any other business that may be properly submitted to a vote at the special meeting or any adjournments or postponements of the special meeting.

You may vote at the special meeting if you owned South Sound Bank common shares as of the close of business on August 16, 2018. You may cast one vote for each South Sound Bank common share you owned at that time. Approval of the merger agreement requires the affirmative vote of the holders of two-thirds of the outstanding South Sound Bank common shares. If you mark "ABSTAIN" on your proxy, or fail to submit a proxy and fail to vote in person at the South Sound Bank special meeting or if your shares are held in street name and you fail to instruct your bank or broker how to vote with respect to the merger agreement, it will have the same effect as a vote "AGAINST" the merger agreement.

Approval of the adjournment proposal requires the affirmative vote of a majority of the votes cast at the special meeting. If you mark "ABSTAIN" on your proxy, or fail to submit a proxy and fail to vote in person at the special meeting or if your shares are in street name and you fail to instruct your bank or broker how to vote with respect to the adjournment proposal, it will have no effect on such proposal.

RISK FACTORS

By voting in favor of the merger agreement, you will be choosing to invest in the common shares of Timberland as combined with South Sound Bank. An investment in the combined company's common shares involves a high degree of risk. In addition to the other information included in this proxy statement/prospectus, including the matters addressed in the section entitled "Cautionary Statement Regarding Forward-Looking Statements" on page 16, you should carefully consider the matters described below in determining whether to vote in favor of approval of the merger agreement.

Risks Related to the Merger

Because the market price of Timberland common shares will fluctuate, South Sound Bank shareholders cannot be sure of the value of the stock portion of the merger consideration they will receive.

Upon completion of the merger, each South Sound Bank common share will be converted into the right to receive merger consideration consisting of a number of Timberland common shares and cash pursuant to the terms of the merger agreement. The number of Timberland common shares to be received by a South Sound Bank shareholder will be determined based on a fixed exchange ratio of 0.7460 of a Timberland common share for each South Sound Bank common share. Accordingly, the value of the stock portion of the merger consideration to be received by the South Sound Bank shareholders will be based on the value of the Timberland common shares. The value of the Timberland common shares to be received by South Sound Bank shareholders in the merger may vary from the value as of the date we announced the merger, the date that this document was mailed to South Sound Bank shareholders, the date of the South Sound Bank special meeting, and the closing date of the merger. Any change in the market price of Timberland common shares prior to completion of the merger will affect the value of the stock portion of the merger consideration that South Sound Bank shareholders will receive upon completion of the merger. Accordingly, at the time of the South Sound Bank special meeting, South Sound Bank shareholders will not know or be able to calculate the value of the stock portion of the merger consideration they would receive upon completion of the merger. Share price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations, among other things. Many of these factors are beyond the control of Timberland and South Sound Bank. South Sound Bank shareholders should obtain current market quotations for Timberland common shares before voting their shares at the South Sound Bank special meeting.

South Sound Bank's shareholders will have less influence as shareholders of Timberland than as shareholders of South Sound Bank.

South Sound Bank's shareholders currently have the right to vote in the election of the board of directors of South Sound Bank and on other matters affecting South Sound Bank. Following the merger, the shareholders of South Sound Bank as a group will hold an ownership interest of approximately 11% of Timberland. When the merger occurs, each South Sound Bank shareholder will become a shareholder of Timberland with a percentage ownership of Timberland much smaller than such shareholder's percentage ownership of South Sound Bank. Because of this, South Sound Bank's shareholders will have less influence on the management and policies of Timberland than they now have on the management and policies of South Sound Bank.

If Timberland Bank is unable to integrate the combined operations successfully, its business and earnings may be negatively affected.

The merger involves the integration of companies that have previously operated independently. Successful integration of South Sound Bank's operations will depend primarily on Timberland Bank's ability to consolidate operations, systems and procedures and to eliminate redundancies and costs. No assurance can be given that Timberland Bank will be able to integrate its post-merger operations without encountering difficulties including, without limitation, the loss of key employees and customers, the disruption of the ongoing business of Timberland Bank or South Sound Bank or possible inconsistencies in standards, controls, procedures and policies. Anticipated

economic benefits of the merger are projected to come from various areas that Timberland Bank's management has identified through the due diligence and integration planning process. The elimination and consolidation of duplicate tasks are projected to result in annual cost savings. If Timberland Bank has difficulties with the integration, it might not fully achieve the economic benefits it expects to result from the merger. In addition, Timberland Bank may experience greater than expected costs or difficulties relating to the integration of the business of South Sound Bank, and/or may not realize expected cost savings from the merger within the expected time frame.

