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BEO Bancorp
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NEWS RELEASE

BEO Bancorp reports strong 2Q 2009 earnings

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Heppner, Oregon, (July 21, 2009) BEO Bancorp (OTCBB:BEOB) and its subsidiary, Bank of Eastern Oregon, announced today net income for second quarter of 2009 of \$564,000 or \$0.63 per share, compared to second quarter 2008 earnings of \$571,000 or \$0.65 per share. Total assets increased 6.7% year over year to \$233,838,000, while total loans grew 13.5% to \$187,033,000 and deposits increased 8.1% to \$190,672,000.

“Core earnings remain strong. If not for adding \$600,000 to the loan loss reserve during 2nd quarter, we likely would have had one of our best quarters ever. The Board of Directors and management continue to take sound steps to make sure the provision for loan loss is funded at an appropriate level to address potential future loan losses,” said President and CEO, Jeff Bailey. “Our core earnings are encouraging to us. We are pleased to show a profitable 2nd quarter,” added Bailey.

“We are quite pleased with our growth in deposits. Our customer base continues to grow,” said COO, Gary Propheeter. He continued, “We are also excited to have broken ground on our new facility in Enterprise, Oregon. The reception we have received in that new market has been exceptional.”

“Our net interest margin continues to be one of the best in the nation. This is driven by our ability to secure sources of low cost funds and a strong liquidity position. We are fortunate to be able to rely on our local communities for a good share of our funding needs,” said CFO, Mark Lemmon.

Bailey went on to say, “The Board of Directors is continuing the safe and prudent course of building capital and aggressively addressing problem credits. While we are told that the national economy shows a glimmer of hope, the banking industry continues to work through the effects of the housing crisis. The unemployment level in our state and especially in many of our counties will continue to inhibit regional economic recovery. The remainder of 2009 will be wrought with challenges. Turbulent economic times call

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for conservative approaches to how the bank is run. In light of this, the board of directors has voted not to pay a cash dividend for second quarter 2009.”

For further information on the company or to access internet banking, please visit our website at <http://www.beobank.com>.

About BEO Bancorp

BEO Bancorp is the holding company for Bank of Eastern Oregon, which operates 12 branches and two loan production offices in nine eastern Oregon counties. Branches are located in Arlington, Ione, Heppner, Condon, Irrigon, Boardman, Burns, John Day, Prairie City, Fossil, Moro and Enterprise; loan production offices are located in Hermiston and Ontario. Bank of Eastern Oregon also operates a mortgage division and offers brokerage services through BEO Financial Services. The bank’s website is www.beobank.com.

Forward-Looking Statements

The statements contained in this release that are not historical facts are forward-looking statements based upon management’s current expectations and beliefs concerning future developments and their potential effect on BEO Bancorp. There can be no assurances that future developments affecting BEO Bancorp will be the same as those anticipated by management.

Actual results may differ from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties. These risks and uncertainties include, but are not limited to:

- (1) Competitive pressures in the banking and financial industries.
- (2) Changes in interest rate environment.
- (3) General economic conditions, nationally, regionally, and in operating markets.
- (4) Changes in regulatory environment.
- (5) Changes in business conditions and inflation.
- (6) Changes in securities markets.
- (7) Future credit loss experience.