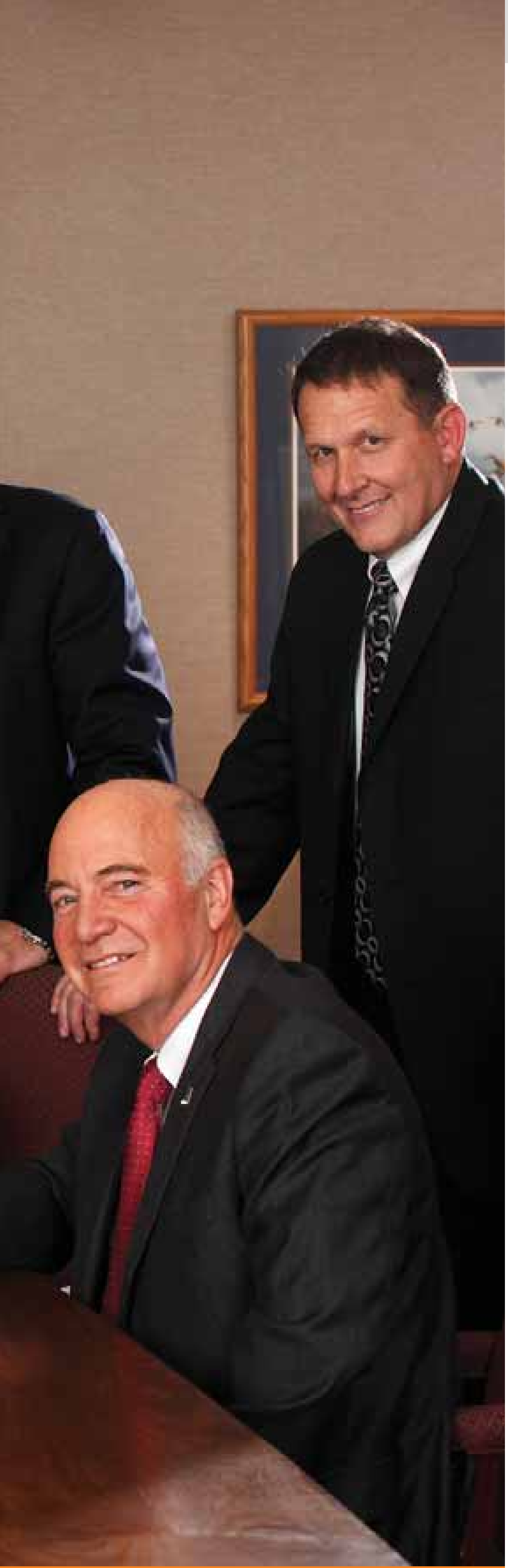
BOU BANCORP, INC.

ANNUAL REPORT 2012

BANK OF UTAH

BANK of UTAH
Experience. Service.



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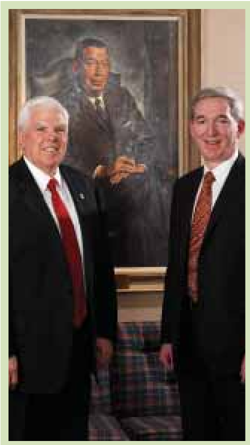

On behalf of the Board of Directors and the management team of BOU Bancorp, Inc. and Bank of Utah (Bank), we are pleased to report on the Bank's performance for the year ending December 31, 2012.

The Bank marked a year of strong financial performance in 2012. Our outstanding results are a particularly remarkable achievement against a backdrop of record low interest rates and an improving, yet still uncertain economy. Most American banks did well this year, but the Bank continued to outshine and outperform its competing peer groups, including most of the banks in its market. In addition to setting financial records, our exceptional team of employees dedicated themselves to building a dynamic set of Cultural Beliefs that focused on achieving the Bank's Key Results. It was a year of team development that helped each member of our organization to understand more fully the Bank's vision to "be the preeminent community bank in Utah."

REWARDING OUR SHAREHOLDERS

A top priority for the Bank's management team and our Board of Directors is to reinvest in our banking business, as well as return capital to shareholders in the form of dividends. Our strong earnings, coupled with strong capital levels, gave us the ability to pay dividends throughout the year. Dividends paid to shareholders in 2012 totaled $1.50 per share, which is approximately a 2.5 percent cash return to shareholders based on the Bank's book value.

KEY RESULTS

One of the most far reaching activities that began in 2012 was the process of establishing a set of performance metrics we call our Key Results. The outcome and commentary of the results are clearly outlined in the "Key Results for 2012" section of this report. They address what we consider to be the most important performance aspects of the Bank — Profitability, Growth and Customer Loyalty. The strategy is to develop goals that represent our core beliefs. These are beliefs that the entire Bank team can visualize and relate to. We trust you will agree with this simple, hard-hitting formula.

Focusing on the Key Results is a significant strategy in overcoming persistent economic headwinds. The banking industry has been severely affected by a struggling economic recovery, the prolonged low level of interest rates and a regulatory environment with unprecedented requirements. Our team's focus on the Key Results will help us stay on target, despite the distractions of daily economic events.

TEAM DEVELOPMENT

In business we seek to recruit and retain the best talent possible — the contribution that can be made by talented people is unmistakably important. It's also important to organize these talented individuals into effective and dynamic teams. However, it is even more vital to the success of any organization to develop teams that are singular in purpose. There is enormous leverage when we structure teams correctly. Teams must be able to work with each other not only within individual departments, but across functional boundaries as well. Among big banks, knocking down "silos" is a common and constant challenge. Likewise, we are aware that this challenge is present in community banks. With this in mind, we will continue to build dynamic teams that are focused on and equally accountable for achieving a single set of Key Results.

Being a member of a strong team doesn't relieve each team member of individual accountability … in fact, it reinforces the need to be accountable. The simple mantra of "See It, Own It, Solve It and Do It" clarifies our expectations of individuals and teams in our Bank. We want to thank Roger Connors, Partners in Leadership, for his expert help and guidance in implementing these ideas in our Bank.

BUSINESS ENVIRONMENT

The Bank did remarkably well in 2012. The economy is slowly improving; however, this country is still faced with many problems. The rising debt, aging population, aging infrastructure, and multiplying of regulations, as well as complex tax codes and broken immigration system are just a few of the issues facing us and our children. This country's businesses are sitting on nearly $2 trillion in cash and are hesitant to invest, in part because of a lack of confidence in Washington politics.

At the Bank, we prefer to execute on the positive outlook of our local and regional economy and the underlying strength of this country. America is still a country of great opportunity, and the people in the Bank who see the real economy at work on a daily basis know this well. That includes our relationship managers, mortgage loan officers and trust professionals.

Recent projections show economic growth between two and three percent. One major Wall Street firm recently predicted that the Federal Reserve will shorten the estimated lifespan on its bond-buying program. This is a positive change. Consumer balance sheets are being repaired and the stock market is hitting pre-recession highs. The private sector is rebounding. Some of this is cyclical, but it reflects the fact that beyond the beltway, the rest of the country is actively tackling its problems.

Some people are concerned about the state-against-state competition for economic development and its resulting jobs. We at the Bank call economic development a good thing that demonstrates, again, how local and small business will continue to fix the economy. We are pleased with successful efforts of Utah's economic development in 2012. It is because of these economic development efforts that Utah is one of the leading states in healing the economy.

The bottom line is clear to us … political gridlock may be bad for this economy, but the underlying growth prospects are better than they seem.

RELATIONSHIPS

Our customers are the driving force behind our success. That is why we spend an inordinate amount of time developing and nurturing relationships with our customers and community partners. Our Spring Economic Outlook Breakfast and Fall Author Event have become institutionalized. For these and many other events, 2012 was a great year. Utah's Lieutenant Governor Greg Bell presented his thoughts on the economy to us and our friends in the community in the spring, and Roger Connors, a New York Times bestselling author who co-wrote *The Oz Principle* and *Change the Culture, Change the Game*, presented in the fall. Our

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goal is to bring valuable information to our customers and create an environment for real and productive conversations.

Our commitment to customer service is displayed in numerous ways. One way in which we have displayed such commitment is through improving the branch experience. In 2012, the lease on the South Ogden branch was coming due and the building was in need of several improvements. We took advantage of a tremendous opportunity to relocate to a new location at 4605 Harrison Boulevard, Ogden Utah, which satisfied existing customers and opened up new business opportunities. At our Logan branch, site changes and obsolescence required an extensive remodel, which was completed mid-year. Furthermore, we also added new mortgage branches in South Towne, Logan, and St. George for better customer convenience. Customer feedback has been positive for each location and these changes have greatly added to our ability to provide the best customer service.

THANK YOU

In addition to the pride we have felt for what the Bank's team has accomplished for our shareholders over the past several years, we are especially proud of our employee's commitment to the communities we serve. The list is too long and the accolades too many to do justice here. Nevertheless, we would like to share a few examples. Each year many of our employees volunteer to help those in our community who need assistance with tax return preparation by participating in the Volunteer Income Tax Assistance (VITA) program. The amount of tax refunds coming back to the working class in our community is significant. During the summer, our mortgage team participated in the Christmas in July program to supply clothing to needy kids, and then during the Christmas season the entire Bank undertook the second annual "Warm Bodies, Warm Souls" drive for cold-weather clothing. Our mortgage team has also demonstrated exemplary service by helping facilitate the donation of a building lot to the Have a Heart program last spring. Before the end of 2012, a new home was completed and presented to a special needs family. In addition to the building lot donation, we have donated over $110,000 to charitable organizations in our communities. The Bank's pride is contagious and we received great support from our customers and community members in accomplishing these many service efforts.

OUR FUTURE

With a great team of talented individuals here at the Bank who all share an optimistic outlook on an improving economy, the Bank has an opportunity to repeat much of the success experienced in 2012. Exciting new initiatives in 2013, which include building a private banking program and a competitive consumer loan program, will add to the foundation of success we established in 2012.

You can count on our continued effort to earn the position as Utah's preeminent community bank. The continued support and loyalty of our shareholders, board members and customers is crucial to our success. Combined with a talented and loyal team here at the Bank and an unwavering focus on achieving our Key Results, we remain confident as we move ahead to 2013 and beyond.

Sincerely,

Frank W. Browning, Chairman, BOU Bancorp, Inc.

Douglas L. DeFries, President, Bank of Utah

KEY RESULTS FOR 2012

PROFITABILITY

Net Income for 2012 totaled $11.9 million, as compared to $9.7 million in 2011. Given the size of the Bank, it is impressive that net income generated a Key Result of 1.6 percent return on average assets (ROA). Additionally, the Bank produced a 12.0 percent return on average equity (ROE), up from 2011's ROE of 11.2 percent. Just two years before, in 2010, the Bank reported a 7.8 percent ROE. This improvement demonstrates the excellent progress made on profitability.

Maintaining high credit quality is fundamental to profitability. The Bank's nonperforming asset ratio (other real estate owned and non-accrual loans to Tier 1 capital and allowance for loan loss) was at 3.3 percent at year-end. This represents one of the most improved metrics, which at year-end 2011 was at 19.5 percent.

Core deposits are the true value of the Bank's franchise. This is because of the long-term value that these balances bring to the Bank. Bank of Utah's funding base is solid. The all-in cost of funds for 2012 was significantly less than the alternative funding in the market place by 1.28 percent.

GROWTH

In 2012, there continued to be intense competition for loans in the Utah banking arena. One primary goal was placing quality loans on the balance sheet while preserving margins. The Bank's commercial lending team performed exceedingly well by growing loans at a rate of 15.7 percent. This is a stark and pleasing contrast to the 4.6 percent decline in 2011. This growth used up excess deposits as displayed in the net loans to non brokered deposits ratio, which moved from 68 percent in 2011 to 81 percent ending 2012. This gave a nice boost to the Bank's profitability. Significant deposits moved from earning minimal overnight rates to commercial loan rates.

Mortgage production also had an exceptional year in 2012 by originating $351 million in home mortgages. This is over double 2011's total of $170 million.

Assets under management in personal trust ended at $228 million; a significant increase from the 2011 year-end balance of $193 million. Additionally, corporate trust revenue continued to grow at a rate over 13 percent.

CUSTOMER RELATIONSHIP LOYALTY

The Bank's Value Proposition is "we will understand your business, anticipate your needs and help you navigate through complex financial choices." By living up to that mantra, the Bank's teams strengthen relationships that in turn drive loyalty. Loyal customers refer their friends and associates to the Bank and the business relationship cycle continues. The level of customer loyalty achieved is measured by the growth in certain business lines, such as treasury management and private banking. The Bank achieved a 9.2 percent growth in treasury management revenue in 2012 and added several new clients to the Bank's recently introduced private banking program.

CAPITAL

Capital ratios are very important and are still a focus of regulators and investors in bank stocks. The Bank's capital ratios continue to reflect a healthy, strong Bank of Utah. At the end of 2012, Tier 1 capital was 12.9 percent. This represents an increase of more than one full percentage point from the 11.8 percent for Tier 1 capital in 2011. Strength in capital represents the ability to take advantage of future opportunities for growth.

