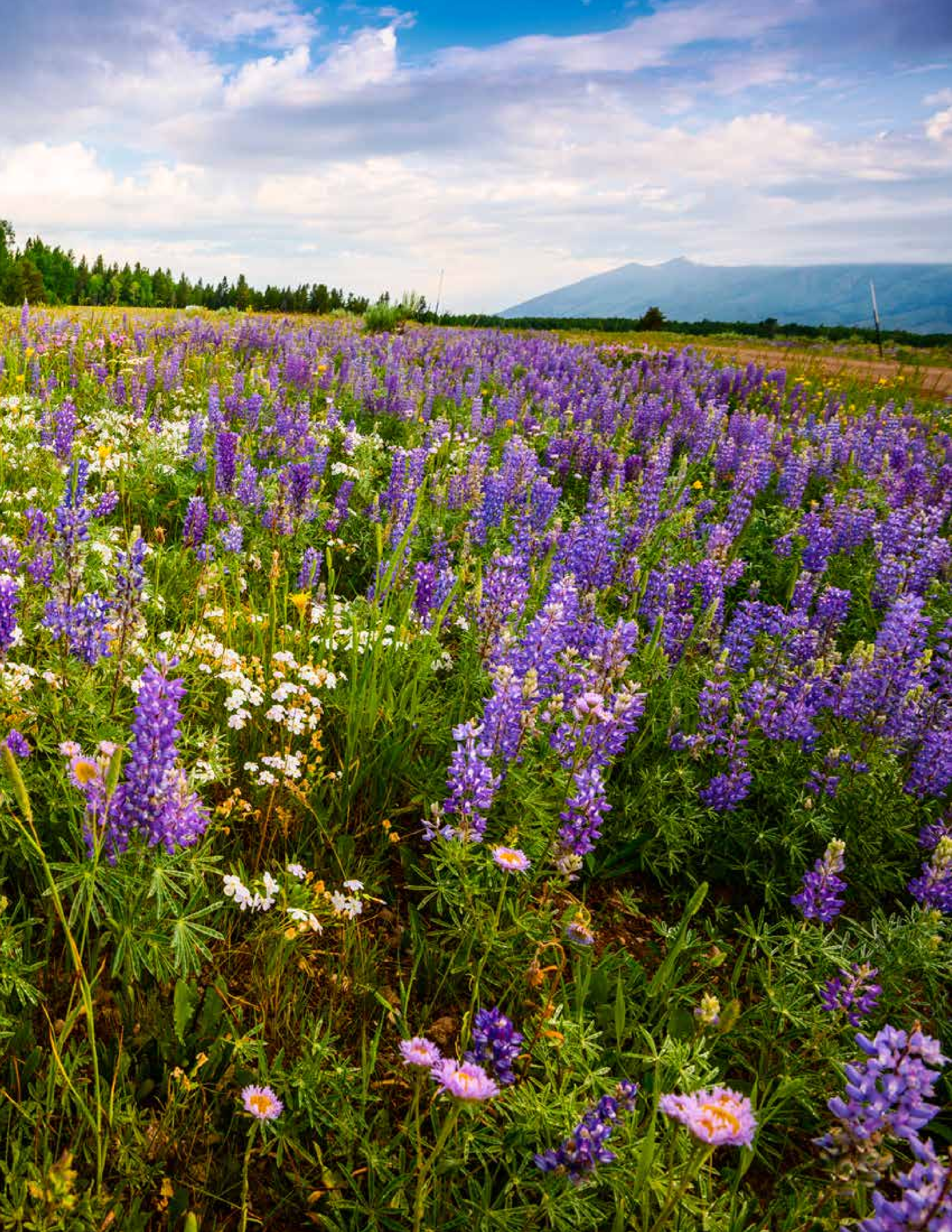
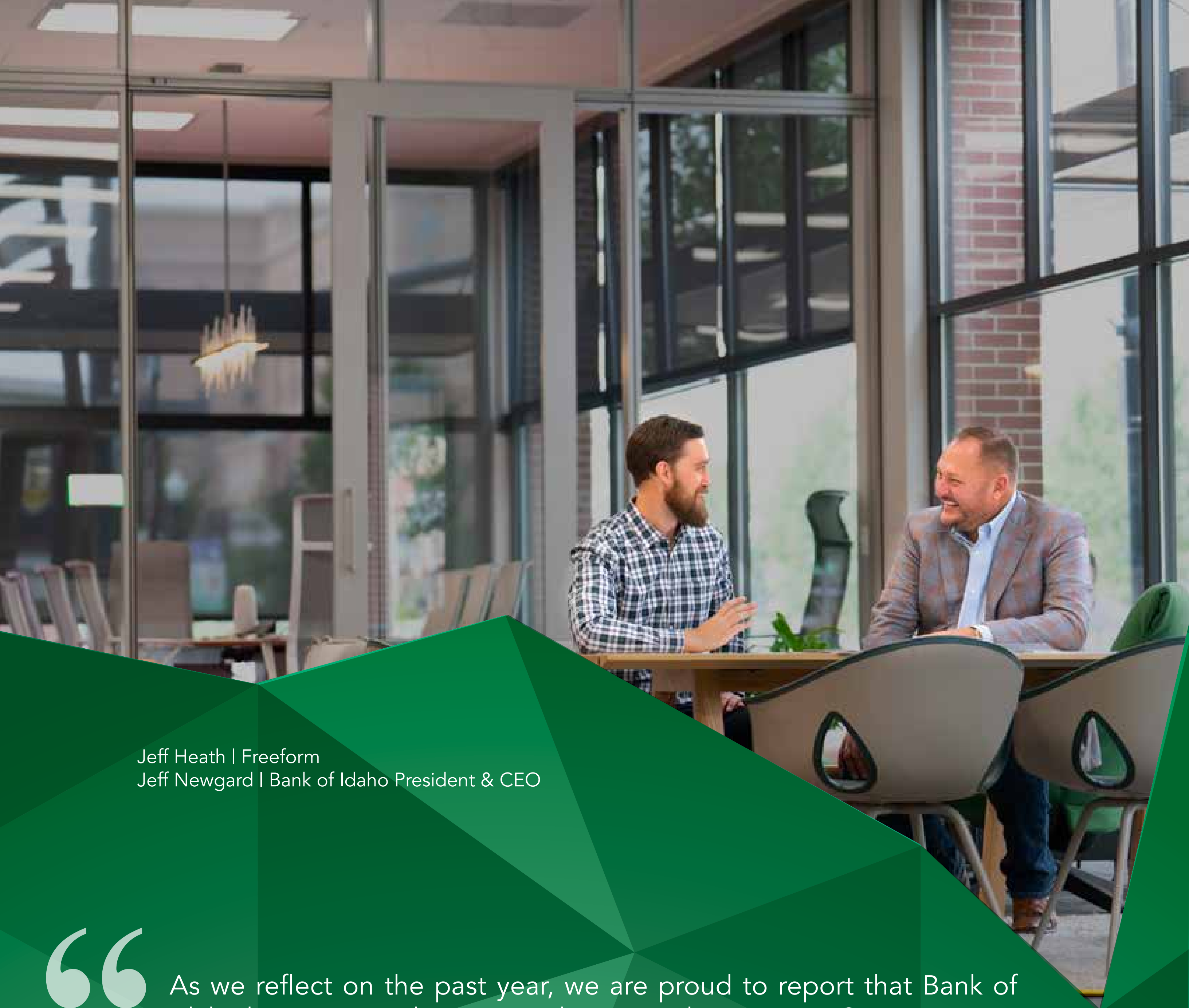
2022 LANDMARKS

