

7/12/2021

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 12, 2021) BEO Bancorp (OTCBB:BEOB) and its subsidiary, Bank of Eastern Oregon, announced second quarter 2021 consolidated net income of \$1,886,000 or \$1.57 per share. Total assets were \$722.7 million; Net loans of \$499.2 million; Deposits were at \$660.6 million. Shareholders' equity was at \$43.5 million.

“We continue to see the impact of the pandemic on all aspects of our business and communities. Second quarter earnings are strong. A contributing factor is non-recurring income associated with the SBA’s PPP loan program that was launched last year and is beginning to wind down as designed by the Treasury. This program has also contributed to our large increase in deposits year-over-year; \$660.6 million for 2021 compared to \$526.8 million in 2020; a 25.4% increase. Loans have dropped 3.4% since this time last year, attributable to the forgiveness of PPP loans by SBA. Total assets have increased 10.9% and shareholder equity is up 10.0%,” said President and CEO Jeff Bailey.

EVP and Chief Financial Officer Mark Lemmon said, “The steps taken by the federal government to thwart a complete economic meltdown have pumped trillions of dollars into the nation’s economy since the pandemic began. Stimulus payments, PPP loans, and modified spending and saving habits have translated into a large increase in deposits, not only with our bank, but with all banks. This, coupled with fiscal policy moves made by the FED, have pushed interest rates to extremely low levels, which has contributed to net interest margin compression.”

Chief Operations Officer and EVP Becky Kindle said, “COVID changed the way we were able to interact with our customers. I am pleased that for the most part, we were able to keep our lobbies open to assist our customers over the past year. It is now refreshing to see the mask mandate easing, allowing us to return to some semblance of normal. I truly appreciate the patience of customers, but I cannot stress enough my appreciation to our bank team members who performed their jobs in exemplary manner during the pandemic.”

“On the lending front, our teams worked very hard to assist customers with the PPP program. First during the application stage and now as the forgiveness process occurs. The PPP program at our bank was handled in addition to the staff’s regular lending duties,” said John Qualls, EVP and Chief Lending Officer. “Looking ahead, we are in the

7/12/2021

BEO Bancorp
PO Box 39
Heppner, OR 97836

NEWS RELEASE

midst of a drought that has impacted our entire region. While commodity prices are relatively strong, production levels will be hampered by the dry year we are experiencing,” said Qualls.

EVP and Chief Credit Officer Ed Rollins said, “Overall loan portfolio quality appears stable at this time. The government payments associated with the pandemic really helped producers in 2020; but this year is a completely different dynamic. Supply chain issues seem to be improving but are still present. The drought conditions add an extra area of challenge for the ag sector and our communities.”

Bailey concluded, “We are pleased with the second quarter results. Profits add to shareholder equity and the overall strength of the bank. Our employees have done a great job in dealing with everything thrown their way over the last 18 months. I am very proud of their dedication to our communities as well as the organization.”

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.

7/12/2021

BEO Bancorp
PO Box 39
Heppner, OR 97836

NEWS RELEASE

- 
- (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.