BOU Bancorp, Inc.
QUARTERLY REPORT Q2 2018

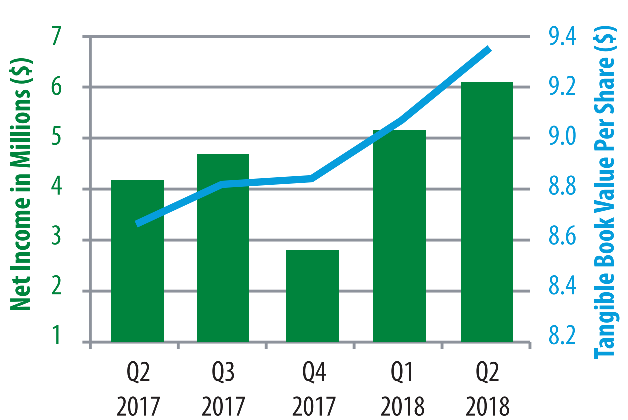
PRESIDENT'S MESSAGE

On behalf of BOU Bancorp, Inc., the holding company of Bank of Utah (Bank) and Utah Risk Management, Inc. (URM), collectively known as the Company, I am pleased to report a second quarter dividend of $0.08 per share paid on July 23, 2018. The dividend paid for the first quarter of 2018 was $0.07 per share. The dividend paid for the second quarter of 2017 was $0.06 per share. All per share information has been adjusted to reflect the impact of a nine-for-one stock dividend that was effective May 1, 2018. Despite a competitive and challenging banking environment, our core business lines continue to expand. Loan and deposit balances have both grown by more than $100 million in the past 12 months, while maintaining quality and customer service.

Net Income for the second quarter of 2018 was $6.0 million compared to $4.2 million for the second quarter of 2017, an increase of 42.8 percent. Consolidated net income for the six months ended June 30, 2018 was $11.1 million, compared to $7.9 million for the six months ended June 30, 2017, an increase of 40.1 percent. Of the $6.0 million earned in the second quarter, approximately $1.0 million was directly related to lower corporate tax rates. This equates to $1.7 million year to date.

Net interest income continues to be the main driver of revenue increases. Fully taxable equivalent net interest income for the second quarter of 2018 was $13.2 million, as compared to $11.1 million for the second quarter of 2017. Loans increased 14.1 percent or $117.0 million and deposits increased 15.5 percent or $148.1 million. The fully taxable equivalent net interest margin rose to 4.27 percent in the second quarter of 2018, as compared to 4.14 percent in the second quarter of 2017. We expect the Federal Reserve will raise rates at least two more times in 2018. We have positioned the Bank to be asset sensitive. This means that when rates rise, we expect our net interest margin spread to increase, which has happened in the past year.

Net Income and Book Value



BANK OF UTAH

This year, the Bank has benefited from opportunities in four areas: strong loan and deposit growth, stable growth in all other sectors of our business, a great economy in the markets we serve and the corporate tax reduction. The growth in these areas has kept us a leader in our industry. Bank of Utah continues to rank in the top 10 percent of our peer group, according to the Banker's Caddy Report. This ranking has remained constant for the past several years. We work to remain conservative in our approach to operating the Company, but progressive in adding new products and services that enhance our customers' experience.

The Utah economy remains one the strongest in the nation. Every major industrial sector expanded in 2017, contributing 43,500 new jobs over the year, according to the Kem C. Gardner Institute's June 2018 economic summary. An annual employment growth rate of 3.1 percent is on par with the state's long-term average. In addition, Utah's population growth rate of 1.9 percent between 2016 and 2017 is the third highest in the nation. This represents an increase of 59,045 people during this period. The median household income has grown to $67,481, which is the twelfth highest in the nation.

We believe that the economic outlook for the rest of 2018 will remain strong for Utah and that it will continue to perform better than national averages. However, we are in the second longest period of economic expansion experienced in the United States. There will be a downturn sometime in the future. The Bank has acted appropriately to prepare for these future periods of decline. We are conservative lenders; our income sources are varied and we can withstand fluctuating markets.

As a top performing community bank, we will continue to pay attention to our most valued assets, our customers. We will listen to their needs and continually update, improve and reinvent to remain a leader in our industry and benefit the people we serve.

