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BEO Bancorp
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NEWS RELEASE

BEO Bancorp Reports Second Quarter Earnings

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Heppner, Oregon, (July 20, 2022) BEO Bancorp (OTCBB:BEOB) and its subsidiary, Bank of Eastern Oregon, announced second quarter 2022 consolidated net income of \$2,121,000 or \$1.76 per share. Total assets were \$836.0 million; Net loans of \$493.1 million; Deposits were at \$770.76 million. Shareholders' equity was at \$45.2 million.

“Second quarter earnings are up 12.4% compared to the same period in 2021; earnings per share increased 12.1%. Total assets have increased 15.7%, with deposits up 16.7%. Net loans are down 1.2%, but this is attributable to payoffs of PPP loans. Organic growth without PPP loans is 9.0% year over year. With our balance sheet being asset sensitive, earnings have benefitted from the increased interest rates,” said President and CEO Jeff Bailey.

EVP and Chief Financial Officer Mark Lemmon said, “The solid earnings for 2Q 2022 have contributed to an increase in shareholder equity of 4.0% year over year. We, as well as most banks, continue to experience excess liquidity. Supply chain issues, inflationary concerns, and overall economic uncertainty all contribute to volatility in the markets. We expect the Federal Reserve’s tightening of monetary policy to continue as we progress through the year.”

Chief Operations Officer and EVP Becky Kindle said, “Deposit growth is occurring across our branch network. In certain markets we are welcoming new customers as consolidation amongst larger institutions, along with their closing of branches, has encouraged people to shop for their banking needs.”

“The Oregon Drought Assistance Program rolled out by the state earlier this year has been helpful to select producers in our Oregon markets. Over \$3MM was distributed by the bank to ag producers in June. Wheat harvest is beginning in our earlier areas, with reports of good yields. Prices continue to fluctuate across all commodities, but remain fairly strong,” said John Qualls, EVP and Chief Lending Officer.

EVP and Chief Credit Officer Ed Rollins said, “The bank’s loan portfolio is in relatively good condition. Our classified assets continue to improve, and being an agriculturally based bank, good yields and decent commodity prices bode well for credit quality. Higher input costs are concerning, along with ongoing inflationary pressures.”

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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.

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.