COMMERCIAL LENDING

In 2012, quality loan production and rigorous credit scrutiny were combined to create a holistic approach from Bank of Utah's commercial lending team.

Despite a very competitive environment and lagging economic recovery, commercial lending experienced net loan growth of 15.7 percent, well over 2011's comparative result. Complementary to the Bank's excellent loan growth, credit quality improved significantly over last year with respect to the industry and the Bank's peers.

The Bank's commercial lending team focuses on traditional commercial and industrial loans as well as commercial real estate loans. However, the team is also focused on understanding and assisting non-traditional or difficult market segments. There are top performers in almost every industry segment, and the Bank is committed to finding them. The Bank's lending team continuously seeks opportunities to support its primary mission of developing lending and business service relationships that appropriately improve the Bank's profitability while considering risk.

During 2012, commercial lending continued to work with and train all of its lenders to identify and properly address the needs of small to medium size businesses and business owners. This effort served to minimize risk for the Bank and maximize shareholder value. To that end, working closely with the treasury management platform and the new private banking team has been and will continue to be critical to providing a full service and robust banking experience for customers. Providing a full range of services that meet the needs of businesses and their owners throughout their respective life cycles is an important factor in reaching success for the commercial lending division and the entire Bank.

DEPOSITS & TREASURY MANAGEMENT

Branch deposits grew by $7.9 million in 2012. The largest contributor to this growth came from business deposits, which had a 12.7 percent increase year over year.

This increase was fueled by the Bank's focus on treasury management services, which are tailored for business customers to enhance their ability to pay, collect, monitor, and understand their respective cash flows. Additionally, the Bank was able to grow deposits without increasing interest expense.

In 2012, the Bank increased total treasury management customers by 25. These were customers who did not have any prior treasury management services with the Bank. The Bank was also able to enhance the treasury management relationship with many existing customers, which led to an increase in income by 9.2 percent in 2012. Increasing and promoting these services directly correlates to the upsurge in business deposits.

After considerable research, the Bank also embarked on a new private banking initiative with the goal of having 100 clients by the end of 2013. This exciting initiative is a private banking service unlike anything offered by our competitors. It is not fee-based, but is oriented instead toward obtaining more of our customers' financial services. The Bank is confident that these private banking services will help us more fully meet the needs of our valued customers.

MORTGAGE

2012 was a year of excellent growth and achievement for the Bank of Utah mortgage team.

Mortgage production increased significantly with the addition of three new mortgage centers in South Towne, Logan, and St. George. The growth in production required a corresponding growth in operations to support the new production and ensure customer service standards.

For a significant part of the year, interest rates were at record or near-record lows. The combination of low rates, new staff, and a dedicated team gave the mortgage department an opportunity to assist over 2,150 customers with their loan needs.

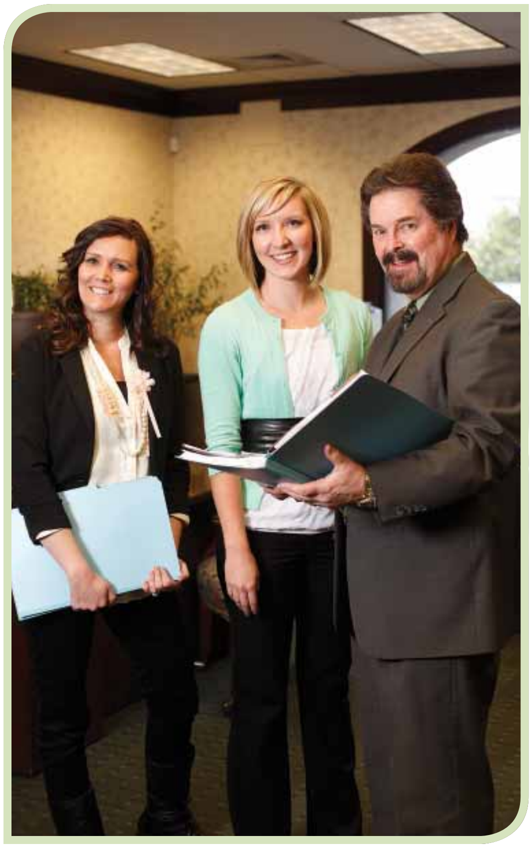
Despite the increased home lending demand, the mortgage team worked hard to maintain its "fast, fast, fast" program. Many loans were closed within ten business days; leaving customers feeling satisfied and giving the Bank's mortgage team a leg up on the competition. Due to local processing, the mortgage department was able to process loans effectively and efficiently. The Bank's mortgage banking is structured to offer more loan options and programs than many market competitors, which leads to helping more customers realize the joy of homeownership. One option the Bank offers is a $5,000 Homestart grant program for lower income families looking to buy their first home.

Although regulatory burdens remain difficult, the Bank understands and supports the need to do business the right way. Making sure the customer receives a fair deal is a high priority in the mortgage department as well as for the Bank as a whole.

TRUST

2012 was another exceptional year for Bank of Utah's trust department.

Due to the Bank's unique personal trust and corporate trust services, contributions to the bottom-line revenue of the Bank increased and the trust division continued to see positive, substantial growth.



With an excellent staff, the trust department's primary goal is to provide quality customer service through customized trust services. As a community bank trust department, it is a source of pride to provide the personal touch customers should expect when dealing with sensitive family and estate planning issues.

The trust team focuses on three areas: service, experience and local in-house trust services. While other institutions may be moving their trust business out of state or discontinuing trust services altogether, the Bank's full-range of trust services are provided locally. Face-to-face and one-on-one service is the department's preferred business approach. The trust team has on average over 27 years of experience and knows what it takes to provide for client's trust needs.

The Bank's trust team is committed to promoting the benefits of using a corporate trustee to handle trust and estate management. If clients choose to travel, the team can still handle their financial affairs. If clients prefer to relieve their family of the burden of managing their estate, Bank of Utah trust can do that, too, with professionalism and objectivity. Whether it is creating a legacy estate, building a foundation, or giving to charity, the trust team can help.

Planning for the future is difficult enough, especially with a constantly changing landscape for taxes and estates. The Bank's professional and experienced staff was able to help many families in 2012 create a legacy and plan for the future, despite regulatory changes. The Bank of Utah's trust department looks forward to another year of success and growth.

REPORT OF INDEPENDENT AUDITORS

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

The Board of Directors and Stockholders
BOU Bancorp, Inc. and subsidiary

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of BOU Bancorp, Inc. and its subsidiary, which comprise the consolidated statement of condition as of December 31, 2012, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BOU Bancorp, Inc. and its subsidiary as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

The consolidated financial statements of BOU Bancorp, Inc. and subsidiary as of and for the year ended December 31, 2011, were audited by other auditors whose report dated March 23, 2012, expressed an unqualified opinion on those statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedule – statement of condition, consolidating schedule – statement of income, and the computation of adjusted net worth for HUD recertification, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Spokane, Washington
March 15, 2013

BOU BANCORP, INC.

Consolidated Statements of Condition

December 31, 2012 and 2011

		2012	2011
ASSETS:			
Cash and due from banks (note 2)	$	8,521,111	6,751,818
Interest-bearing deposits in banks		83,818,293	135,130,344
Federal funds sold		1,030,464	871,012
Investment securities (notes 3 and 9):			
Held to maturity, at cost (fair value of $34,668,443 and $31,380,091 respectively)		33,665,813	29,957,608
Available for sale, at fair value		87,275,338	103,814,855
Total investment securities		**120,941,151**	**133,772,463**
Loans held for sale		23,294,256	11,780,297
Loans (note 4)		482,143,487	416,716,280
Less allowance for loan losses (note 5)		9,875,755	10,826,691
Net loans		**472,267,732**	**405,889,589**
Other real estate (note 7)		2,737,420	4,349,876
Accrued interest receivable		2,275,461	1,975,321
Goodwill		5,894,024	5,894,024
Bank owned life insurance		17,097,698	18,473,326
Premises and equipment, net (note 6)		13,114,854	11,801,558
Other assets		7,756,857	9,142,447
Total assets	$	**758,749,321**	**745,832,075**
LIABILITIES AND STOCKHOLDERS' EQUITY:			
Deposits:			
Non interest-bearing	$	154,593,082	136,709,116
Interest-bearing (note 8)		456,605,334	464,199,122
Total deposits		**611,198,416**	**600,908,238**
Securities sold under agreements to repurchase (note 9)		36,655,751	42,408,185
Other borrowings (note 10)		48,412	-
Other liabilities		7,049,296	7,861,955
Total liabilities		**654,951,875**	**651,178,378**
Commitments and contingent liabilities (notes 11, 13)			
Common stock, $1 par value, 5,000,000 shares authorized, 1,683,375 issued and outstanding at December 31, 2012 and 2011, respectively		1,683,375	1,683,375
Paid-in capital		4,333,954	4,333,954
Accumulated other comprehensive income – unrealized gain on available for sale securities, (note 3)		878,241	1,078,173
Retained earnings		96,901,876	87,558,195
Total stockholders' equity		**103,797,446**	**94,653,697**
Total liabilities and stockholders' equity	$	**758,749,321**	**745,832,075**

See accompanying notes to consolidated financial statements.

BOU BANCORP, INC.

Consolidated Statements of Income

Years Ended December 31, 2012 and 2011

		2012	2011
INTEREST INCOME:			
Interest and fees on loans	$	25,741,706	26,352,423
Interest on investment securities:			
Taxable		1,619,310	2,091,093
Tax-exempt		881,071	1,002,339
Interest on loans held for sale		744,193	337,246
Interest on federal funds sold		246	11,758
Interest on interest-bearing deposits in banks		208,105	274,423
Total interest income		**29,194,631**	**30,069,282**
INTEREST EXPENSE:			
Interest on deposits		1,890,035	2,862,344
Interest on securities sold under agreements to repurchase		127,941	208,271
Interest on other borrowings		104	72,452
Total interest expense		**2,018,080**	**3,143,067**
Net interest income		**27,176,551**	**26,926,215**
Provision for loan losses (note 5)		700,000	4,000,000
Net interest income after provision for loan losses		**26,476,551**	**22,926,215**
OPERATING INCOME:			
Service charges on deposits		1,703,641	1,837,601
Gain on sale of loans		10,758,563	4,136,596
Trust fees		4,287,343	3,860,603
Cash surrender value increase of bank owned life insurance		1,417,680	652,836
Other		2,172,613	613,037
		20,339,840	**11,100,673**
OPERATING EXPENSES:			
Salaries and employee benefits		18,124,607	16,364,183
Net occupancy expense		2,295,759	2,071,514
Equipment expense		2,181,262	1,982,778
Professional fees and services		2,218,378	1,633,392
Other real estate, net		1,722,732	921,189
Other		3,730,401	3,957,556
		30,273,139	**26,930,612**
Income before income taxes		**16,543,252**	**7,096,276**
Income tax expense (benefit) (note 11)		4,674,509	(2,593,498)
Net income	$	**11,868,743**	**9,689,774**

See accompanying notes to consolidated financial statements.

BOU BANCORP, INC.

Consolidated Statements of Comprehensive Income

Years Ended December 31, 2012 and 2011

		2012	2011
Net income	$	11,868,743	9,689,774
Other comprehensive income:			
Net change in unrealized holding gain on securities available for sale, net of taxes		255,533	251,309
Realized gain on sale of securities available for sale, net of taxes		(455,465)	-
Comprehensive income	$	**11,668,811**	**9,941,083**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity

Years Ended December 31, 2012 and 2011

		Common stock	Paid-in capital	Accumulated other comprehensive income	Retained earnings	Total stockholders' equity
Balances, December 31, 2010	$	1,609,301	408,032	826,864	77,868,421	80,712,618
Issuance of 74,074 common shares		74,074	3,925,922	-	-	3,999,996
Net income		-	-	-	9,689,774	9,689,774
Unrealized holding gain arising during the year on securities available for sale, net of taxes		-	-	251,309	-	251,309
Balances, December 31, 2011	$	**1,683,375**	**4,333,954**	**1,078,173**	**87,558,195**	**94,653,697**
Net income		-	-	-	11,868,743	11,868,743
Unrealized holding loss arising during the year on securities available for sale, net of taxes		-	-	(199,932)		(199,932)
Dividends paid		-	-	-	(2,525,062)	(2,525,062)
Balances, December 31, 2012	$	**1,683,375**	**4,333,954**	**878,241**	**96,901,876**	**103,797,446**

See accompanying notes to consolidated financial statements.

BOU BANCORP, INC.

