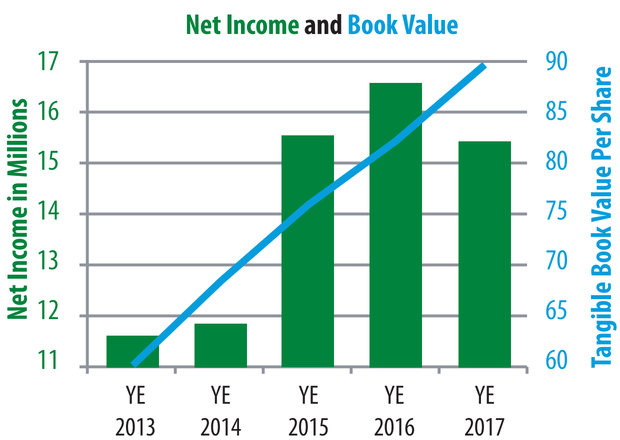
BOU Bancorp, Inc.
QUARTERLY REPORT Q4 2017

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 fourth quarter dividend of $0.60 per share paid on January 26, 2018. The dividend paid for third quarter earnings of 2017 was $1.15 per share. The dividend paid for the fourth quarter of 2016 was $0.60 per share. Yearly dividends of $2.90 per share were paid in 2017 compared to $2.25 per share paid in 2016. The fourth quarter was another solid quarter, especially considering the seasonality in our fee-based business lines. Overall, 2017 was another profitable year driven by strong production in each of our core businesses.



Net Income for the fourth quarter of 2017 was $2.7 million compared to $4.6 million for the third quarter of 2017 and $4.0 million for the fourth quarter of 2016, a decrease of 41.4 percent and 31.9 percent, respectively. The reduction in income was due to a one-time write down of $1.6 million in the Company's deferred tax asset. This was in response to the passage of the Tax Cuts and Jobs Act of 2017, which will lower the federal corporate tax rate in the future. Before the write down, consolidated net income for the year was $16.9 million, an increase of 1.3 percent over the prior year. The change in the federal maximum corporate tax rate from 35 percent to 21 percent bodes well for earnings in 2018 and will add value to our shareholders in the long run.

All of the major lines of business added to the value of the Bank. Leading the way in growth was commercial lending with a 14.5 percent increase in loans outstanding, while deposit gathering branches were able to maintain a low cost of funds. The increase in earning assets enabled the net interest income to surpass 2016 by $5.2 million. Residential lending production was down in 2017; however, the gain on sale of loans continued to be a strong component of our earnings for the year. Average deposits grew 15.4 percent and our wealth management group brought a steady source of revenue to the Bank. The corporate trust division increased its fee income with an expertise in aircraft owner trusts and life settlement accounts.

FUTURE GROWTH AND THE ECONOMY

The year began with much uncertainty in our nation, but we believe the year ahead holds tremendous promise. Locally, the State of Utah continues to prosper in the business sector. Job growth for the year is 2.7 percent compared to 1.4 percent nationwide and the unemployment rate is 3.3 percent as compared to the national average of 4.1 percent. We realize that in the long-run we will not always outrun the national economy, but the state's diversity will help it withstand periods of decline. Likewise, Bank of Utah has a unique mix of businesses that diversify its earnings.

The Bank ended the year very strong, thanks to your loyalty. We will continue building on this success and strive to operate a bank that is safe for our investors, helpful to our customers and be a quality workplace for our employees. We look forward to serving you in the coming year!

