

8/1/2019

BEO Bancorp
PO Box 39
Heppner, OR 97836

NEWS RELEASE

BEO Bancorp Reports 2nd Quarter Earnings

CONTACT:

Jeff Bailey, President and CEO (541) 676-0201

Mark Lemmon, EVP & CFO, (541) 676-0201

Heppner, Oregon, (July 24, 2019) BEO Bancorp (OTCBB:BEOB) and its subsidiary, Bank of Eastern Oregon, announced 2nd quarter 2019 consolidated net income of \$650,000 or \$0.55 per share compared to \$872,000 or \$0.73 per share for second quarter 2018. Year-to-date earnings were \$1.744 million compared to \$1.629 million for the first six months of 2018. Total assets were \$469.9 million, up 17.4% year over year. Net loans of \$383.9 million were up 16.5% from the same period in 2018, while deposits were at \$421.9 million, up 18.5% year over year. Shareholders' equity increased by \$3.127 million or 9.4% from June 2018.

“Net income for the quarter is down from a year ago, this is attributed to acquisition and startup costs of our Washington branches, our new loan production office in Hermiston, and expansion of our Pendleton and Island City loan production offices. While the 2Q2019 results are down from last year, year to date results are up 7.1% when compared to this time last year,” said President and CEO Jeff Bailey.

Chief Financial Officer Mark Lemmon said, “Most market analysts anticipate that the Fed will begin a rate lowering trend over the coming year, the yield curve has flattened, and the world economy continues to show signs of weakness; but the U.S. economic recovery is the longest on record. Unemployment is at record lows and most domestic economic numbers point to continued strength. ...plenty to think about”. He went on to say, “Return on Average Assets for the quarter was 0.55% compared to 0.88% in 2nd quarter 2018, while Return on Average Equity was 7.21% vs. 10.6% last year. Our book value per share was \$30.83 compared to \$28.07 on June 30, 2018, an increase of 9.8%”.

Chief Operations Officer Gary Propheeter said, “The strategic expansions into Washington and our loan production offices have yielded strong growth in deposits and loans. We are pleased with the reception we are receiving in all of our newest locations”.

“The ag sector in the PNW seems to be doing pretty well. Harvest is just beginning across our trade area. Early results are encouraging for our small grain producers. Grass conditions in the mountains are good for summer feed and cattle prices are stable. All of these factors bode well for our local economy, but there are the ongoing concerns about the impact of tariffs and the global economic factors that could pose additional challenges.” concluded Bailey.

8/1/2019

BEO Bancorp
PO Box 39
Heppner, OR 97836

NEWS RELEASE

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

About BEO Bancorp

BEO Bancorp is the holding company for Bank of Eastern Oregon, which operates 18 branches and 7 loan production offices in 12 eastern Oregon and 4 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, LaCrosse, Colfax, Pomeroy, and Dayton, WA; loan production offices are located in Ontario, Pendleton, Island City, Lakeview, Madras, Hermiston, OR; and Pomeroy, WA. Bank of Eastern Oregon also operates a mortgage division and operates the Washington branches and loan production 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.