Consolidated Statements of Cash Flows

Years Ended December 31, 2012 and 2011

		2012	2011
OPERATING ACTIVITIES:			
Net income	$	11,868,743	9,689,774
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation		1,333,902	1,309,426
Provision for loan losses		700,000	4,000,000
Provision for commitments to fund loans		-	100,000
Change in valuation of other real estate		1,450,326	775,046
Net loss on other real estate properties sold		207,753	266,469
Increase in cash surrender value of bank owned life insurance		(658,839)	(652,836)
Gain on sale of available for sale securities		(726,420)	-
Gain on sale of loans		(10,758,563)	(4,136,596)
Proceeds from loans held for sale		350,499,074	170,808,686
Origination of loans held for sale		(351,254,470)	(170,185,959)
Gain on sale of premises and equipment		(10,227)	(15,599)
Change in accrued interest receivable and other assets		3,238,856	(5,730,845)
Change in other liabilities		(812,659)	2,102,991
Net cash provided by operating activities		**5,077,476**	**8,330,557**
INVESTING ACTIVITIES:			
Proceeds from maturities of held to maturity securities		5,118,869	5,185,901
Proceeds from maturities of available for sale securities		64,467,875	69,777,223
Proceeds from sale of available for sale securities		13,654,742	-
Purchase of held to maturity securities		(8,827,074)	(2,605,690)
Purchase of available for sale securities		(61,175,551)	(65,527,410)
Net change in loans from loan originations and principal repayments		(75,028,133)	13,827,762
Net change in interest-bearing deposits in banks		51,312,051	(40,512,114)
Net change in federal funds sold		(159,452)	17,866,580
Proceeds from sale of premises and equipment		43,437	26,902
Proceeds from sale of other real estate		7,904,367	2,188,813
Purchase of premises and equipment		(2,680,408)	(1,117,583)
Net cash used in investing activities		**(5,369,277)**	**(889,616)**
FINANCING ACTIVITIES:			
Net change in demand, savings, and money market deposits		22,455,848	40,861,367
Net change in time deposits		(12,165,670)	(36,776,638)
Proceeds from issuance of other borrowings		48,412	-
Payments on other borrowings		-	(10,000,000)
Net change in treasury tax loan note payable		-	(639,432)
Net change in securities sold under agreement to repurchase		(5,752,434)	(10,646,966)
Issuance of common stock		-	3,999,996
Dividends paid to stockholders		(2,525,062)	-
Net cash provided by (used) in financing activities		**2,061,094**	**(13,201,673)**
Net change in cash and cash equivalents		1,769,293	(5,760,732)
Cash and cash equivalents, beginning of period		6,751,818	12,512,550
Cash and cash equivalents, end of period	$	**8,521,111**	**6,751,818**
Supplemental Disclosure of Cash Flow Information			
Cash paid for interest	$	2,048,112	3,220,286
Cash paid for income taxes		4,977,125	997,000
Supplemental Disclosure of Investing Activities			
Foreclosure of loans	$	7,949,990	2,068,593
Loans made to finance sales of other real estate		120, 000	305,000
Net change in unrealized gain (loss) on securities available for sale, net of tax		(199,932)	251,309

See accompanying notes to consolidated financial statements.

BOU BANCORP, INC.

Notes to Consolidated Financial Statements

Years Ended December 31, 2012 and 2011

(1) DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by BOU Bancorp, Inc. (the Corporation) in the preparation of the accompanying consolidated financial statements are as follows:

DESCRIPTION OF BUSINESS

The Corporation is a Utah state bank holding company formed on November 30, 2000. Bank of Utah, (the Subsidiary), is a Utah state-chartered commercial bank founded in 1952. The Corporation and its wholly-owned Subsidiary are collectively referred to as the Bank. The Bank, which is centered along Utah's Wasatch Front, focuses on providing community banking services including: 1) attracting deposits from the general public; 2) originating loans including residential mortgage loans; 3) providing treasury cash management products and services; and 4) personal and corporate trust management services.

BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying consolidated financial statements include the accounts of BOU Bancorp, Inc. and Bank of Utah. All significant intercompany balances and transactions have been eliminated in consolidation. The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles. In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, as of the date of the balance sheet and revenues and expenses for the period. Actual results could significantly differ from those estimates. Certain prior year amounts have been reclassified to conform to the current financial statement presentation. Such reclassifications had no impact on net income or stockholders' equity.

Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for loan losses and the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans. Management obtains independent appraisals for significant properties as one of the factors used in the determination of the allowance for loan losses and valuation of other real estate.

Management believes the allowance for loan losses and other real estate valuations are adequate. While management uses available information to recognize losses on loans and other real estate, future additions to the allowance or valuation adjustments may be necessary, based on changes in economic conditions. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses and valuation of other real estate.

CASH EQUIVALENTS

The Bank considers cash and due from banks to be cash equivalents.

INTEREST-BEARING DEPOSITS

Interest-bearing deposits mature within one year and are carried at cost.

INVESTMENT SECURITIES

The Bank classifies its investment securities in two categories: Held to maturity or available for sale. Held to maturity securities are stated at cost, net of unamortized premiums and unaccreted discounts. The Bank has the intent and ability to hold such securities to maturity. Securities held for investment are classified as available for sale and recorded at fair value. Unrealized holding gains and losses on available for sale securities are reported as a component of accumulated other comprehensive income (OCI). Realized gains and losses on available for sale securities are reported in the consolidated statements of income as other income.

Premiums and discounts are amortized or accreted over the life of the related security and recognized in interest income using the effective-interest method. Dividend and interest income are recognized when earned.

Any declines in the values of these securities that are considered to be other-than-temporary-impairment (OTTI) and credit-related OTTI is recognized in earnings. Noncredit-related OTTI on securities not expected to be sold is recognized in OCI. The review for OTTI is conducted on an ongoing basis and takes into account the severity and duration of the impairment, recent events specific to the issuer or industry, fair value in relationship to cost, extent and nature of change in fair value, creditworthiness of the issuer including external credit ratings and recent downgrades, trends and volatility of earnings, current analysts' evaluations, and other key measures. In addition, the Bank determines that it does not intend to sell securities and it is more likely than not that it will not be required to sell the securities before recovery of their amortized cost basis. In making this determination, the Bank takes into account its balance sheet management strategy and consideration of current and future market conditions.

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

FEDERAL HOME LOAN BANK (FHLB) AND FEDERAL RESERVE BANK (FRB) STOCK

FHLB of Seattle stock is a required investment for institutions that are members of the FHLB. The required investment in FHLB common stock is based on a predetermined formula and is carried at par value ($100 per share) on the consolidated statements of condition and is included in other assets. The Bank may request redemption at par value of any stock in excess of the amount the Bank is required to hold. FHLB stock is restricted as to purchase, sale, and redemption. The carrying amount of FHLB stock as of December 31, 2012 and 2011, respectively, was $2,072,400 and $2,109,900.

The Bank also holds Federal Reserve Bank stock as stipulated in the requirements of the Federal Reserve Act. FRB stock is reported on the consolidated statements of condition and is included in other assets. The carrying amount of FRB stock as of December 31, 2012 and 2011, respectively, was $365,700 and $249,000.

The Bank views its investment in FHLB and FRB stock as a long-term investment. Accordingly, when evaluating for impairment, the value is determined based on the ultimate recovery of the par value rather than recognizing temporary declines in value.

LOANS HELD FOR SALE

The Bank originates mortgage loans which are sold to investors in the secondary market. Loans held for sale are carried at the lower of cost or fair market value as determined by outstanding commitments from investors. The amount of the Bank's commitments to sell loans approximated the balance of loans held for sale on December 31, 2012. Gains and losses resulting from the sale of loans are determined on the specific-identification method and reflect the extent that the sale proceeds, based on the contractual commitment entered into by the Bank and investor exceed or are less than the Bank's investment in the loans. To the extent the sale of loans involve the sale of part of a loan or pool of loans with disproportionate credit risk, the cost basis of the loan is allocated based upon the relative fair value of the portion sold and the portion retained on the date such loans were made.

LOANS

A substantial portion of the Bank's general overall lending territory is focused in Northern Utah in the counties where it maintains branch offices. However, the Bank also extends credit into other areas where a branch office is not maintained. The ability of the Bank's debtors to honor their loan agreements is dependent upon, among other things, the general economic conditions and the real estate values in these areas.

Loans are generally recorded at cost, net of discounts, deferred fees and related costs. Discounts and premiums on purchased loans are amortized using the interest method over the remaining contractual life, adjusted for actual prepayments.

The accrual of interest on loans is discontinued and the loan is considered impaired when, in the opinion of management, it is probable that the Bank will be unable to collect principal or interest when due according to the contractual terms of the loan agreement or when loans are contractually past due 90-days or more with respect to principal or interest. Thereafter, payments received are generally applied to principal. However, based on management's assessment of the ultimate collectability of an impaired or nonaccrual loan, interest income may be recognized on a cash basis.

Impaired and nonaccrual loans are returned to an accrual status when all delinquent principal and interest becomes current in accordance with the terms of the loan agreement and when management determines that circumstances have improved to the extent that there has been a sustained period of repayment performance, generally six months. Loans are placed on nonaccrual or charged off to the allowance for loan losses when, in the opinion of management, it is probable the Bank will be unable to collect contractual principal or interest on loans after a reasonable time for collection efforts.

In cases where a borrower experiences financial or legal difficulty and the Bank makes certain concessionary modifications to contractual terms, the loan is classified as a troubled debt restructuring (TDR). When the Bank modifies the terms of an existing loan that is not considered a TDR, the Bank accounts for the loan modification as a new loan if the terms of the new loan resulting from a loan refinancing or restructuring are at least as favorable to the Bank as the terms for comparable loans to other customers with similar risk characteristics who are not undergoing a refinancing or restructuring. The new loan is excluded from any impairment assessment.

Generally, a nonaccrual loan that is restructured remains on nonaccrual for a period of six months to demonstrate that the borrower can meet the restructured terms. However, performance prior to the restructuring or significant events that coincide with the restructuring, are included in assessing whether the borrower can meet the new terms and may result in the loan being returned to accrual at the time of restructuring or after a shorter performance period. If the borrower's ability to meet the revised payment schedule is uncertain, the loan remains classified as a nonaccrual loan.

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

Loan origination fees and certain direct origination costs are deferred and amortized as an adjustment of the yields of the loans over their contractual lives, adjusted for prepayment of the loans, using the interest method. In the event loans are sold, the deferred net loan origination fees or costs are recognized as a component of the gains or losses on the sales of loans.

In the normal course of business, the Bank periodically sells participating interests in loans to various other banks and investors. All new participations are sold on a proportionate (pro-rata) basis with all cash flows divided proportionately among the participating interest holders in an amount subordinate to the interest of another and no party has the right to pledge or exchange the entire financial asset without the consent of all the participating interest holders. Other than standard 90-day prepayment provisions and standard representations and warranties, participating interests are sold without recourse. Certain participating interests sold by the Bank are guaranteed by government agencies such as the Small Business Administration and U.S. Department of Agriculture.

The gain or loss on sale of the participating interest in loans is the difference between the proceeds from the sale and the basis of the assets sold. The Bank did not recognize any gains from the sale of such loans in 2012 or 2011.

The Bank continues to service approximately $53,934,744 and $48,375,205 in participating interests at December 31, 2012 and 2011, respectively, that have been accounted for as transfers of assets and not included in the Bank's statements of condition. The Bank's retained portion of participated loans was $49,174,188 and $43,280,894, respectively, at December 31, 2012 and 2011. The Bank recorded approximately $94,106 and $66,003 in servicing fee income during 2012 and 2011, respectively.

A servicing asset would be recorded if the Bank purchases or retains the right to service loans and receives servicing fees that exceed the going market rate. This asset would then be amortized as a reduction in fee income over the life of the servicing income. The Bank did not have any servicing assets recorded as of December 31, 2012 or 2011.

The Bank holds purchased participating interest in loans of $2,903,449 and $0 at December 31, 2012 and 2011, respectively.

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is based on management's estimate of probable losses inherent in the loan portfolio. In the opinion of management, the allowance is adequate to absorb estimated losses in the portfolio at the balance sheet date. While management uses available information to analyze losses on loans, future additions to the allowance may be necessary based on changes in economic conditions. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses. In analyzing the adequacy of the allowance for loan losses, a comprehensive loan grading system to determine risk potential in loans is utilized together with the results of internal credit reviews.

To determine the adequacy of the allowance, the loan portfolio is broken into segments based on loan type. Historical loss experience factors by segment, adjusted for changes in trends and conditions, are used to determine an indicated allowance for each portfolio segment. These factors are evaluated and updated based on the composition of the specific loan segment. Other considerations include volumes and trends of delinquencies, nonaccrual loans, levels of bankruptcies, criticized and classified loan trends, expected losses on real estate secured loans, new credit products and policies, economic conditions, concentrations of credit risk, and the experience and abilities of the Bank's lending personnel. In addition to the segment evaluations, loans graded substandard or worse with a balance of $250,000 or more are individually evaluated based on facts and circumstances of the loan to determine if a specific allowance amount may be necessary. Specific allowances may also be established for loans whose outstanding balances are below the above threshold when it is determined that the risk associated with the loan differs significantly from the risk factor amounts established for its loan segment.

After a preliminary allowance has been established for loan portfolio segments, an additional review is performed on the adequacy of the allowance based on the portion of the loan portfolio collectively evaluated for impairment. This procedure helps to mitigate the imprecision inherent in most estimates of expected credit losses and also supplements the allowance. This supplemental portion of the allowance includes judgmental consideration of any additional amounts necessary for subjective factors such as the economy and loan concentration risks. The credit quality indicators supporting the supplemental portion of the allowance were evaluated at December 31, 2012.

