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BEO Bancorp
PO Box 39
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NEWS RELEASE

BEO Bancorp Reports 2018 Earnings

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Heppner, Oregon, (January 31, 2019) BEO Bancorp (OTCBB:BEOB) and its subsidiary, Bank of Eastern Oregon, announced consolidated year end 2018 earnings of \$3,949,000 an increase of 27.6% when compared to \$3,094,000 in 2017. Average earnings per share were up 28.1% at \$3.33. Total assets were up 0.5% from \$414.5 million to \$416.6 million. Net loans were up 1.8% at \$324.6 million, while deposits decreased 0.7% year over year to \$368.2 million.

“While after tax income was considerably higher than 2017, pre-tax earnings were down 2.9% year over year, due primarily to an increase in loan loss provision and write down of a legacy problem asset,” said President and CEO, Jeff Bailey. “The December 2017 reduction in corporate tax rates equated to approximately \$700,000 for 2018, this coupled with an increasing interest rate environment helped contribute to strong earnings.”

According to Chief Financial Officer, Mark Lemmon. “2018 Return on Average Assets is 0.95% compared to 0.78% in 2017. Return on Average Equity is at 11.91% compared to 10.06% in 2017. Our book value per share is up 9.5% at \$29.21 compared to \$26.67 one year ago. Shareholder equity is also up 9.0% year over year”.

Chief Operations Officer, Gary Prophter said, “In 2018 we opened a new loan production office in Dayton, WA. We also continued to expand our deposit taking ATM’s in the region providing enhanced banking options for our customers across our branch and loan production office network”.

“We are pleased with the 2018 results. Solid earnings for 2018 and an improved renewal season for our agricultural borrowers are encouraging for the year ahead, but time will tell,” said Bailey. “It is also important to note that our application with the FDIC to acquire the 4 Umpqua branches (Colfax, Dayton, LaCrosse, and Pomeroy, WA) has been approved and the conversion is set for the first weekend in February. While there will be expenses associated with the acquisition, the prospects for those markets is encouraging. We look forward to having the employees in those branches join our banking family, and welcome our new customers,” concluded Bailey.

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

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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.