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BEO Bancorp
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NEWS RELEASE

BEO Bancorp Reports 3rd Quarter Earnings

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Heppner, Oregon, (October 11, 2018) BEO Bancorp (OTCBB:BEOB) and its subsidiary, Bank of Eastern Oregon, announced 3rd quarter 2018 consolidated net income of \$1,196,000 or \$1.01 per share compared to \$817,000 or \$0.69 per share for third quarter 2017. Year to date earnings were \$2,825,000 up 19.8% year over year. Total assets were down 0.6% year over year at \$401.5 million. Net loans of \$323.8 million were down 1.0% from the same period in 2017, while deposits were at \$355.8 million, also down 1.0% year over year.

“Third quarter net income is up 37.0% from last year and year to date profits are up 19.8% from 2017. The tax law changes account for part of the increased profitability, but pre-tax income is up 1.2% year over year. Provision for possible loan losses for third quarter was zero compared to \$300,000 in 2017, with YTD provision at \$850,000 vs. \$500,000 last year,” said President and CEO Jeff Bailey.

Chief Financial Officer Mark Lemmon said, “Our shareholder equity is up 8.1% year over year, while our book value per share is up 8.7%. Return on Average Assets for the quarter was 1.19% and Return on Average Equity was 14.12% compared to 0.82% and 10.34% respectively year over year”.

Chief Operations Officer Gary Prophetter said, “The Federal Reserve continues to inch up interest rates, but the effect on deposits has been minimal. The volatility in the stock market appears to have had little impact on overall deposits.”

“It was an interesting summer. Harvest results were mixed, mostly favorable, depending on the region. Commodity prices were also a mixed bag. Wheat prices have been locked in a range, but cattle prices and hay have shown some strength over last year. We are heading into renewal season with a little more optimism than in the past few years and we have seen good rains across the region this past week. I would be remiss if I didn't mention the devastating wildfires that affected some of our counties this summer. The damage was immense, but the resiliency of the communities impacted by the fires is what makes living and working in eastern Oregon and Washington so rewarding. Hats off to the professional firefighters, volunteers and neighbors that worked and sacrificed to protect all,” concluded Bailey.

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

About BEO Bancorp

BEO Bancorp is the holding company for Bank of Eastern Oregon, which operates 14 branches and 7 loan production offices in twelve eastern Oregon and 3 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, Pomeroy, and Dayton, WA. Bank of Eastern Oregon also operates a mortgage division, and operates the Pasco branch, Pomeroy, and Dayton offices 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.