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

RESERVE FOR UNFUNDED LENDING COMMITMENTS

The Bank also estimates a reserve for potential losses associated with off-balance sheet commitments and letters of credit. It is included in other liabilities in the Bank's consolidated balance sheet, with any related provisions to the reserve included in non-interest expense in the consolidated statements of income.

In determining the reserve for unfunded lending commitments, a process similar to the one used for the allowance for loan losses is employed. Based on historical experience, loss factors adjusted for expected fundings are applied to the Bank's off-balance sheet commitments and letters of credit to estimate the potential for losses.

PREMISES AND EQUIPMENT

Premises and equipment are stated at net depreciated cost and are depreciated over their estimated useful lives that vary in term from one month to fifty years. Depreciation is provided on a straight-line basis. Leasehold improvements are stated at unamortized cost. Amortization is provided on the straight-line basis over the shorter of the asset life or the lease term. Costs for maintenance and repairs are expensed as incurred.

OTHER REAL ESTATE

Other real estate includes properties acquired by the Bank through foreclosure or deed in lieu of foreclosure. Properties are carried at the lower of cost or estimated fair value. The value of the underlying loan is written down to the fair value of the property acquired, as determined by a recent appraisal, less reasonable selling costs by a charge to the allowance for loan losses, if necessary. Routine holding costs (net of rental income), subsequent declines in appraised value and net losses on disposal are included in non-interest expenses. Significant costs of development and improvement of ORE are capitalized.

GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets with indefinite useful lives are not amortized, but instead tested for impairment annually. Intangible assets with definite useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment. At December 31, 2012 and 2011, the Bank's goodwill totaled $5,894,024. There were no changes in the carrying amount of goodwill for the years ended December 31, 2012 and 2011. As of December 31, 2012, the Bank has identified its reporting unit as the Subsidiary and has allocated goodwill accordingly. Additionally, management evaluated the carrying value of the Bank's goodwill as of December 31, 2012 and 2011, and determined that no impairment existed. The Bank has no other intangible assets.

BANK OWNED LIFE INSURANCE

The carrying amount of bank owned life insurance approximates its fair value. Fair value of bank owned life insurance is estimated using the cash surrender value, net of surrender charges.

COMPREHENSIVE INCOME

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale, which are also recognized as separate components of equity.

TRANSFER OF FINANCIAL ASSETS

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Bank, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Bank does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

FINANCIAL INSTRUMENTS

In the ordinary course of business, the Bank has entered into off-balance-sheet financial instruments consisting of commitments to extend credit and commitments under credit card arrangements. Such financial instruments are recorded in the financial statements when they are funded or when related fees are incurred or received.

ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising expenses are included in the accompanying financial statements as a component of other expense.

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

INCOME TAXES

Prior to April 5, 2011, the Bank was organized as a Subchapter S Corporation. As such, the tax effects of the Bank's operations accrued directly to the stockholders. On April 4, 2011, the Bank revoked its S Corporation election. From January 1, 2011, through April 4, 2011, the Bank was an S Corporation for federal and state income tax purposes. Therefore, all income and losses were allocated to the stockholders, resulting in no reported income tax expense or benefit for the Bank. The Bank has operated as a C Corporation for the period April 5 thru December 31, 2011, and for all of 2012. The conversion to a C Corporation resulted in the establishment of deferred tax assets and deferred tax liabilities balances as of the conversion date.

Subsequent to the Bank's conversion to a C Corporation, deferred income taxes are reported for temporary differences between items of income or expense reported in the financial statements and those reported for income tax purposes. Deferred taxes are estimated using the asset and liability approach. Under this method, a deferred tax asset or deferred tax liability is determined based on management's estimate of the enacted tax rates that will be in effect when the differences between the financial statement carrying amounts and tax basis of existing assets and liabilities are expected to be reported in the Bank's income tax returns. The deferred tax provision for the year is equal to the net change in the net deferred tax asset from the beginning of the year to the end of the year, less amounts applicable to the change in value related to investments available for sale. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. In addition, tax benefits related to positions considered uncertain are recognized only if, based on the technical merits of the issue, the Bank is more likely than not to sustain the position.

As of December 31, 2012, the Bank has no recorded unrecognized tax benefits. The Bank recognizes potential accrued interest and penalties related to unrecognized tax benefits within the consolidated statements of income as income tax expense. The Bank is subject to taxation in the U.S. Federal and Utah State jurisdictions. The Bank is no longer subject to U.S. Federal and Utah State examinations by tax authorities for years before 2009.

TRUST DEPARTMENT ASSETS

The Bank acts in various capacities as fiduciary for customers' assets in the Trust department. Such assets are not included in the statements of condition. Trust fees and expenses are reported in the statements of income on an accrual basis.

EMPLOYEE STOCK OWNERSHIP PLAN WITH 401(K) PROVISIONS

The Bank has an employee stock ownership plan with 401(k) provisions (KSOP) for virtually all full-time Bank employees. Eligible employees may contribute up to five percent of compensation upon which the Bank makes a 100 percent matching contribution. The Bank's contributions are fully vested after six years and are used to purchase Corporation stock. Bank contributions were approximately $717,958 and $613,613 for the years ended December 31, 2012 and 2011, respectively. An independent valuation of the BOU Bancorp, Inc.'s stock held by the KSOP is obtained annually and resulted in a valuation of $71.50 per share at December 31, 2012. The KSOP owns 113,044 shares (6.72%) of BOU Bancorp, Inc. stock, all of which are allocated, at December 31, 2012.

SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the date of the balance sheet but before the financial statements are issued. The Bank recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Bank's consolidated financial statements do not recognized subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial condition but arose after the date of the consolidated statement of financial condition and before the consolidated financial statements are available to be issued.

Subsequent events have been evaluated through March 15, 2013, the date these financial statements were issued.

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

RECENT ACCOUNTING PRONOUNCEMENTS

In April 2011, the FASB issued ASU No. 2011-02, *A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring (TDR)* to assist creditors in evaluating whether a modification or restructuring of a loan is a TDR. It clarifies existing guidance on whether the creditor has granted a concession and whether the debtor is experiencing financial difficulties, which are the two criteria used to determine whether a modification or restructuring is a TDR. This accounting guidance also requires additional disclosures regarding TDRs. The Bank adopted the new guidance as of January 1, 2012, as required for nonpublic companies. Adoption did not have a material effect on the Corporation's financial condition or results of operations. Additional disclosures are included in footnote 5.

On April 29, 2011, the FASB issued ASU No. 2011-03, *Reconsideration of Effective Control for Repurchase Agreements* ("ASU 2011-03"). The guidance eliminates the collateral maintenance requirement under GAAP for entities to consider in determining whether a transfer of financial assets subject to a repurchase agreement is accounted for as a sale or as a secured borrowing. ASU 2011-03 was effective for the Bank January 1, 2012, and did not have a material impact on the financial statements.

On May 12, 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs* to provide clarified and converged guidance on fair value measurement and expand disclosures concerning fair value measurements. ASU 2011-04 is largely consistent with the existing fair value measurement principles contained in ASC 820, *Fair Value Measurement*. The Bank adopted the new guidance as of January 1, 2012.

On June 16, 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income* which revises the manner in which entities present comprehensive income in their financial statements by removing the presentation option in ASC 220, *Comprehensive Income*, and requires entities to report components of comprehensive income in either a continuous statement of comprehensive income or two separate but consecutive statements. The Bank adopted the new guidance January 1, 2012, as required for nonpublic companies.

ASU No. 2013-01, *Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities* was issued jointly by the FASB and IASB to require specific disclosures about netting arrangements for assets and liabilities. Entities are now required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. The scope of this update includes derivatives, sale and repurchase agreements and reverse sale and repurchase agreements, and securities borrowing and securities lending arrangements. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of U.S. GAAP and those that prepare their financial statements on the basis of IFRS, as well as to enable users of the financial statements to understand the effect of those arrangements on its financial position. This amendment is effective for the interim period beginning on or after January 1, 2013, and is not expected to have a material impact on the Bank's consolidated financial statements.

(2) CASH AND DUE FROM BANKS

The Bank is required to maintain certain daily reserve balances on hand in accordance with Federal Reserve Board requirements. The reserve balance maintained in accordance with such requirements was approximately $532,000 and $551,000 at December 31, 2012 and 2011, respectively.

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

(3) INVESTMENT SECURITIES

Investment securities as of December 31, 2012 are summarized as follows:

	Held to Maturity			
	Amortized cost	Unrealized gain	Unrealized loss	Fair value
U.S. Treasury	$ 1,001,485	37,105	-	1,038,590
Corporate bonds	5,176,882	4,868	16,925	5,164,825
States and political subdivisions	27,487,446	995,178	17,596	28,465,028
	$ 33,665,813	**1,037,151**	**34,521**	**34,668,443**

	Available for Sale			
	Amortized cost	Unrealized gain	Unrealized loss	Fair value
U.S. government agency	**$ 85,874,635**	**1,417,266**	**16,563**	**87,275,338**

Investment securities as of December 31, 2011 are summarized as follows:

	Held to Maturity			
	Amortized cost	Unrealized gain	Unrealized loss	Fair value
U.S. Treasury	$ 1,002,274	53,426	-	1,055,700
States and political subdivisions	28,955,334	1,373,012	3,955	30,324,391
	$ 29,957,608	**1,426,438**	**3,955**	**31,380,091**

	Available for Sale			
	Amortized cost	Unrealized gain	Unrealized loss	Fair value
U.S. government agency	**$ 102,095,281**	**1,735,324**	**15,750**	**103,814,855**

During the year ended December 31, 2012, U.S. government agency mortgage backed securities, classified as available for sale, were sold. Total proceeds received from the sale were $13,654,742 and a gain of $726,420 was realized. Realized gains on available for sale securities are reported in the consolidated statements of income as other income.

A summary of investment securities with unrealized losses as of December 31, 2012, by the amount of unrealized losses and fair value by length of time that the securities have been in an unrealized loss position, follows:

	Held to Maturity					
	Less than 12 months		12 months or more		Total	
	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value
Corporate bonds	$ 16,925	2,483,075	-	-	16,925	2,483,075
States and political subdivisions	17,596	2,115,707	-	-	17,596	2,115,707
	$ 34,521	**4,598,782**	**-**	**-**	**34,521**	**4,598,782**

	Available for Sale					
	Less than 12 months		12 months or more		Total	
	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value
U.S. government agency	**$ 16,563**	**5,205,450**	**-**	**-**	**16,563**	**5,205,450**

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

A summary of investment securities with unrealized losses as of December 31, 2011, by the amount of unrealized losses and the fair value by length of time that the securities have been in an unrealized loss position, follows:

	Held to Maturity					
	Less than 12 months		12 months or more		Total	
	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value
States and political subdivisions	$ **3,955**	**655,188**	**-**	**-**	**3,955**	**655,188**

	Available for Sale					
	Less than 12 months		12 months or more		Total	
	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value
U.S. government agency	$ **15,750**	**4,984,250**	**-**	**-**	**15,750**	**4,984,250**

Unrealized losses on investment securities result from the current market yield on securities being higher than the book yield on the securities. Based on past experience with these types of investments and the Bank's financial performance, the Bank does not intend to sell the securities and it is not more likely than not that the Bank will be required to sell the securities before recovery of their amortized cost basis. The Bank reviews these investment securities on an ongoing basis according to the policy described in Note 1. While such a review did not result in an other than temporary impairment adjustment as of December 31, 2012 and 2011, the Bank will continue to review these investment securities for possible adjustment in the future. The number of investment securities in an unrealized loss position for securities held to maturity at December 31, 2012 and 2011, respectively, was 8 and 3. The number of investment securities in an unrealized loss position for securities available for sale at December 31, 2012 and 2011, respectively, was 1 and 1.