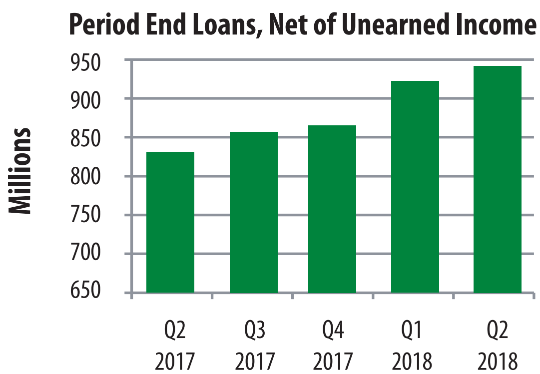
Douglas L. DeFries

Douglas L. DeFries
PRESIDENT AND CEO

Q2 2018 BANK FINANCIAL ANALYSIS

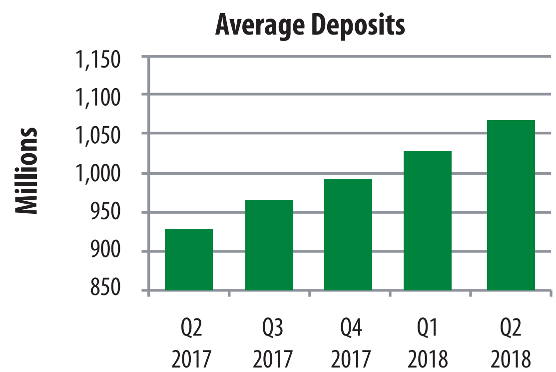
COMMERCIAL LENDING

Commercial lending continued to experience loan growth during the second quarter of 2018, increasing loans outstanding by 3.1 percent from the previous quarter. At the end of the second quarter of 2018, loans outstanding were $947.6 million, compared to $919.3 million the previous quarter. Loan quality remains exceptional as measured by a 1.61 percent Texas ratio. This is down 0.05 percent from the previous quarter and well below the national average. Commercial real estate transactions on existing buildings and new construction continue to drive the market.



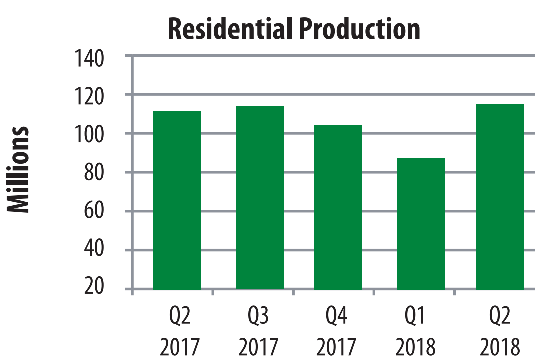
DEPOSITS

Average deposits reached $1.1 billion at the end of the second quarter of 2018. This is a 4.5 percent increase from the previous quarter and a 15.6 percent increase from the second quarter of 2017. This strong deposit growth has kept up with loan growth, enabling the Bank to maintain a good balance, as shown by a loan to deposit ratio of 87.0 percent at quarter end. This allows the Bank to pay competitive interest rates on deposits. Abiding by sound principles of customer service, security and innovative product offerings, the Bank continues to attract and retain customers.



RESIDENTIAL LENDING

Residential loan production was $118.7 million for the second quarter of 2018, a 38.0 percent increase from the previous quarter and a 4.8 percent increase from the second quarter of 2017. The Bank retains a strong presence in the residential construction market and maintains its market share of loan production. Profitability per loan has decreased due to fierce price competition demanded in the market.



CORPORATE TRUST

Corporate trust continues to perform ahead of forecasts. The quarter ended strong as many customers pushed closings to occur before the end of June. The marketplace saw much activity because of the strong economy. Focus continues on developing loyal customer relationships and responding to customers' changing needs. As new financing structures are developed in the industry, products and services are updated to respond to those changes. The team takes pride in doing business the right way, being responsive and developing solutions with clients.

WEALTH MANAGEMENT

Personal trust assets continue to see solid increases with $446.6 million under management, a 1.3 percent increase from the previous quarter and a 5.6 percent increase from the second quarter of 2017. Private banking, personal trust and insurance departments have grown year over year. These departments have become instrumental for those clients who require additional expertise and personalized service with their investments and finances.

COMPANY NOTABLE POINTS

	Q2 2018	Q1 2018	Q2 2017
Return on Average Assets	1.84%	1.66%	1.51%
Return on Average Equity	15.01%	13.29%	11.33%
Net Interest Margin	4.27%	4.17%	4.14%
Net Interest Income (FTE)	$13.2M	$12.2M	$11.0M
Earnings Per Share	$0.36	$0.30	$0.25
Total Assets	$1.34B	$1.31B	$1.16B

Net interest income (fully taxable equivalent basis-FTE) was up 8.5 percent over the first quarter of 2018 and up 20.4 percent over the second quarter of 2017. This was due to an increase in loan volume and an increase in the net interest margin.

At the Bank level, Tier 1 leverage ratio was 11.92 percent, compared to 12.09 for the previous quarter and 12.66 percent for the second quarter of 2017. Strong loan growth has deployed capital.

Salaries expense decreased by 2.0 percent from the first quarter of 2018, and increased 11.0 percent over the second quarter of 2017. Low unemployment rates have necessitated increased wages in certain areas to maintain a quality workforce.