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BEO Bancorp
PO Box 39
Heppner, OR 97836

NEWS RELEASE

BEO Bancorp Reports Second Quarter Earnings

CONTACT:

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

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

Heppner, Oregon, (July 18, 2023) BEO Bancorp (OTCBB:BEOB) and its subsidiary, Bank of Eastern Oregon, announced second quarter 2023 consolidated net income of \$3,319,000 or \$2.76 per share. Total assets were \$820.0 million; Net loans of \$505.4 million; Deposits were at \$742.29 million. Shareholders' equity was at \$55.43 million.

“Second quarter earnings are up 56.2% compared to the same period in 2022; earnings per share increased 56.8%. Total assets decreased 1.9%; deposits are down 3.7%; net loans were up 2.5%,” said President and CEO Jeff Bailey.

EVP and Chief Financial Officer Mark Lemmon said, “First and second quarter earnings were nearly identical at just over \$3.3 million, equating to \$6.63 million year to date. Solid earnings have added significantly to shareholder equity which is up 16.7% year over year.”

Chief Operations Officer and EVP Becky Kindle said, “Like most banks, we are seeing a use of deposits by customers. The slight decrease in deposits compared to last year is not surprising.”

“As an agriculturally based bank, we typically see a seasonal increase in loans. We have seen that happen this year, but it occurred a bit later than usual. For our wheat producers 2022 was a very good harvest; 2023 appears to be average production at best. Cattle prices are strong with tightened supplies and relatively strong demand,” said John Qualls, EVP and Chief Lending Officer.

EVP and Chief Credit Officer Ed Rollins said, “Overall credit quality is holding up nicely even with increased interest rates. Refinances have obviously slowed down in this rate environment, but we haven't seen any substantial increase in classified assets.”

Bailey concluded by saying, “The market expects the Federal Reserve to increase interest rates later this month with additional increases possible through the balance of the year. The Fed has a difficult task in trying to achieve a soft landing while trying to curb inflation. The current yield curve still predicts a recession, but it is flattening somewhat as longer-term US Treasuries have increased and the short-term maturities stay strong. I do not envy the Fed's job.”

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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://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.