A summary of the amortized cost and fair value of investment securities as of December 31, 2012, by contractual maturity, follows:

	Held to Maturity	
	Amortized cost	Fair value
Due in one year or less	$ 8,265,300	8,353,178
Due after one year through five years	20,805,943	21,585,579
Due after five years through ten years	4,594,570	4,729,686
	$ **33,665,813**	**34,668,443**

	Available for Sale	
	Amortized cost	Fair value
Due in one year or less	$ 10,011,039	10,049,500
Due after one year through five years	45,323,060	45,802,750
Due after five years through ten years	10,228,251	10,222,150
Mortgage backed securities	20,312,285	21,200,938
	$ **85,874,635**	**87,275,338**

U.S. government agency securities of $40,340,119 and $88,094,010 at December 31, 2012 and 2011, respectively, were pledged to collateralize securities sold under agreements to repurchase and other borrowings. The fair value of such securities was $40,770,550 and $89,845,205 at December 31, 2012 and 2011, respectively. (See notes 9 and 10)

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

(4) LOANS

The following table summarizes the composition of the loan portfolio, excluding loans held for sale, as of December 31:

		2012	2011
Construction & development	$	58,780,292	52,422,299
1-4 family real estate		51,177,178	55,753,861
Nonfarm nonresidential real estate		277,122,270	231,640,606
Commercial & industrial		46,469,699	44,441,865
States & political subdivisions		33,255,374	16,955,391
Other		16,072,907	16,517,738
		482,877,720	417,731,760
Less unearned fees, net		734,233	1,015,480
	$	**482,143,487**	**416,716,280**

The Bank is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and letters of credit, and involve, to varying degrees, elements of credit risk. The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Loans are made in the normal course of business to directors, executive officers and principal shareholders of the Bank. The terms of these loans, including interest rates and collateral, are similar to those prevailing for comparable transactions and do not involve more than a normal risk of collectability. A summary of the activity of such loans follows:

		2012	2011
Balance, beginning of year	$	452,993	357,154
New loans		322,530	148,000
Payments		(378,376)	(52,161)
Balance, end of year	$	**397,147**	**452,993**

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

(5) ALLOWANCE FOR LOAN LOSSES, UNFUNDED LENDING COMMITMENTS AND IMPAIRED LOANS

Allowance for loan losses activity is summarized as of December 31 as follows:

		2012	2011
Balance, beginning of year	$	10,826,691	11,009,542
Provision for loan losses		700,000	4,000,000
Loans charged off		(3,238,998)	(5,080,997)
Recoveries on loans previously charged off		1,588,062	898,146
Balance, end of year	$	**9,875,755**	**10,826,691**

Combined allowances for loan losses and reserve for unfunded lending commitments is summarized as follows:

		2012	2011
Allowance for loan losses	$	9,875,755	10,826,691
Reserve for unfunded lending commitments		400,000	400,000
	$	**10,275,755**	**11,226,691**

Off balance-sheet loan commitments and letters of credit upon which the reserve for unfunded lending commitments was calculated, was $128,547,199 and $122,381,901 as of December 31, 2012 and 2011, respectively.

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

The following tables summarize the changes in the allowance for loan losses and loans, which were evaluated individually and collectively for impairment as of December 31, 2012, as follows:

Allowance for loan losses:		Balance, beginning of year	Provision for loan losses	Loans charged off	Recoveries on loans previously charged off	Balance, end of year
Construction & development	$	2,894,238	184,194	(1,579,104)	1,099,321	2,598,649
1-4 family real estate		1,086,549	70,100	(217,141)	49,470	988,978
Nonfarm nonresidential real estate		5,445,506	333,050	(1,179,806)	100,000	4,698,750
Commercial & industrial		637,256	54,830	(247,822)	329,284	773,548
States & political subdivisions		333,673	25,455	-	-	359,128
Other		429,469	32,371	(15,125)	9,987	456,702
	$	**10,826,691**	**700,000**	**(3,238,998)**	**1,588,062**	**9,875,755**

Allowance for loan losses:		Individually evaluated for impairment	Collectively evaluated for impairment	Total
Construction & development	$	3,709	2,594,940	2,598,649
1-4 family real estate		2,554	986,424	988,978
Nonfarm nonresidential real estate		91,661	4,607,089	4,698,750
Commercial & industrial		895	772,653	773,548
States & political subdivisions		-	359,128	359,128
Other		-	456,702	456,702
	$	**98,819**	**9,776,936**	**9,875,755**

Outstanding loan balances:		Individually evaluated for impairment	Collectively evaluated for impairment	Total
Construction & development	$	494,616	58,285,676	58,780,292
1-4 family real estate		187,305	50,989,873	51,177,178
Nonfarm nonresidential real estate		5,977,396	271,144,874	277,122,270
Commercial & industrial		259,114	46,210,585	46,469,699
States & political subdivisions		-	33,255,374	33,255,374
Other		-	16,072,907	16,072,907
	$	**6,918,431**	**475,959,289**	**482,877,720**

According to ASC 310, loans are considered to be impaired when it is determined that collection of all contractually owed amounts, including principal and interest, is unlikely. For nonaccrual loans with a balance greater than $250,000 or otherwise determined to be a Troubled Debt Restructure (TDR), the Bank considers the loan to be impaired and performs an impairment evaluation to determine the need for a specific reserve under the provisions of ASC 310-40. The specific reserve is equal to the portion of the loan found to be impaired based on the present value of discounted cash flows, the observable market price of the loan, or the fair value of the loan's underlying collateral less cost to sell. Payments received on impaired loans that are accruing are recognized in interest income, according to the loan agreement. Payments received on impaired loans that are on nonaccrual are not recognized in interest income, but are applied as a reduction to the principal outstanding.

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

The following presents a summary of impaired loans as of December 31, 2012:

		Unpaid principal balance	Recorded investment with no allowance	Recorded investment with an allowance	Total recorded investment	Total Allowance
Construction & development	$	494,616	-	494,616	494,616	3,709
1-4 family real estate		187,305	-	187,305	187,305	2,554
Nonfarm nonresidential real estate		6,625,094	3,893,837	2,083,559	5,977,396	91,661
Commercial & industrial		259,114	-	259,114	259,114	895
	$	**7,566,129**	**3,893,837**	**3,024,594**	**6,918,431**	**98,819**

The following presents a summary of impaired loans as of December 31, 2011:

		Unpaid principal balance	Recorded investment with no allowance	Recorded investment with an allowance	Total recorded investment	Total Allowance
Construction & development	$	13,192,144	10,356,385	521,575	10,877,960	5,939
Nonfarm nonresidential real estate		6,166,972	4,000,440	1,807,493	5,807,933	83,705
Commercial & industrial		206,990	-	206,990	206,990	3,285
	$	**19,566,106**	**14,356,825**	**2,536,058**	**16,892,883**	**92,929**

The average recorded investment in impaired loans and the related interest income recognized for cash payments received as of December 31 were as follows:

		2012		2011	
		Average recorded investment	Interest income recognized	Average recorded investment	Interest income recognized
Construction & development	$	5,446,415	109,825	6,666,513	354,703
1-4 family real estate		232,232	7,751	481,048	25,556
Nonfarm nonresidential real estate		2,584,215	99,059	4,042,082	187,406
Commercial & industrial		31,118	10,906	207,630	22,976
Other		118	-	2,511	-
	$	**8,294,098**	**227,541**	**11,399,784**	**590,641**

Included in certain loan categories of impaired loans are TDRs on which the Bank has granted certain material concessions to the borrower as a result of the borrower experiencing financial difficulties. As of December 31, 2012 and 2011, none of the Bank's loans were modified TDRs and identified as nonaccrual loans. The concessions granted by the Bank may include, but are not limited to: (1) a modification in which the maturity date, timing of payments or frequency of payments is modified, (2) an interest rate lower than the current market rate for new loans with similar risk, or (3) a combination of the first two factors.

If a borrower on a restructured accruing loan has demonstrated performance under the previous terms, is not experiencing financial difficulty and shows the capacity to continue to perform under the restructured terms, the loan will remain on accrual status. Otherwise, the loan will be placed on nonaccrual status until the borrower demonstrates a sustained period of performance, which generally requires six consecutive months of payments. Loans identified as TDRs are evaluated for impairment using the present value of the expected cash flows or the estimated fair value of the collateral if the loan is collateral dependent. The fair value is determined, when possible, by an appraisal of the property less estimated costs related to liquidation of the collateral. The appraisal amount may also be adjusted for current market conditions. Adjustments to reflect the present value of the expected cash flows or the estimated fair value of collateral dependent loans are a component in determining an appropriate allowance for loan losses, and as such, may result in increases or decreases to the provision for loan losses in current and future earnings.

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

The following presents a summary of loans identified as TDRs for the year ended December 31, 2012:

	Number of loans	Pre-modification outstanding recorded investment	Post-modification outstanding recorded investment
Construction & development	2	$ 458,875	458,875
1-4 family real estate	2	187,305	187,305
Nonfarm nonresidential real estate	1	1,251,512	1,251,512
Commercial & industrial	1	133,594	133,594
	6	$ **2,031,286**	**2,031,286**

Loans modified as TDRs within the previous 12 months and for which there was a payment default, defined as being 30 days or more past due, during the period are summarized as follows:

	Number of loans	Recorded investment
Construction & development	3	$ 609,083
1-4 family real estate	1	37,097
Nonfarm nonresidential real estate	1	1,251,512
	5	$ **1,897,692**

Loans are generally placed on nonaccrual status when they are past due for over 90 days unless they are adequately collateralized and are in the process of collection. No interest is accounted for as income on nonaccrual loans unless received in cash or until such time as the borrower demonstrates an ability to resume payments of principal and interest. Generally, interest previously accrued but not collected is reversed and charged against income when a loan is placed on nonaccrual.

Nonaccrual loans as of December 31 are summarized as follows:

	2012	2011
Construction & development	$ -	6,088,039
1-4 family real estate	162,195	269,830
Nonfarm nonresidential real estate	679,493	4,356,781
Commercial & industrial	-	14,004
Other	-	13,929
	$ **841,688**	**10,742,583**

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

The following tables present an aging analysis of loans as of December 31, 2012 and 2011, respectively. Nonaccrual loans that are current represents nonaccrual loans that are not past due more than 30 days; however, full payment of principal and interest is still not expected. As of December 31, 2012, there were $162,195 in nonaccrual loans considered current, $0 in nonaccrual loans 30-89 days past due and $679,493 in nonaccrual loans 90 days or more past due. As of December 31, 2011, there were $120,956 in nonaccrual loans considered current, $148,587 in nonaccrual loans 30-89 days past due and $10,473,040 in nonaccrual loans 90 days or more past due. There are no loans past due more than 90 days still accruing as of December 31, 2012 or 2011.

As of December 31, 2012:		Accruing loans 30-59 days past due	Accruing loans 60-89 days past due	Total nonaccrual loans	Total past due and nonaccrual loans	Current	Total loans
Construction & development	$	35,741	-	-	35,741	58,744,551	58,780,292
1-4 family real estate		-	-	162,195	162,195	51,014,983	51,177,178
Nonfarm nonresidential real estate		920,492	169,414	679,493	1,769,399	275,352,871	277,122,270
Commercial & industrial		-	-	-	-	46,469,699	46,469,699
States & political subdivisions		-	-	-	-	33,255,374	33,255,374
Other		-	-	-	-	16,072,907	16,072,907
	$	**956,233**	**169,414**	**841,688**	**1,967,335**	**480,910,385**	**482,877,720**

As of December 31, 2011:		Accruing loans 30-59 days past due	Accruing loans 60-89 days past due	Total nonaccrual loans	Total past due and nonaccrual loans	Current	Total loans
Construction & development	$	-	348,989	6,088,039	6,437,028	45,985,271	52,422,299
1-4 family real estate		149,867	-	269,829	419,696	55,334,165	55,753,861
Nonfarm nonresidential real estate		2,575,397	-	4,356,782	6,932,179	224,708,427	231,640,606
Commercial & industrial		-	34,924	14,004	48,928	44,392,937	44,441,865
States & political subdivisions		-	-	-	-	16,955,391	16,955,391
Other		7,348	-	13,929	21,277	16,496,461	16,517,738
	$	**2,732,612**	**383,913**	**10,742,583**	**13,859,108**	**403,872,652**	**417,731,760**

In addition to the past due and nonaccrual criteria, the Bank also evaluates loans according to its internal risk grading system. Loans are segregated between pass grade, special mention, substandard accruing, and substandard non-accruing categories. The definitions of those categories are as follows:

Pass: Loans that do not fit either of the other two categories listed below and for which likelihood of loss is considered to be remote.

Special mention: Loans with potential for deteriorating into a substandard classification without close supervision and monitoring. Loans remain in this category on a temporary basis and should be reclassified up or down, depending on improvement or continued deterioration.

Substandard accruing: Loans not adequately protected by sound current net worth or adequate repayment capacity of the borrower and/or of the collateral pledged. Substandard loans have well defined weaknesses that jeopardize the liquidation of the classified debt. A potential for loss exists if the deficiencies or weaknesses are not recognized and corrected.

Substandard non-accruing: Loans where an element of loss is present and collection is considered questionable. These loans will require vigorous attention to salvage.