The fairness opinion of South Sound Bank's financial advisor received by South Sound Bank's board of directors prior to signing of the merger agreement does not reflect changes in circumstances since the signing of the merger agreement.

Changes in the operations and prospects of Timberland or South Sound Bank or general market and economic conditions, and other factors that may be beyond the control of Timberland and South Sound Bank, may alter the value of Timberland or South Sound Bank or the prices of Timberland common shares or South Sound Bank common shares by the time the merger is completed. The opinion of South Sound Bank's financial advisor, dated May 22, 2018, does not speak as of the time the merger will be completed or as of any date other than the date of such opinion. For a description of the opinion of South Sound Bank's financial advisor, please refer to "The Merger—Opinion of South Sound Bank's Financial Advisor." For a description of the other factors considered by the board of directors of South Sound Bank in determining to approve the merger agreement, please refer to "The Merger—Recommendation of the South Sound Bank Board of Directors and Reasons of South Sound Bank for the Merger."

The merger agreement limits South Sound Bank's ability to pursue alternatives to the merger.

The merger agreement contains non-solicitation provisions that, subject to limited exceptions, limit South Sound Bank's ability to discuss, facilitate or commit to a competing third-party proposal to acquire all or a significant part of South Sound Bank. Although South Sound Bank's board of directors is permitted to take certain actions in connection with the receipt of a competing acquisition proposal if it determines in good faith that the failure to do so would violate its fiduciary duties, taking such actions could, and other actions (such as withdrawing or modifying its recommendation to South Sound Bank shareholders that they vote in favor of approval of the merger agreement) would entitle Timberland to terminate the merger agreement and receive a termination fee of \$1.035 million. See the section entitled "The Merger Agreement—Termination of the Merger Agreement" on page 54. These provisions might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of South Sound Bank from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share price than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire South Sound Bank than it might otherwise have proposed to pay. The payment of a termination fee by South Sound Bank could also have an adverse impact on South Sound Bank's financial condition. South Sound Bank will be subject to business uncertainties and contractual restrictions while the merger is pending. Timberland and South Sound Bank have operated and, until the completion of the merger, will continue to operate, independently. Uncertainty about the effect of the merger on employees and customers may have an adverse effect on South Sound Bank and consequently on Timberland. These uncertainties may impair South Sound Bank's ability to attract, retain or motivate key personnel until the merger is consummated, and could cause customers and others that deal with South Sound Bank to seek to change existing business relationships with South Sound Bank. Retention of certain employees may be challenging during the pendency of the merger, as certain employees may experience uncertainty about their future roles with Timberland Bank. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with Timberland Bank, Timberland's business following the merger could be harmed. In addition, the merger agreement restricts South Sound Bank from making certain acquisitions and taking other specified actions until the merger occurs without the consent of Timberland. These restrictions may prevent South Sound Bank from pursuing attractive

business opportunities that may arise prior to the completion of the merger. See "The Merger Agreement—Conduct of Businesses Pending the Merger."

South Sound Bank's directors and executive officers have additional interests in the merger.

In deciding how to vote on the approval of the merger agreement, you should be aware that South Sound Bank's directors and executive officers might have interests in the merger that are different from, or in addition to, the interests of South Sound Bank shareholders generally. See the section entitled "The Merger—Interests of Certain Persons in the Merger." South Sound Bank's board of directors was aware of these interests and considered them when it recommended approval of the merger agreement to the South Sound Bank shareholders.

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on Timberland following the merger.

Before the merger may be completed, Timberland Bank and South Sound Bank must obtain approvals from the FDIC and the DFI. Other approvals, waivers or consents from regulators may also be required. An adverse development in either party's regulatory standing or other factors could result in an inability to obtain approvals or delay their receipt. These regulators may impose conditions on the completion of the merger or require changes to the terms of the merger. While Timberland and South Sound Bank do not currently expect that any such conditions or changes will be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on or limiting the revenues of Timberland Bank following the merger, any of which might have an adverse effect on Timberland and/or Timberland Bank following the merger. Timberland and Timberland Bank are not obligated to complete the merger if the regulatory approvals received in connection with the completion of the merger impose any unduly burdensome condition upon Timberland or Timberland Bank. See "The Merger—Regulatory Approvals Required for the Merger" and "The Merger Agreement—Conditions to Completion of the Merger."

