

2016

Q3

QUARTERLY REPORT

BOU Bancorp, Inc.

PRESIDENT'S MESSAGE

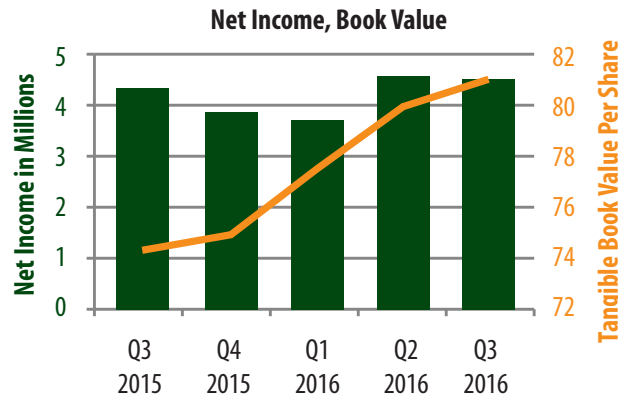
On behalf of BOU Bancorp Inc., (Company) the holding company of Bank of Utah (Bank) and Utah Risk Management, I am pleased to report a cash dividend of \$0.65 per share paid in October 2016 for the third quarter. This is equal to \$0.65 per share paid for the second quarter of 2016. Cash dividends of \$2.25 per share have been paid in 2016, as compared to \$2.10 per share paid in 2015, an increase of 7.1%.

Net income for the third quarter of 2016 was \$4.4 million compared to \$4.5 million for the second quarter of 2016 and \$4.3 million for the third quarter of 2015. Net income for the nine months ending September 30, 2016 was \$12.7 million compared to \$11.7 million for the equivalent 2015 period, an increase of 8.7%.

The third quarter was another solid quarter of revenue growth. Net interest income continued on an upward trend due to the Bank's strong lending base and significant fee revenue contribution from its mortgage and corporate trust areas. Exceptional growth in its deposit balances allowed the Bank to aggressively pursue its lending goals.

The Bank continues to make improvements in operations and processes. Recent upgrades to the website and online banking were made to improve user experience and increase security. Maintaining the security of customer information is of utmost importance. Through updated technology, experienced staff, effective monitoring and consistent training programs, every necessary step is taken to keep the Bank and its customers safe.

As the Bank grows, it continues to recruit and acquire the best employees in the industry. In recent months, it has added specialists in all of the Bank's departments including Treasury Management, Mortgage, Corporate Trust, Commercial Lending and Branch Management.



Future Growth and the Economy

Fourth quarter GDP in the United States is expected to resemble that of the first three quarters of 2016. Utah's economy remains strong and the nation is taking notice. Utah is the "brightest star on the American flag," according to The Wall Street Journal. The CNBC Global CFO Council named Utah the country's top state for doing business in 2016 and Forbes has named Utah the number one state for business and careers for three consecutive years.

A contributing factor to this success is Utah's diverse economy. The leading industry in the state is manufacturing, followed closely by retail and wholesale trade, then finance and insurance. Utah has a strong educated workforce that has shown the ability to adapt as the business environment shifts. The state ranked second in job growth by the U.S. Bureau of Labor Statistics and has one of the lowest tax burdens in the country. The Bank understands the value in operating in a strong economic region. Its goal is to always outperform the metrics of the economy by actively managing the Bank with experienced leadership and a well-educated staff that understands how to protect and grow the Bank and customer assets.

On behalf of the Bank's management team, we appreciate your support and trust. We are encouraged by our continued growth and are optimistic about the path we are on to achieving goals for our customers, employees and shareholders.

Sincerely,

Douglas L. DeFries



BANK of UTAH
Experience. Service.

Member
FDIC
LENDER

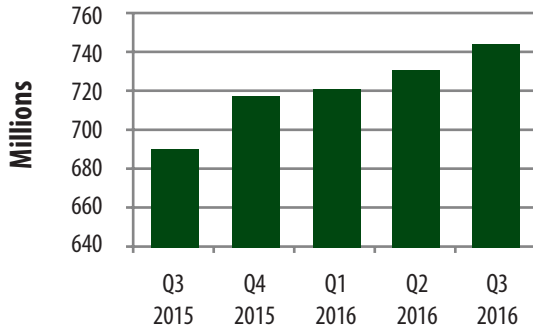
Douglas L. DeFries
Bank-President and CEO
Company-Vice President