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

Outstanding loan balances categorized by internal risk grades as of December 31, 2012, are summarized as follows:

	Pass	Special mention	Substandard accruing	Substandard non-accruing	Total
Construction & development	$ 57,992,146	-	788,146	-	58,780,292
1-4 family real estate	48,558,726	-	2,456,257	162,195	51,177,178
Nonfarm nonresidential real estate	255,694,903	1,434,208	19,313,666	679,493	277,122,270
Commercial & industrial	43,383,778	-	3,085,921	-	46,469,699
State & political subdivisions	33,255,374	-	-	-	33,255,374
Other	16,063,920	-	8,987	-	16,072,907
	$ 454,948,847	**1,434,208**	**25,652,977**	**841,688**	**482,877,720**

Outstanding loan balances categorized by internal risk grades as of December 31, 2011, are summarized as follows:

	Pass	Special mention	Substandard accruing	Substandard non-accruing	Total
Construction & development	$ 39,835,915	599,842	5,898,503	6,088,039	52,422,299
1-4 family real estate	53,544,764	176,876	1,762,391	269,830	55,753,861
Nonfarm nonresidential real estate	194,577,417	1,601,621	31,104,787	4,356,781	231,640,606
Commercial & industrial	38,495,528	1,933,374	3,998,959	14,004	44,441,865
State & political subdivisions	16,955,391	-	-	-	16,955,391
Other	16,031,972	-	471,837	13,929	16,517,738
	$ 359,440,987	**4,311,713**	**43,236,477**	**10,742,583**	**417,731,760**

(6) PREMISES AND EQUIPMENT

Premises and equipment as of December 31, is summarized as follows:

	2012	2011
Land	$ 3,485,878	3,485,878
Buildings and leasehold improvements	15,230,208	15,221,480
Furniture and equipment	10,457,080	10,498,163
	29,173,166	29,205,521
Less accumulated depreciation and amortization	16,058,312	17,403,963
	$ 13,114,854	**11,801,558**

(7) OTHER REAL ESTATE

Other real estate activity is summarized as follows:

	2012	2011
Balance, beginning of year	$ 4,349,876	5,511,612
Properties acquired	7,949,990	2,068,592
Properties sold	(7,904,367)	(2,188,813)
Net loss on properties sold	(207,753)	(266,469)
Changes in valuation	(1,450,326)	(775,046)
Balance, end of year	**$ 2,737,420**	**4,349,876**

Expenses (net) incurred in the ownership of other real estate were $210,877 and $161,819 for the year ended December 31, 2012 and 2011, respectively and are recorded in other operating expense.

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

(8) INTEREST-BEARING DEPOSITS

Interest-bearing deposits as of December 31, are summarized as follows:

		2012	2011
Interest-bearing checking	$	134,339,998	123,635,879
Insured money market		170,935,884	174,423,616
Savings accounts		79,158,041	80,846,837
Certificates of deposit greater than $100,000		40,093,734	49,064,898
Other certificates of deposit		32,077,677	36,227,892
	$	**456,605,334**	**464,199,122**

As of December 31, 2012 and 2011, respectively, overdraft deposits totaling $16,879 and $60,041 were reclassified as loans.

A summary of the maturity of certificates of deposit as of December 31, 2012 follows:

		2012	2011
Year ended December 31:			
2012	$	-	68,974,354
2013		51,269,033	9,044,030
2014		9,134,995	2,978,165
2015		8,534,416	2,432,735
2016		1,875,882	1,826,819
2017		1,357,085	36,687
Total	$	**72,171,411**	**85,292,790**

The Bank accepts deposits from its executive officers, directors, and affiliated companies on substantially the same terms for comparable transactions with unrelated parties. The aggregate dollar amounts of these deposits were $6,873,366 and $6,022,514 at December 31, 2012 and 2011, respectively.

(9) SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Securities sold under agreements to repurchase consists of sweep repurchase agreements that mature in less than 30-days with a weighted average interest rate of 0.35 percent and 0.38 percent at December 31, 2012 and 2011, respectively. The daily average borrowings and maximum borrowings outstanding at any month-end did not significantly fluctuate from year-end balances.

The U.S. government securities transferred under agreements to repurchase are book entry securities delivered on behalf of depositors into the Bank's pledged safekeeping account maintained at a correspondent bank. The book value of the underlying securities that have been sold under agreements to repurchase were $40,340,119 and $45,056,470 at December 31, 2012 and 2011, respectively. The fair value of such securities was $40,770,550 and $45,325,000 at December 31, 2012 and 2011, respectively.

(10) OTHER BORROWINGS

Other borrowings as of December 31 are summarized as follows:

		2012	2011
0.55% weighted average rate, unsecured line of credit for overnight federal funds borrowed	$	48,412	-
	$	**48,412**	**-**

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

(11) INCOME TAXES

In April 2011, the Bank revoked its subchapter S election and reverted from an S-Corporation to a C-Corporation as defined by the federal tax code. This action was approved by a majority of the shareholders of the holding company as well as by the Bank's Board of Directors. As the election was not made during the first 75 days of the tax year, the Bank did not qualify for retroactive treatment to the beginning of the tax year, and the revocation was made on a prospective basis.

As proscribed by ASC 740-10-25-32, the Bank recognized a net deferred tax asset for temporary differences at the date of conversion. As proscribed by ASC 740-10-45-19, the effect of this recognition has been included in income from continuing operations in the current year. The resulting effect on 2011 income was $3,495,237.

As required by US tax code, when an S-Corp status is terminated, either by voluntary revocation or inadvertently, S-Corp status cannot be re-elected until the fifth year after the tax year in which the termination occurred (IRS Reg. §1.1362(g)).

Income tax expense (benefit) for the year ended December 31 is summarized as follows:

		2012	2011
Current:			
Federal	$	3,167,729	2,151,916
State		530,534	333,114
Deferred:			
Federal		845,382	(4,397,760)
State		130,864	(680,768)
Income tax expense (benefit)	$	**4,674,509**	**(2,593,498)**

A reconciliation of expected tax expense based on the federal rate of 34 percent to actual income tax expense (benefit) for the years ended December 31 is summarized as follows:

		2012	2011
Expected federal tax expenses	$	5,624,706	1,790,136
Increases (decreases) in taxes resulting from:			
Conversion to C Corporation		-	(3,495,237)
Tax-exempt interest income		(581,369)	(459,125)
State taxes, net of federal benefit		445,301	109,792
Bank owned life insurance		(224,005)	(221,968)
Death benefits received on bank owned life insurance		(258,006)	-
Other		(332,118)	(317,096)
Income tax expense (benefit)	$	**4,674,509**	**(2,593,498)**

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Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

Temporary differences between the amounts reported in the financial statements and the tax bases of liabilities and assets result in deferred taxes. Deferred tax assets and deferred tax liabilities at December 31 are as follows:

		2012	2011
Deferred tax liabilities			
Unrealized gain on investment securities available for sale	$	522,462	641,401
Premises and equipment		672,867	504,655
Deferred loan costs		693,765	445,515
Deferred income on FHLB stock		357,446	371,433
Other		123,052	131,983
		2,369,592	**2,094,987**
Deferred tax assets			
Allowance for loan losses		3,795,997	4,524,650
Deferred compensation		1,272,286	1,528,064
Other real estate		542,711	367,715
Other		337,176	111,685
		5,948,170	**6,532,114**
Net deferred tax asset	$	**3,578,578**	**4,437,127**

Management believes that it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets. The net deferred tax asset is included on the consolidated statements of condition as a component of other assets.

(12) FAIR VALUE

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. Fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in the underlying methodologies and assumptions used could significantly affect the estimates. Further, certain financial instruments and all nonfinancial instruments are excluded from the applicable disclosure requirements. Therefore, the fair value amounts shown in the table do not, by themselves, represent the underlying value of the Bank as a whole.

This summary excludes financial assets and liabilities for which carrying value approximates fair value. For financial assets, these include cash and due from banks, interest-bearing deposits in banks, and loans held for sale. For financial liabilities, these include non-interest bearing deposits. The estimated fair value of non-interest bearing deposits is the amount payable on demand at the reporting date. FASB ASC 825 requires the use of carrying value because the accounts have no stated maturity and the customer has the ability to withdraw funds immediately. Also excluded from the summary are financial instruments recorded at fair value on a recurring basis, as previously described.

The carrying amounts and estimated fair values of the Bank's financial instruments as of December 31 are as follows:

		2012		2011	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:					
Investment securities, held to maturity	$	33,665,813	34,668,443	29,957,608	31,380,091
Loans, net		472,267,732	481,257,270	399,899,589	393,877,327
Financial liabilities:					
Interest-bearing deposits		456,605,334	456,639,279	461,314,019	461,682,782
Securities sold under agreements to repurchase and other borrowings		36,704,163	36,704,163	42,408,185	42,408,185

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Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

The following methods and assumptions were used to estimate the fair values disclosed in the previous table:

Investment securities, held to maturity – Fair values are based on quoted market prices, where available. These fair values are obtained primarily from third party pricing services, which generally use Level I or Level II inputs for the determination of fair value in accordance with FASB ASC 825. Third party pricing services normally derive the security prices through recently reported trades for identical or similar securities making adjustments through the reporting date based upon available market observable information.

Loans – The fair value is estimated by discounting future cash flows of certain groups of homogeneous loans using the current market rates. These future cash flows are then reduced by the estimated 'life-of-the-loan' aggregate credit losses in the loan portfolio. These adjustments for lifetime future credit losses are highly judgmental because the Bank does not have a validated model to estimate lifetime losses on large portions of its loan portfolio. Loans, other than those held for sale, are not normally purchased and sold by the Bank, and there are no active trading markets for most of this portfolio.

Interest-bearing deposits, securities sold under agreements to repurchase, and other borrowings - The fair value is estimated by discounting future cash flows using rates currently available to the Bank for debt with similar terms.

The carrying amount for cash and due from banks, interest-bearing deposits in banks, federal funds sold, FHLB stock, bank owned life insurance, accrued interest receivable and loans held for sale, approximates fair value. Accordingly, these assets are not included in the above table.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. To measure fair value, a hierarchy has been established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs. This hierarchy uses three levels of inputs to measure the fair value of assets and liabilities as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument; and

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to valuation methodology:

Investment securities, available for sale – Where quoted prices are available in an active market, securities are classified within level 1 of the hierarchy. Level 1 includes securities that have quoted prices in an active market for identical assets. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. The Bank has categorized its investment securities, available for sale as Level 2.

Impaired loans – Fair value applies to loans measured for impairment using the practical expedients permitted by FASB ASC 310, including impaired loans measured at an observable market price (if available) or at the fair value of the loan's collateral (if collateral dependent). Fair value of the loan's collateral is determined by appraisals or independent valuation which is then adjusted for the cost related to liquidation of the collateral. The Bank has categorized its impaired loans as Level 3.

Other real estate – Real estate acquired through foreclosure or deeds in lieu of foreclosure was written down to fair value based on property appraisals at the time of transfer and as appropriate thereafter, which is consistent with prior periods. Adjustments to write down the value at the time of transfer are made against the allowance for loan losses. Subsequent adjustments to the fair value are included in noninterest expense. The Bank has categorized its other real estate as Level 3.

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

Financial assets measured at fair value as of December 31 are summarized as follows:

Description of Financial Instrument	Fair Value	2012 Level 1	2012 Level 2	2012 Level 3
Recurring:				
Investment securities, available for sale				
U.S. government agency	$ 87,275,338	-	87,275,338	-
Nonrecurring:				
Impaired loans with a specific valuation allowance	3,280,856	-	-	3,280,856
Other real estate	2,737,420	-	-	2,737,420

Description of Financial Instrument	Fair Value	2011 Level 1	2011 Level 2	2011 Level 3
Recurring:				
Investment securities, available for sale				
U.S. government agency	$ 103,814,855	-	103,814,855	-
Nonrecurring:				
Impaired loans with a specific valuation allowance	16,799,954	-	-	16,799,954
Other real estate	4,349,876	-	-	4,349,876

The following table presents information as of December 31, 2012, about significant unobservable inputs related to the Bank's categories of Level 3 financial assets measured on a nonrecurring basis:

	Fair value	Valuation technique	Unobservable inputs	Range of inputs	Weighted average discount
Impaired loans with a specific valuation allowance:					
Construction & development	$ 490,907	Income approach	Discounted cash flow analysis	.31% to 1.33%	.25%
1-4 family real estate	184,751	Income approach	Discounted cash flow analysis	1.11% to 1.66%	1.22%
Nonfarm nonresidential real estate	2,346,979	Income approach	Discounted cash flow analysis	0% to 6.13%	1.32%
		Market approach	Comparable market data for liquidation value	0% to 52.21%	3.15%
Commercial & industrial	258,219	Income approach	Discounted cash flow analysis	.04% to .57%	.30%
Other real estate					
Construction & development	456,069	Market approach	Comparable market data and agent analysis less selling costs	34% to 56%	44%
Nonfarm nonresidential real estate	2,281,351	Market approach	Comparable market data, agent analysis & offers less selling costs	32% to 38%	36%

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

(13) COMMITMENTS AND CONTINGENT LIABILITIES

The Bank is obligated under certain operating lease agreements for the rental of buildings that vary in terms from one to ten years. As of December 31, 2012, the minimum annual lease commitments under noncancellable operating leases (net of sublease income) are as follows:

Year ended December 31:

2012	$	223,772
2013		227,508
2014		229,317
2015		245,795
2016		256,151
Thereafter		1,137,227
	$	**2,319,770**

The Bank recorded lease expense (net of sublease income of approximately $66,000 and $75,000 in 2012 and 2011, respectively) under these agreements of approximately $623,000 and $455,000 in 2012 and 2011, respectively. Of these amounts, $14,400 and $14,400 was paid in 2012 and 2011, respectively, to related parties.

In the normal course of business, the Bank enters into commitments and contingent liabilities to extend credit under various lending agreements. Commitments on letters of credit totaled $2,489,677 and $4,663,044 as of December 31, 2012 and 2011, respectively, and $126,057,523 and $117,718,857, respectively, on all other variable rate loan commitments.

