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BEO Bancorp
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NEWS RELEASE

BEO Bancorp Reports 1ST Quarter Earnings

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Heppner, Oregon, (April 10, 2018) BEO Bancorp (OTCBB:BEOB) and its subsidiary, Bank of Eastern Oregon, announced 1st quarter 2018 consolidated net income of \$758,000 or \$0.64 per share, compared to \$801,000 or \$0.67 per share for first quarter 2017. Total assets were \$393.4 million up 4.4% year over year. Net loans of \$312.8 million were up 2.9% from the same period in 2017, while deposits were at \$349.5 million up 4.5% year over year.

“2018 is starting off as expected. The Federal Reserve has been bumping up interest rates, which has had a positive effect on net interest margin. This has been offset by a loan loss provision for the quarter of \$300,000 compared to no provision in 1Q2017. This is attributed to some yearend and 1st quarter adjustments brought on by the Tax Cut and Jobs Act. We have also seen another tough renewal season for some of our ag borrowers, which warrants prudent and reasonable allocations to the ALLL,” said President and CEO Jeff Bailey.

Chief Financial Officer Mark Lemmon said, “Earnings per share was down slightly year over year, but up slightly from 4Q2017. Shareholder equity is up 6.4% over the past year and our Return on Average Assets and Return on Average Equity numbers are solid at 0.75% and 9.44% respectively, our income taxes are down 36%, or \$145,000 from 1Q2017, while not a surprise, it is a reminder of the impact of tax reform for corporations.”

Chief Operations Officer Gary Prophetter said, “The growth in loans and deposits is moderate and coming from all areas of our network. We appreciate the support of our customers and the hard work of our banking team members.”

“Spring field work is in full swing. Timely rains help offset the effects of the relatively mild winter. Commodity prices have rebounded a bit from their lows and we remain optimistic about the ag sector performance in 2018”, concluded Bailey.

For further information on the Company or to access internet banking, please visit our website at <http://www.beobank.com>.

About BEO Bancorp

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BEO Bancorp is the holding company for Bank of Eastern Oregon, which operates 14 branches and 6 loan production offices in twelve eastern Oregon and 2 eastern Washington counties. Branches are located in Arlington, Ione, Heppner, Condon, Irrigon, Boardman, Burns, John Day, Prairie City, Fossil, Moro, Enterprise, Athena, OR, and Pasco, WA; loan production offices are located in Ontario, Pendleton, Island City, Lakeview, Madras, OR and Pomeroy, WA. Bank of Eastern Oregon also operates a mortgage division, and operates the Pasco branch and Pomeroy office 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.