The merger is subject to certain closing conditions that, if not satisfied or waived, will result in the merger not being completed, which could negatively impact South Sound Bank.

The merger is subject to customary conditions to closing, including the receipt of required regulatory approvals and approval of South Sound Bank's shareholders. If any condition to the merger agreement is not satisfied or waived, to the extent permitted by law, the merger will not be completed. In addition, the parties may terminate the merger agreement under certain circumstances, even if South Sound Bank's shareholders approve the merger agreement. If the parties do not complete the merger, the trading price of South Sound Bank common shares may decline. In addition, South Sound Bank may experience negative reaction from its customers, vendors and employees. If the merger is not completed and South Sound Bank's board of directors seeks another merger or business combination, South Sound Bank shareholders cannot be certain that South Sound Bank will be able to find a party willing to offer equivalent or more attractive consideration than the consideration Timberland has agreed to provide. If the merger is not completed, additional risks could materialize, which could materially and adversely affect the business, financial condition and results of Timberland and South Sound Bank, including the recognition of the expenses relating to the merger without realizing the economic benefits of the merger. For more information on closing conditions to the merger agreement, see "The Merger Agreement—Conditions to Completion of the Merger" included elsewhere in this proxy statement/prospectus.

Risks Relating to Timberland's Business

Timberland is, and will continue to be, subject to the risks described in Timberland's Annual Report on Form 10-K for the fiscal year ended September 30, 2017, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information" included elsewhere in this proxy statement/prospectus.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document, including information included or incorporated by reference in this document, may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Timberland and South Sound Bank intend for such forward-looking statements to be covered by the safe harbor provisions for forward looking statements contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, (i) statements about the benefits of the merger, including future financial and operating results, cost savings, enhancements to revenue and accretion to reported earnings that may be realized from the merger; (ii) statements about our respective plans, objectives, expectations and intentions and other statements that are not historical facts; (iii) statements about expectations regarding the timing of the closing of the merger and the ability to obtain regulatory approvals on a timely basis; and (iv) other statements identified by words such as "expects," "projects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "possible," "potential," "strategy," or words of similar meaning. These forward-looking statements are based on current beliefs and expectations of Timberland's and South Sound Bank's respective management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and beyond Timberland's and South Sound Bank's control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- our ability to successfully integrate any assets, liabilities, customers, systems, and personnel;
- the required regulatory approvals for the merger and/or the approval of the merger agreement by the shareholders of South Sound Bank might not be obtained or other conditions to the completion of the merger set forth in the merger agreement might not be satisfied or waived;
- the growth opportunities and cost savings from the merger may not be fully realized or may take longer to realize than expected;
- operating costs, customer losses and business disruption following the merger, including adverse effects on relationships with employees, may be greater than expected;
- adverse governmental or regulatory policies may be enacted;
- the interest rate environment may change, causing margins to compress and adversely affecting net interest income;
- the global financial markets may experience increased volatility;
- we may experience adverse changes in our credit rating;
- we may experience competition from other financial services companies in our markets; and
- an economic slowdown may adversely affect credit quality and loan originations.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed under "Risk Factors" beginning on page 13 and in Timberland's reports filed with the SEC.

For any forward-looking statements made in this proxy statement/prospectus or in any documents incorporated by reference into this proxy statement/prospectus, Timberland and South Sound Bank claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this proxy statement/prospectus or the date of the applicable document incorporated by reference in this proxy statement/prospectus. Timberland and South Sound Bank do not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are made. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement/prospectus and attributable to Timberland, South Sound Bank or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this proxy statement/prospectus.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF TIMBERLAND

Timberland is providing the following information to aid you in your analysis of the financial aspects of the merger. Timberland derived the information as of and for each of the five years ended September 30, 2013 through September 30, 2017 from its historical audited consolidated financial statements for these fiscal years. The consolidated financial information contained herein is the same historical information that Timberland has presented in its prior filings with the SEC.

This information is only a summary, and you should read it in conjunction with Timberland's consolidated financial statements and notes thereto contained in Timberland's 2017 Annual Report on Form 10-K, which has been incorporated by reference into this document. See the section entitled "Where You Can Find More Information" on page 67.