The Bank has lines of credit established with the Federal Home Loan Bank of Seattle for $151,749,864 (20 percent of assets), Zions First National Bank for $15,000,000, Wells Fargo Bank for $15,000,000, and JP Morgan Chase for $10,000,000. The FHLB credit line is limited to the amount of pledged collateral which was $132,258,083 as of December 31, 2012. The lines of credit are reviewed on an annual basis and market interest rates are set at the time funds are borrowed. The Bank did not have outstanding borrowings from Federal Home Loan Bank of Seattle, Wells Fargo Bank, or JP Morgan Chase at December 31, 2012. The Bank had $48,412 in overnight fed funds purchased with Zions First National Bank at December 31, 2012, at a rate of .55%.

In the normal course of its business, the Bank becomes involved in litigation. In the opinion of management, based upon discussion with legal counsel, liabilities, if any, arising from these proceedings would not have a material adverse effect on the Bank's financial position or results of operations.

BOU BANCORP, INC.

Notes to Consolidated Financial Statements, Continued

December 31, 2012 and 2011

(14) REGULATORY CAPITAL REQUIREMENTS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of Total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average quarterly assets (as defined). Management believes, as of December 31, 2012, that the Bank meets all minimum capital adequacy requirements to which it is subject.

As of December 31, 2012 and 2011, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain certain Total and Tier 1 capital to risk-weighted assets and Tier 1 capital to quarterly average asset ratios. There are no conditions or events since that notification that management believes have changed the Bank's category.

Dividends declared by the Bank in any calendar year may not, without the approval of the federal regulatory agencies, exceed net income for that year combined with net income less dividends paid for the preceding two years. At December 31, 2012, the Bank had approximated $24,206,102 available for payment of dividends under the foregoing restrictions.

Capital amounts and ratios as of December 31, 2012, are summarized as follows:

			Well capitalized requirement		Minimum capital requirement	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
BOU Bancorp, Inc.						
Total Capital (to risk weighted assets)	$ 103,993,196	18.77%	N/A	N/A	44,330,674	8.0%
Tier 1 Capital (to risk weighted assets)	97,025,181	17.51%	N/A	N/A	22,165,337	4.0%
Tier 1 Capital (to quarterly average assets)	97,025,181	12.92%	N/A	N/A	30,043,942	4.0%
Bank of Utah						
Total Capital (to risk weighted assets)	103,486,250	18.68%	55,413,342	10.0%	44,330,674	8.0%
Tier 1 Capital (to risk weighted assets)	96,518,235	17.42%	33,248,005	6.0%	22,165,337	4.0%
Tier 1 Capital (to quarterly average assets)	96,518,235	12.85%	37,554,927	5.0%	30,043,942	4.0%

Capital amounts and ratios as of December 31, 2011, are summarized as follows:

			Well capitalized requirement		Minimum capital requirement	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
BOU Bancorp, Inc.						
Total Capital (to risk weighted assets)	$ 93,923,044	21.26%	N/A	N/A	35,338,693	8.0%
Tier 1 Capital (to risk weighted assets)	87,681,500	19.85%	N/A	N/A	17,669,347	4.0%
Tier 1 Capital (to quarterly average assets)	87,681,500	11.69%	N/A	N/A	29,996,903	4.0%
Bank of Utah						
Total Capital (to risk weighted assets)	93,806,990	21.24%	44,173,367	10.0%	35,338,693	8.0%
Tier 1 Capital (to risk weighted assets)	87,565,446	19.82%	26,504,020	6.0%	17,669,347	4.0%
Tier 1 Capital (to quarterly average assets)	87,565,446	11.68%	37,496,129	5.0%	29,996,903	4.0%

BOU BANCORP, INC.

Consolidating Schedule – Statement of Condition

SCHEDULE 1

December 31, 2012

	BOU Bancorp, Inc.	Bank of Utah	Eliminations	Consolidated
ASSETS:				
Cash and due from banks	$ 506,946	8,521,111	(506,946)	8,521,111
Interest-bearing deposits in banks	-	83,818,293	-	83,818,293
Federal funds sold	-	1,030,464	-	1,030,464
Investment securities:				
Held to maturity	-	33,665,813	-	33,665,813
Available for sale	-	87,275,338	-	87,275,338
Total investment securities	-	**120,941,151**	-	**120,941,151**
Loans held for sale	-	23,294,256	-	23,294,256
Loans	-	482,143,487	-	482,143,487
Less allowance for loan losses	-	9,875,755	-	9,875,755
Net loans	-	**472,267,732**	-	**472,267,732**
Investment in Bank of Utah	103,290,500	-	(103,290,500)	-
Other real estate	-	2,737,420	-	2,737,420
Accrued interest receivable	-	2,275,461	-	2,275,461
Goodwill	-	5,894,024	-	5,894,024
Bank owned life insurance	-	17,097,698	-	17,097,698
Premises and equipment, net	-	13,114,854	-	13,114,854
Other assets	-	7,756,857	-	7,756,857
	$ 103,797,446	**758,749,321**	**(103,797,446)**	**758,749,321**
LIABILITIES AND STOCKHOLDERS' EQUITY:				
Deposits:				
Non interest-bearing	$ -	154,593,082	-	154,593,082
Interest-bearing	-	457,112,280	(506,946)	456,605,334
Total deposits	-	**611,705,362**	**(506,946)**	**611,198,416**
Securities sold under agreements to repurchase	-	36,655,751	-	36,655,751
Other borrowings	-	48,412	-	48,412
Other liabilities	-	7,049,296	-	7,049,296
Total liabilities	-	**655,458,821**	**(506,946)**	**654,951,875**
Common stock	1,683,375	3,655,580	(3,655,580)	1,683,375
Paid-in capital	4,333,954	8,534,211	(8,534,211)	4,333,954
Accumulated other comprehensive income – unrealized (loss) gain on available for sale securities	878,241	878,241	(878,241)	878,241
Retained earnings	96,901,876	90,222,468	(90,222,468)	96,901,876
Total stockholders' equity	**103,797,446**	**103,290,500**	**(103,290,500)**	**103,797,446**
	$ 103,797,446	**758,749,321**	**(103,797,446)**	**758,749,321**

See accompanying independent auditors report.

BOU BANCORP, INC.

Consolidating Schedule – Statement of Condition

SCHEDULE 1

December 31, 2011

	BOU Bancorp, Inc.	Bank of Utah	Eliminations	Consolidated
ASSETS:				
Cash and due from banks	$ 116,054	6,751,818	(116,054)	6,751,818
Interest-bearing deposits in banks	-	135,130,344	-	135,130,344
Federal funds sold	-	871,012	-	871,012
Investment securities:				
Held to maturity	-	29,957,608	-	29,957,608
Available for sale	-	103,814,855	-	103,814,855
Total investment securities	-	**133,772,463**	-	**133,772,463**
Loans held for sale	-	11,780,297	-	11,780,297
Loans	-	416,716,280	-	416,716,280
Less allowance for loan losses	-	10,826,691	-	10,826,691
Net loans	-	**405,889,589**	-	**405,889,589**
Investment in Bank of Utah	94,537,643	-	(94,537,643)	-
Other real estate	-	4,349,876	-	4,349,876
Accrued interest receivable	-	1,975,321	-	1,975,321
Goodwill	-	5,894,024	-	5,894,024
Bank owned life insurance	-	18,473,326	-	18,473,326
Premises and equipment, net	-	11,801,558	-	11,801,558
Other assets	-	9,142,447	-	9,142,447
	$ 94,653,697	**745,832,075**	**(94,653,697)**	**745,832,075**
LIABILITIES AND STOCKHOLDERS' EQUITY:				
Deposits:				
Non interest-bearing	$ -	136,709,116	-	136,709,116
Interest-bearing	-	464,315,176	(116,054)	464,199,122
Total deposits	-	**601,024,292**	**(116,054)**	**600,908,238**
Securities sold under agreements to repurchase	-	42,408,185	-	42,408,185
Other borrowings	-	-	-	-
Other liabilities	-	7,861,955	-	7,861,955
Total liabilities	-	**651,294,432**	**(116,054)**	**651,178,378**
Common stock	1,683,375	3,655,580	(3,655,580)	1,683,375
Paid-in capital	4,333,954	8,534,211	(8,534,211)	4,333,954
Accumulated other comprehensive income – unrealized (loss) gain on available for sale securities	1,078,173	1,078,173	(1,078,173)	1,078,173
Retained earnings	87,558,195	81,269,679	(81,269,679)	87,558,195
Total stockholders' equity	**94,653,697**	**94,537,643**	**(94,537,643)**	**94,653,697**
	$ 94,653,697	**745,832,075**	**(94,653,697)**	**745,832,075**

See accompanying independent auditors report.

BOU BANCORP, INC.

Consolidating Schedule – Statement of Income

SCHEDULE 2

Year ended December 31, 2012

		BOU Bancorp, Inc.	Bank of Utah	Eliminations	Consolidated
INTEREST INCOME:					
Interest and fees on loans	$	-	25,741,706	-	25,741,706
Interest on investment securities:					
Taxable		-	1,619,310	-	1,619,310
Tax-exempt		-	881,071	-	881,071
Interest on loans held for sale		-	744,193	-	744,193
Interest on federal funds sold		-	246	-	246
Interest on interest-bearing deposits in banks		396	208,105	(396)	208,105
		396	**29,194,631**	**(396)**	**29,194,631**
INTEREST EXPENSE:					
Interest on deposits		-	1,890,431	(396)	1,890,035
Interest on securities sold under agreement to repurchase		-	127,941	-	127,941
Interest on other borrowings		-	104	-	104
		-	**2,018,476**	**(396)**	**2,018,080**
Net interest income		**396**	**27,176,155**	-	**27,176,551**
Provision for loan losses		-	700,000	-	700,000
Net interest income after provision for loan losses		**396**	**26,476,155**	-	**26,476,551**
OPERATING INCOME:					
Dividend from Bank of Utah		3,015,854	-	(3,015,854)	-
Equity in undistributed income of Bank of Utah		8,952,789	-	(8,952,789)	-
Service charges on deposits		-	1,703,641	-	1,703,641
Gain on sale of loans		-	10,758,563	-	10,758,563
Trust fees		-	4,287,343	-	4,287,343
Cash surrender value increase of life insurance		-	1,417,680	-	1,417,680
Other		25	2,172,588		2,172,613
		11,968,668	**20,339,815**	**(11,968,643)**	**20,339,840**
OPERATING EXPENSES:					
Salaries and employee benefits		-	18,124,607	-	18,124,607
Net occupancy expense		-	2,295,759	-	2,295,759
Equipment expense		-	2,181,262	-	2,181,262
Other		100,321	7,571,190	-	7,671,511
		100,321	**30,172,818**	**-**	**30,273,139**
Income before income taxes		**11,868,743**	**16,643,152**	**(11,968,643)**	**16,543,252**
Income tax expense (benefit)		-	4,674,509	-	4,674,509
Net income	$	**11,868,743**	**11,968,643**	**(11,968,643)**	**11,868,743**

See accompanying independent auditors report.

BOU BANCORP, INC.

Consolidating Schedule – Statement of Income

SCHEDULE 2

Year ended December 31, 2011

	BOU Bancorp, Inc.	Bank of Utah	Eliminations	Consolidated
INTEREST INCOME:				
Interest and fees on loans	$ -	26,352,423	-	26,352,423
Interest on investment securities:				
Taxable	-	2,091,093	-	2,091,093
Tax-exempt	-	1,002,339	-	1,002,339
Interest on loans held for sale	-	337,246	-	337,246
Interest on federal funds sold	-	11,758	-	11,758
Interest on interest-bearing deposits in banks	666	274,423	(666)	274,423
	666	**30,069,282**	**(666)**	**30,069,282**
INTEREST EXPENSE:				
Interest on deposits	-	2,863,010	(666)	2,862,344
Interest on securities sold under agreement to repurchase	-	208,271	-	208,271
Interest on other borrowings	-	72,452	-	72,452
	-	**3,143,733**	**(666)**	**3,143,067**
Net interest income	**666**	**26,925,549**	-	**26,926,215**
Provision for loan losses	-	4,000,000	-	4,000,000
Net interest income after provision for loan losses	**666**	**22,925,549**	-	**22,926,215**
OPERATING INCOME:				
Dividend from Bank of Utah	-	-	-	-
Equity in undistributed income of Bank of Utah	9,820,700	-	(9,820,700)	-
Service charges on deposits	-	1,837,601	-	1,837,601
Gain on sale of loans	-	4,136,596	-	4,136,596
Trust fees	-	3,860,603	-	3,860,603
Cash surrender value increase of life insurance	-	652,836	-	652,836
Other	-	613,037	-	613,037
	9,820,700	**11,100,673**	**(9,820,700)**	**11,100,673**
OPERATING EXPENSES:				
Salaries and employee benefits	-	16,364,183	-	16,364,183
Net occupancy expense	-	2,071,514	-	2,071,514
Equipment expense	-	1,982,778	-	1,982,778
Other	131,592	6,380,545	-	6,512,137
	131,592	**26,799,020**	**-**	**26,930,612**
Income before income taxes	**9,689,774**	**7,227,202**	**(9,820,700)**	**7,096,276**
Income tax expense (benefit)	-	(2,593,498)	-	(2,593,498)
Net income	**$ 9,689,774**	**9,820,700**	**(9,820,700)**	**9,689,774**

See accompanying independent auditors report.

