

7/11/2018

**BEO Bancorp**  
PO Box 39  
Heppner, OR 97836

# NEWS RELEASE

## **BEO Bancorp Reports 2<sup>nd</sup> Quarter Earnings**

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**Heppner, Oregon, (July 12, 2018)** BEO Bancorp (OTCBB:BEOB) and its subsidiary, Bank of Eastern Oregon, announced 2<sup>nd</sup> quarter 2018 consolidated net income of \$872,000 or \$0.73 per share compared to \$742,000 or \$0.62 per share for second quarter 2017. Year-to-date earnings were \$1.629 million compared to \$1.543 million for the first six months of 2017. Total assets were \$400.2 million, up 1.1% year over year. Net loans of \$329.6 million were up 2.1% from the same period in 2017, while deposits were at \$356.0 million, up 1.0% year over year. Shareholders' equity increased by \$1.98 million or 6.3% from June 2017.

“Net income for the quarter is up significantly when compared to the same period last year. Contributing factors were the new tax law and a strong net interest income; these positives were partially offset by an increased provision for possible loan losses,” said President and CEO Jeff Bailey.

Chief Financial Officer Mark Lemmon said, “The Fed continues to raise interest rates, and most economists expect that to continue through the balance of the year. The increase in rates has positively affected our net interest income. Return on Average Assets for the quarter was 0.88% compared to 0.77% in 2<sup>nd</sup> quarter 2017, while Return on Average Equity was 10.6% vs. 9.58% last year. Our book value per share was \$28.07 compared to \$26.25 on June 30, 2017, an increase of 6.9%”.

Chief Operations Officer Gary Propheter said, “Both deposits and loans have shown modest growth year over year. Our staff has been busy updating ATM offerings at select locations. We have installed deposit taking ATM's as strategic upgrades to facilitate after hours and weekend deposits in Irrigon, Island City, Burns, John Day and Fossil. This is in addition to existing deposit taking ATMs in Athena, Dayville, Monument, Spray, Wasco, Lakeview, and Ontario. The new machines have been well received by our customers.”

“Being an agricultural based bank, we are affected by the cyclical nature of the ag economy. While some areas of the country and even the PNW are experiencing continued drought stress, most of our trade area experienced timely rains during the past few months. In general, we see prospects for a decent wheat crop, and there is abundant feed in the mountains for the cattle. Along with our producers, we are awaiting the outcome of

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the new farm bill, as well as any impact that tariffs and other geo-political factors have on the ag economy,” concluded Bailey.

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

## **About BEO Bancorp**

BEO Bancorp is the holding company for Bank of Eastern Oregon, which operates 14 branches and six 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, and Pasco, WA; loan production offices are located in Ontario, Pendleton, Island City, Lakeview, Madras, and Pomeroy, WA. Bank of Eastern Oregon also operates a mortgage division, and operates the Pasco branch and Pomeroy loan production office under the name of Bank of Eastern Washington. The bank’s website is [www.beobank.com](http://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.