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BEO Bancorp
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NEWS RELEASE

BEO Bancorp Reports Third Quarter Earnings

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Heppner, Oregon, (October 6, 2023) BEO Bancorp (OTCBB:BEOB) and its subsidiary, Bank of Eastern Oregon, announced third quarter 2023 consolidated net income of \$3.6 million or \$2.99 per share, compared to \$2.4 million or \$2.02 per share in the same period in 2022. Total assets were \$840.2 million, down 3.5 percent year over year; Net loans of \$514.2 million show an increase of 5.5 percent from last year; Deposits were at \$762.7 million, compared to \$803.2 million for the same period in 2022. Shareholders' equity is \$57.3 million, an increase of 19.8 percent year over year.

“Third quarter is typically a strong earnings time for our Bank. We are an agriculturally based institution and peak borrowing usually matches up with harvest time. This year we also got a small bump from the loans we purchased from Farmington State Bank,” said President and CEO Jeff Bailey.

Chief Financial Officer Mark Lemmon said, “While we have seen a manageable decrease in deposits compared to last year, we maintain strong liquidity. Our investment portfolio is performing quite well and we are positioned to weather the continued uncertainty of the Fed’s action on interest rates as they fight inflation. The Bank’s EPS is holding strong, with Return on Average Assets at 1.74 percent and Return on Average Equity of 25.59 percent annualized for the quarter.”

“Harvest results are disappointing compared to a great 2022, but input prices have moderated somewhat, and crop insurance will be a factor for many producers. Cattle prices are quite strong. Overall, we expect a typical renewal season for our ag producers,” said Chief Lending Officer John Qualls.

Chief Credit Officer Ed Rollins added, “While the Fed has taken a pause on rate increases for the time being, we will be monitoring the impact of rate resets on borrowers as we move forward. Loan repayments are as expected and we are seeing continued strength in our loan portfolio performance.”

Chief Operations Officer Becky Kindle said, “The absorption of the Farmington State Bank deposits and loans into our system went quite well. We look forward to our next project, which is converting the Caldwell, Idaho loan production office into a full-service branch during fourth quarter.”

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About BEO Bancorp

BEO Bancorp is the holding company for Bank of Eastern Oregon. It 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, LaCrosse, 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 <https://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.