BOU BANCORP, INC.

Computation of Adjusted Net Worth for HUD Recertification

SCHEDULE 3

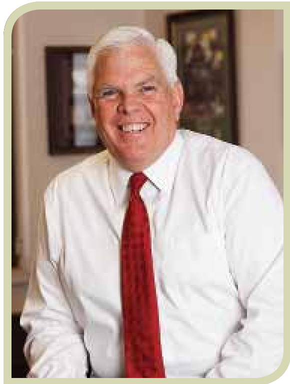
Year ended December 31, 2012

FHA servicing portfolio at December 31, 2012	$	-
Add FHA originations and FHA purchases:		
FHA loan originations during the year		111,387,293
FHA loan purchases from loan correspondent during the year		-
		111,387,293
Less FHA servicing retained amounts included in line 2:		
Servicing retained		-
Loans correspondent purchases retained		-
		-
Total	$	**111,387,293**
1% of Total	$	**1,113,873**
Minimum net worth required (greater of $250,000 or 1% of total)		**1,113,873**
Net worth required (lessor of $1,000,000 or 1% of total)	$	**1,000,000**
Stockholders' equity (net worth) per balance sheet	$	103,290,500
Less unacceptable assets		7,169,412
Adjusted stockholders' equity (net worth)	$	**96,121,088**
Adjusted net worth above program requirement	$	**95,121,088**
Adjusted net worth below program requirement	$	-

See accompanying independent auditors report.

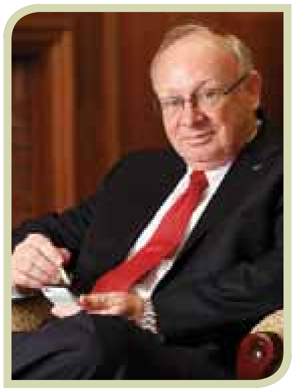
EXECUTIVE OFFICERS

Frank W. Browning
Chairman of the Board
Chief Executive Officer



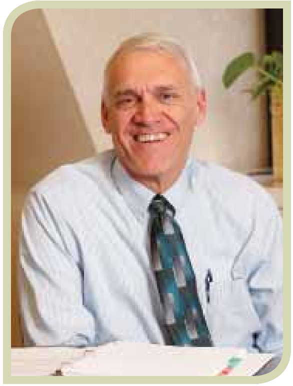
Douglas L. DeFries
President

Taft G. Meyer
Executive Vice President
Chief Lending Officer

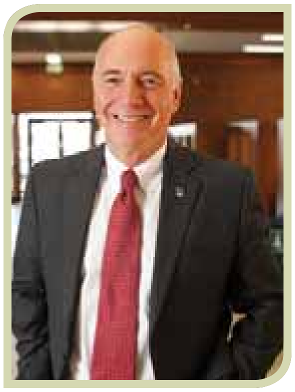


Roger G. Shumway
Executive Vice President
Chief Credit Officer

Branden P. Hansen
Senior Vice President
Chief Financial Officer/
Residential Lending



K. Darrel May
Senior Vice President
Human Resources



Scott H. Parkinson
Senior Vice President
Marketing and Communications

T. Craig Roper
Senior Vice President
Chief Deposit Officer

Menah C. Strong
Senior Vice President
Chief Administrative Officer

BANK OF UTAH BOARD OF DIRECTORS

Seated (left to right): H. Dee Hutzley, Frank W. Browning, Douglas L. DeFries, Paul T. Kunz.
Standing (left to right): Jonathan W. Browning, Bruce D. Stephens, Gary R. Gibbons, Eugene B. Jones, James C. Anderson, George E. Hall.

BANK OF UTAH BOARD OF DIRECTORS

BOU BANCORP, INC. BOARD OF DIRECTORS

Frank W. Browning
Chairman of the Board, President

Douglas L. DeFries
Vice President

Jonathan W. Browning
Vice President, Secretary

George E. Hall
General Partner
Elliott-Hall Company

H. Dee Hutzley
Grocer

Paul T. Kunz
Attorney

BOU BANCORP, INC. OFFICERS

Frank W. Browning
Chairman of the Board, President

Jonathan W. Browning
Vice President, Secretary

Douglas L. DeFries
Vice *President*

Menah C. Strong
Treasurer

BANK OF UTAH BOARD OF DIRECTORS

Frank W. Browning
Chairman of the Board, CEO

Douglas L. DeFries
President

Jonathan W. Browning
Secretary to the Board

James C. Anderson
Banker

Dr. Gary R. Gibbons, MD
Physician

George E. Hall
General Partner
Elliott-Hall Company

H. Dee Hutzley
Grocer

Eugene B. Jones
Certified Public Accountant

Paul T. Kunz
Attorney

Bruce D. Stephens
Land Development
Southtown Properties

BANK OF UTAH EXECUTIVE OFFICERS

Frank W. Browning
Chairman of the Board
Chief Executive Officer

Douglas L. DeFries
President

Taft G. Meyer
Executive Vice President
Chief Lending Officer

Roger G. Shumway
Executive Vice President
Chief Credit Officer

Branden P. Hansen
Senior Vice President
Chief Financial Officer/Residential Lending

K. Darrel May
Senior Vice President
Human Resources

Scott H. Parkinson
Senior Vice President
Marketing and Communications

T. Craig Roper
Senior Vice President
Chief Deposit Officer

Menah C. Strong
Senior Vice President
Chief Administrative Officer

BANK OF UTAH BANK OFFICERS

LENDING

Jared M. Anderson
Senior Vice President
Team Leader, Ogden

Danny J. Bradshaw
Senior Vice President
Team Leader, Redwood Road

Robert W. Bunce
Senior Vice President
Team Leader, Orem

Roger L. Christensen
Senior Vice President
Regional Team Leader, South

Norman G. Fukui
Senior Vice President
Team Leader, North

Cari G. Fullerton
Senior Vice President
Team Leader, CRE, North

Russell W. Miller
Senior Vice President
Regional Credit Administrator, South

David K. Snow
Senior Vice President
Team Leader, CRE, South

John W. Walton
Senior Vice President
Team Leader, 7th South

Nathan A. Anderson
Vice President
Residential Construction Lending

Ronald F. Bagley
Vice President
Business Development Officer

Eric S. Blanchard
Vice President
Relationship Manager

Gregory J. Brown
Vice President
Senior Portfolio Manager

Kelly D. Crane-Hale
Vice President
Relationship Manager

Steven P. Diamond
Vice President
Relationship Manager, CRE

Dillon George
Vice President
Portfolio Manager, CRM

D. Scott Heninger
Vice President
Relationship Manager, CRM

Michael D. Hoglund
Vice President
Relationship Manager

Krista L. Lewis
Vice President
Team Leader, Logan

David E. Mumm
Vice President
Relationship Manager

Karl S. Robertson
Vice President
Relationship Manager

S. John Ward
Vice President
Relationship Manager

Kevin J. Williams
Vice President
Relationship Manager

Katherine L. Davis
Assistant Vice President
Relationship Manager, Consumer

M. Brady Fosmark
Assistant Vice President
Relationship Manager

Tyler R. Judkins
Assistant Vice President
Portfolio Manager

Spencer R. Richins
Assistant Vice President
Relationship Manager

T. Bart Tucker
Assistant Vice President
Relationship Manager, CRM

BANK OF UTAH BANK OFFICERS

BRANCH MANAGEMENT

Renee M. Faulkner
Vice President
Branch Administrator

Wendy B. Parker
Vice President
Banking Operations

Patricia K. Frehner
Assistant Vice President
Branch Manager, Sandy/Orem

Sandi E. Jardine
Assistant Vice President
Branch Administrator, Northern Region

Janice E. Ketchum
Assistant Vice President
Branch Manager, Ogden

Constance L. Lynch
Assistant Vice President
Branch Manager, South Ogden

Ashley F. Massey
Assistant Vice President
Treasury Management Relationship Manager

Mary M. Ryan
Assistant Vice President
Branch Administrator, Southern Region

LENDING ADMINISTRATION

Daniel S. Boren
Vice President
Collections/Special Assets

Jonathan W. Browning
Vice President
Real Estate Appraisal Manager

Bruce G. Holbrook
Vice President
CRM Administrator

Colleen Schulthies
Vice President
Legal Counsel

Christina L. Thurnwald
Vice President
Loan Documentation Manager

CORPORATE ADMINISTRATION

Eddie J. Cameron
Senior Vice President
Information Technology Manager

Stephen L. Empey
Senior Vice President
Loan Review

Stephen H. Porter
Senior Vice President
Compliance/CRA

Jo C. Israel
Vice President
Bank Secrecy Act/Deposit Compliance Officer

Colby J. Dustin
Vice President
Enterprise Risk Manager

Elizabeth N. Warner
Vice President
Lending Compliance Officer

Clayton R. Berrett
Assistant Vice President
Database & Applications Manager

Christopher N. McIntyre
Assistant Vice President
IT Operations Manager

Christopher J. Powell
Assistant Vice President
Internal Audit Manager

Brian S. Stevens
Assistant Vice President
Controller

Leon B. Trappett
Assistant Vice President
Information Technology Security Officer

BANK OF UTAH BANK OFFICERS

MORTGAGE & RESIDENTIAL CONSTRUCTION

Kathy L. Robles
Vice President
Mortgage Operations Supervisor

Amber Wykstra
Vice President Mortgage
Loan Sales Manager

Jennifer H. Dee
Assistant Vice President
Supervisor Mortgage Loan Processing

Eric D. DeFries
Assistant Vice President
Secondary Market Officer

W. Dan Farnsworth
Assistant Vice President
Mortgage Loan Office Manager, Logan

Michael R. Medsker
Assistant Vice President
Mortgage Loan Office Manager, Ogden

Russell G. Piggott
Assistant Vice President
Mortgage Loan Office Manager, Logan City Center

Linda C. Rose
Assistant Vice President
Mortgage Loan Officer

TRUST & INVESTMENTS

Roger C. Tidwell
Senior Vice President
Senior Trust Officer

Paul R. Buchanan
Vice President
Trust Assistant Manager

Michael D. Hoggan
Vice President
Corporate Trust Counsel

Brett R. King
Vice President
Senior Corporate Trust Counsel

C. Scott Nielsen
Vice President
Corporate Trust Marketing Officer

Craig A. Standing
Vice President
Trust Officer

Arge Feotis
Assistant Vice President
Corporate Trust Administrative Officer

Sharlee M. Kuch
Assistant Vice President
Corporate Trust Administrative Officer

BANK LOCATIONS

BANK OFFICES WITH ATMS

Ogden (Main) *801-409-5000*
2605 Washington Boulevard
Ogden, 84401

Ben Lomond *801-399-4425*
115 Washington Boulevard
Ogden, 84404

Brigham City *435-723-9313*
80 East 800 South
Brigham City, 84302

Layton *801-773-2221*
717 W. Antelope Drive
Layton, 84041

Logan *435-752-7102*
5 East 1400 North
Logan, 84341

Orem *801-765-4401*
1000 West 800 North
Orem, Utah 84057

Providence *435-752-7198*
121 N. Gateway Drive
Providence, 84332

Redwood *801-973-2798*
2309 S. Redwood Road
Salt Lake City, 84119

Roy *801-825-1647*
5741 South 1900 West
Roy, 84067

Sandy *801-562-5375*
9320 South State Street
Sandy, 84070

Seventh South *801-532-7111*
711 South State State
Salt Lake City, 84111

South Ogden *801-394-6611*
4605 Harrison Boulevard, Suite 100
Ogden, 84403

Tremonton *435-257-3613*
25 N. Tremont Street
Tremonton, 84337

MORTGAGE LOAN PRODUCTION OFFICES

Crescent Park *801-254-1467*
11075 South State Street
Sandy, 84070

Logan *435-752-7102*
5 East 1400 North
Logan, 84341

Logan City Center *435-792-4600*
45 East 200 North, Suite 102
Logan, 84321

Ogden (Main) *801-409-5432*
2627 Washington Boulevard
Ogden, 84401

Price *435-637-3305*
475 East Main Street, Suite B
Price, 84501

Providence *435-252-7198*
121 N. Gateway Drive
Providence, 843320

Sandy *801-562-5375*
9320 South State Street
Sandy, 84070

South Ogden *801-394-6611*
4605 Harrison Boulevard
Ogden, 84403

South Towne *801-285-5000*
230 West Towne Ridge Pkwy, Ste 520
Sandy, 84070

St. George, *435-986-7221*
393 E. Riverside Dr., Bldg. 1, Suite 101
St. George, 84790

TRUST OFFICES

Ogden *801-409-5432*
2627 Washington Boulevard
Ogden, 84401

Salt Lake City *801-924-3690*
200 East South Temple, Suite 210
Salt Lake City, 84111

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