	(Unaudited) At or for the six months ended		At or for the Year Ended September 30,					
	March 31,		2017		2016	2015	2014	2013
	2018	2017	2017	2016	2015	2014	2013	
	(Dollars in thousands, except per share data)							
Operations Data:								
Interest and dividend income	\$20,324	\$18,463	\$38,338	\$34,875	\$31,168	\$29,857	\$30,237	
Interest expense	1,266	1,698	3,197	4,072	3,890	3,939	4,439	
Net interest income	19,058	16,765	35,141	30,803	27,278	25,918	25,798	
(Recapture of) provision for loan losses	--	(250)	(1,250)	--	(1,525)	--	2,925	
Net interest income after (recapture of) provision for loan losses	19,058	17,015	36,391	30,803	28,803	25,918	22,873	
Non-interest income	6,219	6,068	12,368	10,889	9,522	8,530	10,262	
Non-interest expense	14,397	13,668	27,516	26,637	25,841	25,798	25,864	
Income before income taxes	10,880	9,415	21,243	15,055	12,484	8,650	7,271	
Provision for income taxes	2,997	3,140	7,076	4,901	4,192	2,800	2,514	
Net income	7,883	6,275	14,167	10,154	8,292	5,850	4,757	
Earnings per common share								
Basic	\$1.08	\$0.90	\$1.99	\$1.48	\$1.20	\$0.82	\$0.59	
Diluted	1.05	0.86	1.92	1.43	1.17	0.80	0.58	
Dividends per common share	0.24	0.20	0.50	0.37	0.24	0.16	--	
Dividend payout ratio (1)	22.86 %	23.26 %	25.70 %	25.39 %	20.42 %	19.97 %	15.78 %	
Performance Ratios:								
Interest rate spread (2)	4.07 %	3.75 %	3.93 %	3.72 %	3.66 %	3.71 %	3.69 %	
Net interest margin (3)	4.19	3.90	4.07	3.88	3.80	3.84	3.82	
Efficiency ratio (4)	56.96	59.86	57.92	63.89	70.22	74.89	71.72	
Return on average assets	1.63	1.37	1.53	1.19	1.07	0.79	0.64	
Return on average common equity	13.86	12.55	13.65	11.00	9.70	7.08	5.27	

(1) Dividend payout ratio is declared dividends per common share divided by diluted earnings per common share.

(2) Interest rate spread is the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities.

(3) Net interest margin is net interest income divided by average interest-earning assets.

(4) The efficiency ratio is non-interest expense divided by the sum of net interest income and non-interest income.

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(Unaudited)
At or for the
six months
ended

March 31,

At or for the Year Ended September 30,

2018 2017 2017 2016 2015 2014 2013

(Dollars in thousands, except per share data)

Balance Sheet Data:

Total assets	\$1,001,201	\$946,682	\$952,024	\$891,388	\$815,815	\$745,565	\$745,648
Loans receivable, net	708,568	676,079	690,364	663,146	604,277	564,853	546,193
Investment securities	9,263	8,598	8,380	8,853	9,305	8,155	6,838
Deposits	880,411	808,852	837,898	761,534	678,912	615,116	608,262
Federal Home Loan Bank ("FHLB") borrowings	--	30,000	--	30,000	45,000	45,000	45,000
Shareholders' equity	117,843	104,829	111,000	96,834	89,187	82,778	89,688

Financial Measures:

Book value per common share	\$15.95	\$14.27	\$15.08	\$13.95	\$12.76	\$11.75	\$11.04
Shareholders' equity to assets ratio	11.77	% 11.07	% 11.66	% 10.86	% 10.93	% 11.10	% 12.03
Net loans to deposits (1)	80.48	83.59	82.39	87.08	89.01	91.83	89.80

Capital Ratios:

Total risk-based capital ratio	18.01	% 17.02	% 17.56	% 16.00	% 15.16	% 14.94	% 16.56
Tier 1 risk-based capital ratio	16.76	15.77	16.31	14.75	13.91	13.68	15.30
Leverage ratio	11.66	10.89	11.52	10.54	10.64	10.59	11.47
Common equity Tier 1 capital to risk-weighted assets	16.76	15.77	16.31	14.75	13.91	N/A	N/A

Asset Quality Ratios:

Non-performing loans to loans receivable, net (2)	0.27	% 0.30	% 0.27	% 0.45	% 1.02	% 2.08	% 2.57
Allowance for loan losses to loans receivable, net(3)	1.33	1.40	1.36	1.46	1.62	1.81	2.00
Allowance for loan losses to non-performing loans (2)	494.00	472.65	499.90	326.66			