

10/12/2021

**BEO Bancorp**  
PO Box 39  
Heppner, OR 97836

# NEWS RELEASE

## **BEO Bancorp Reports 3<sup>rd</sup> Quarter Earnings**

### **CONTACT:**

Jeff Bailey, President and CEO (541) 676-0201

Mark Lemmon, EVP & CFO, (541) 676-0201

**Heppner, Oregon, (October 12, 2021)** BEO Bancorp (OTCBB:BEOB) and its subsidiary, Bank of Eastern Oregon, announced third quarter 2021 consolidated net income of \$2,465,000 or \$2.05 per share. Total assets were \$770.5 million; Net loans of \$470.0 million; Deposits were at \$705.7 million. Shareholders' equity was at \$48.0 million.

“2021 has been an extraordinary year from a profitability standpoint. Non-recurring income items have added to returns. Deposits are up 27.7% year over year; loans are down 9.3%; total assets are up 11.3%; strong profits have added 17.1% to shareholder equity in the past year. Return on Average Assets (ROA) is 1.32% and Return on Average Equity is 21.09%,” said President and CEO Jeff Bailey.

Chief Financial Officer Mark Lemmon said, “The market is awash in cash, which serves to keep a lid on deposit rates. The banking industry is witnessing an ongoing glut of deposits, as alternative safe investments at higher rates are non-existent. The Fed signals continued low rates, but it will be interesting to see what impact inflation will have on rates over the next few years.”

Chief Operations Officer Becky Kindle said, “Much of our operational focus in 2021 has been in preparing for the conversion of our core processing system. This system touches all aspects of our bank. We are confident that our customers will like the changes, as we remain focused on bringing them the best products and services available. I applaud our conversion team on their hard work and dedication to our customers, fellow employees and shareholders, as we implement our new system.”

“Loans are down 9.3% from last year. This is a bit misleading and is attributed to the payoff of SBA guaranteed PPP loans that were put on the books as part of the various pandemic stimulus packages beginning in March 2020. Our core loans are actually up approximately 5.3% if PPP loans were taken out of the calculation,” said Chief Lending Officer John Qualls.

Chief Credit Officer Ed Rollins added, “Overall credit quality appears stable, even with the challenges of 2021. We are just getting into our renewal season, but early reports do not raise too many concerns.”

10/12/2021

**BEO Bancorp**  
PO Box 39  
Heppner, OR 97836

# NEWS RELEASE

Bailey concluded, “Third quarter brought us continued drought conditions across much of our trade area. The impact on dryland crop yields as well as curtailments on irrigation water has had a significant impact on crop production and feed availability for livestock. Commodity prices are up considerably, but the dry conditions prevail. Fall seeding is underway and we hope for decent moisture this fall, winter and spring. The drought combined with higher expenses, supply chain issues, overall economic unknowns, and continued COVID concerns, all point toward more challenges. We need to remember that over the past two years challenges have become the norm and I am confident that our customers, neighbors, and friends will persevere.”

## **About BEO Bancorp**

BEO Bancorp is the holding company for Bank of Eastern Oregon, which operates 20 branches and four loan production offices in 11 eastern Oregon and four eastern Washington counties, and one western Idaho county. Branches are located in Arlington, Ione, Heppner, Condon, Irrigon, Boardman, Burns, John Day, Prairie City, Fossil, Moro, Enterprise, Athena, Hermiston, and La Grande, OR; and Colfax, Dayton, La Crosse, Pasco, and Pomeroy WA; loan production offices are located in Ontario, Pendleton, and Madras, OR, and Caldwell, ID. Bank of Eastern Oregon also operates a mortgage division and operates the Washington locations under the name of Bank of Eastern Washington. The bank’s website is [www.beobank.com](http://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.