Q3 2016 BANK FINANCIAL ANALYSIS

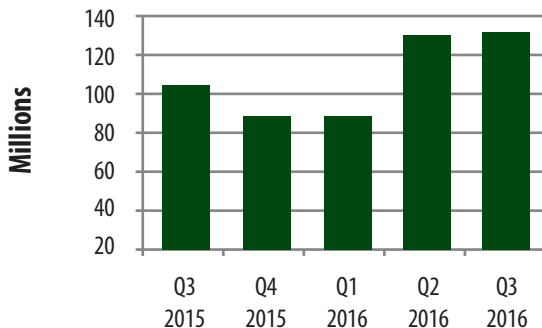
COMMERCIAL LENDING: The loan portfolio net of unearned income grew to \$743.9 million, a 2.0% increase from the previous quarter and 7.6% increase from the third quarter of 2015. The Bank continues to see strong loan demand for commercial loans, however, payoffs of large construction loans partially offset loan growth. Loan quality remains exceptional as measured by the 0.12% Texas ratio. Non-performing assets were 0.02% of the total loan portfolio. These ratios remained flat compared to the second quarter of 2016.

Period End Loans, Net of Unearned Income



MORTGAGE LENDING: Mortgage loan production was \$131.6 million for the quarter, an increase of 2.5% from the previous quarter and a 26.4% increase from the third quarter of 2015. Volume has been driven by a quality lending team and the Bank's ability to close loans on time and at competitive rates. A full range of mortgage products allows the Bank to compete in every area of the mortgage industry. This has made the Bank one of the leading producers in the state.

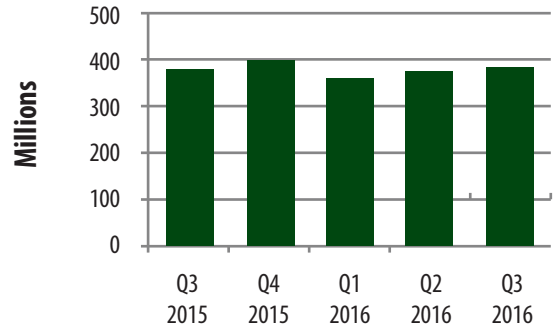
Mortgage Production



CORPORATE TRUST: The number of accounts for third quarter 2016 ended at 1,574, of which 1,359 accounts were related to aircraft. The portfolio continues to grow through existing account relationships and new customers to the Bank. Continued growth and prosperity are anticipated in the coming years.

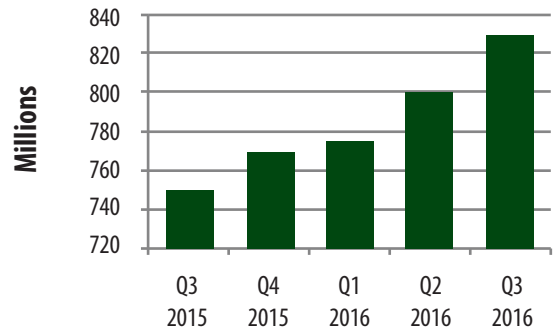
WEALTH MANAGEMENT: Wealth Management is comprised of personal trust, investments, private banking and insurance departments. Trust assets under management were \$383.2 million for the quarter. Private Banking deposits grew 22.5% from \$37.3 million in January 2016 to \$45.7 million at quarter end.

Personal Trust Assets Under Management



DEPOSITS: Average deposits were \$828.5 million for the quarter, a 4.0% increase from the previous quarter and a 10.8% increase from the third quarter of 2015. Coordinated referral efforts within each department of the Bank have significantly contributed to this growth. Commercial lenders, trust officers, mortgage officers and wealth management specialists understand the benefits of making the Bank the primary financial institution for their customers.

Average Deposits



Company Notable Points

Earnings per share for the third quarter 2016 was \$2.64, compared to \$2.69 for the previous quarter and \$2.58 for the third quarter 2015. The retention of these earnings continue to drive an increase in tangible book value per share.

Non-interest income was \$5.9 million, a 1.4% increase from the previous quarter and a 5.1% increase from third quarter 2015. Non-interest expense was \$8.7 million, a 4.4% increase from the previous quarter and a 9.2% increase from third quarter 2015.

Return of average assets for the third quarter 2016 was 1.72%, compared to 1.85% for the previous quarter and 1.85% for third quarter 2015.

Return on average equity was 12.42%, compared to 13.16% for the previous quarter and 13.27% for third quarter 2015.

No provision expense was taken in the third quarter, this is due to the pristine credit quality and limited growth in the loan portfolio.