Douglas L. DeFries

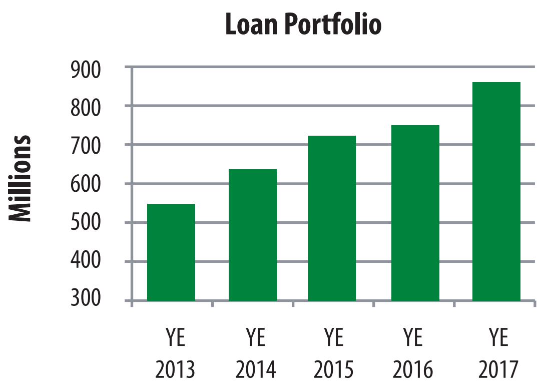
Douglas L. DeFries
PRESIDENT AND CEO

BANK OF UTAH

Q4 2017 BANK FINANCIAL ANALYSIS

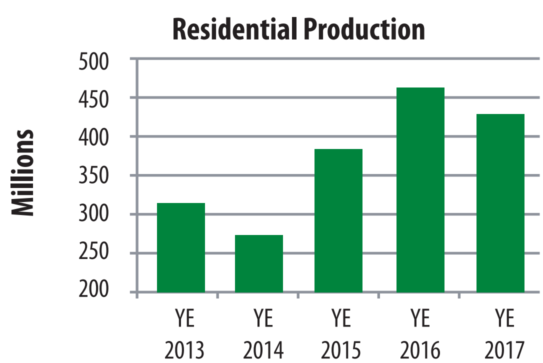
COMMERCIAL LENDING

Commercial lending experienced high loan growth during 2017, increasing loans outstanding by 14.5 percent from $752.4 million in 2016 to $861.8 million at the end of 2017. Loan quality remained exceptional as measured by a 0.27 percent Texas ratio with non-performing assets of 0.05 percent of the total loan portfolio. This was a slight increase from the previous year but remains excellent.



RESIDENTIAL LENDING

Residential loan production was $427.5 million for 2017, a 6 percent decrease from 2016. One reason for the decline was due to the limited number of homes on the market compared to the demand for housing. The Bank is now one of the top residential lenders in the state in terms of dollar volume. In addition, new home construction lending increased over 9 percent from 2016 to 2017. This upward trend is expected to continue in 2018.

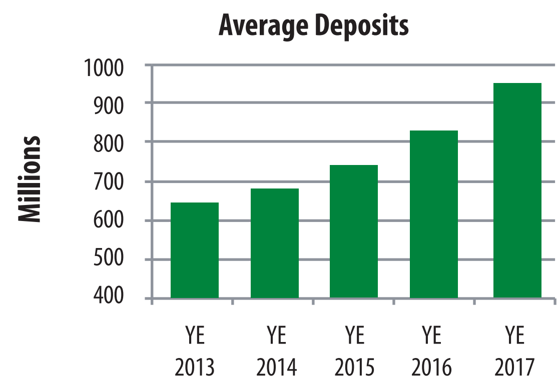


CORPORATE TRUST

Fee income grew to $6.8 million from $6.6 in 2016, a 3 percent increase. Solid increases were achieved in the owner trust portfolio. Corporate trust has a strong balance of aircraft trusts, life settlement trusts and equipment trusts. The Bank acts as trustee for both equity and debt providers on these transactions and continues to increase in market share year over year. Emphasis on operations and controls is a continued priority. The Bank takes pride in having a responsible due diligence process.

DEPOSITS

Average deposits were $951.1 million for 2017, a 15.2 percent increase from $824.5 million in 2016. This increase was gratifying in light of the competitive market for deposits. Approximately two thirds of the growth came from corporate trust deposits. Additional growth came from branches and treasury management activity. The Bank continues to improve customers' ability to access their accounts when needed and give them the personal attention they require and expect from their banker.



WEALTH MANAGEMENT

This department consists of investments, personal trust, private banking and insurance. Personal trust assets under management grew to $418.1 million in 2017 from $392.2 in 2016, a 6.6 percent increase. The growth is a result of strong customer relationships and referrals from trust attorneys. Private banking has been a strong referral source for all departments and has added deposits to the Bank. The insurance company is starting to build its policy base and is on a good trajectory for future earnings. Investment revenue grew 25.6 percent in 2017.

COMPANY NOTABLE POINTS

	YE 2017 Adjusted*	YE 2017	YE 2016
Return of Average Assets	1.46%	1.32%	1.64%
Return on Average Equity	11.15%	10.10%	11.90%
Net Interest Margin	4.12%	4.12%	4.07%
Earnings Per Share	$10.03	$9.09	$9.90
Total Assets	$1.21B	$1.21B	$1.09B

**Results without the one-time $1.6M write down in deferred tax asset.*

Net interest income (fully taxable equivalent basis) was $42.8 million in 2017 which was a 15.0 percent increase from 2016. This was due to an increase in loan volume and interest rates with a slight increase in the cost of funds.

Tier 1 leverage ratio at year end 2017 was 12.2 percent compared to 12.5 percent in 2016.

Expenses for salaries and employee benefits increased by $2.0 million over 2016 due to a competitive job market and the addition of new employees.