ANNUAL SHAREHOLDER REPORT

BANK of IDAHO

COMMITTED TO COMMUNITY





Jeff Heath | Freeform
Jeff Newgard | Bank of Idaho President & CEO

> As we reflect on the past year, we are proud to report that Bank of Idaho has continued its tremendous growth trajectory. Our expansion into the Eastern Washington market and continued advancement across Idaho were significant highlights of 2022. While this growth is exciting, what's most important to us is the service our team has continued to provide to our customers and our communities. We remain dedicated to helping those we serve prosper and thrive through innovative financial solutions and exceptional customer care. We are excited for what the future holds for Bank of Idaho and look forward to continuing to contribute to our communities.

Jeff Newgard
President & CEO, Bank of Idaho

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Dear Shareholder,

For Bank of Idaho, 2022 was a year of growth and advancement toward our goal of becoming a regional community bank.

Key metrics demonstrate a healthy, growing organization. Assets grew to just under $980 million. Total loans grew to nearly $700 million. Total deposits grew to over $838 million. Net interest margin for the year was over 4.4%.

Additional details and highlights:

- Consolidated assets grew to more than $979.9 million, an increase of 32.8%.
- Total loans grew to $699.3 million, an increase of 53%.
- Total deposits grew to $838.1 million, an increase of 30%.
- Net interest income grew to $36.2 million, an increase of 50%.
- Net interest margin grew to 4.41%, an increase of 13%.
- Produced 38 SBA loans for more than $26 million in small business lending

The year was filled with impressive accomplishments and stories. In May, the bank completed a $53.2 million capital raise with qualified institutional and accredited investors. In August, Bank of Idaho completed an expansion into Eastern Washington, acquiring five branches in Spokane, Yakima, Sunnyside, Kennewick, and Dayton, and opening a sixth branch in Pasco. Additionally, the bank continued its growth in the Treasure Valley, opening a new branch in Boise on Fairview Avenue.

Beyond the success of the capital raise, acquisition, and branch openings, for the second year in a row, Bank of Idaho's SBA team led the Idaho state district in overall loan volume, a testament to the bank's efforts to deliver solutions that stand out in a competitive banking environment.

The successes of last year would not be possible without the incredible contributions from our Bank of Idaho team. A note of special recognition goes out to all who worked diligently to integrate our new Eastern Washington team members. Moving forward, we will continue to remain focused on attracting, supporting, and retaining top talent, as well as working more efficiently together across our growing footprint.

As the bank with a heart for the communities it serves, we are proud to have expanded our annual fundraiser, the Swing for the Green Golf Tournament, to Pocatello and Boise, in addition to our long standing event in Idaho Falls. This event raises money for post-secondary education in Idaho. To date, the event has raised approximately $200,000 for students across Idaho.

We are grateful to all who have contributed to making 2022 another record-breaking year for Bank of Idaho. We look forward to continuing our tremendous growth trajectory in the future.

Sincerely,

Park Price, Chairman
Bank of Idaho Holding Company

Jeffrey K Newgard

Jeff Newgard, President & CEO
Bank of Idaho

Dustin Lopez | Boise Downtown Mortgage Loan Officer
Charlie Kouba | Overland VP Commercial Lending Manager
Gary & Tammy Schacher | Northern Construction Homes & Unique Design

2022 In Review

Growth is the operative word. And we aren't slowing down.

Assets under management were up 33%. Total loans were up 53%. Total deposits were up 30%. The numbers are truly impressive, but we all know that behind every dollar and decimal point, there's a story waiting to be told.

Our story is focused on growth that better serves our customers and our communities. The big news was the $53.2 million capital raise and expansion into Eastern Washington. With Bank of Idaho branches now in Spokane, Yakima, Sunnyside, Kennewick, Dayton, and Pasco, we are spreading our wings and flying to new heights.

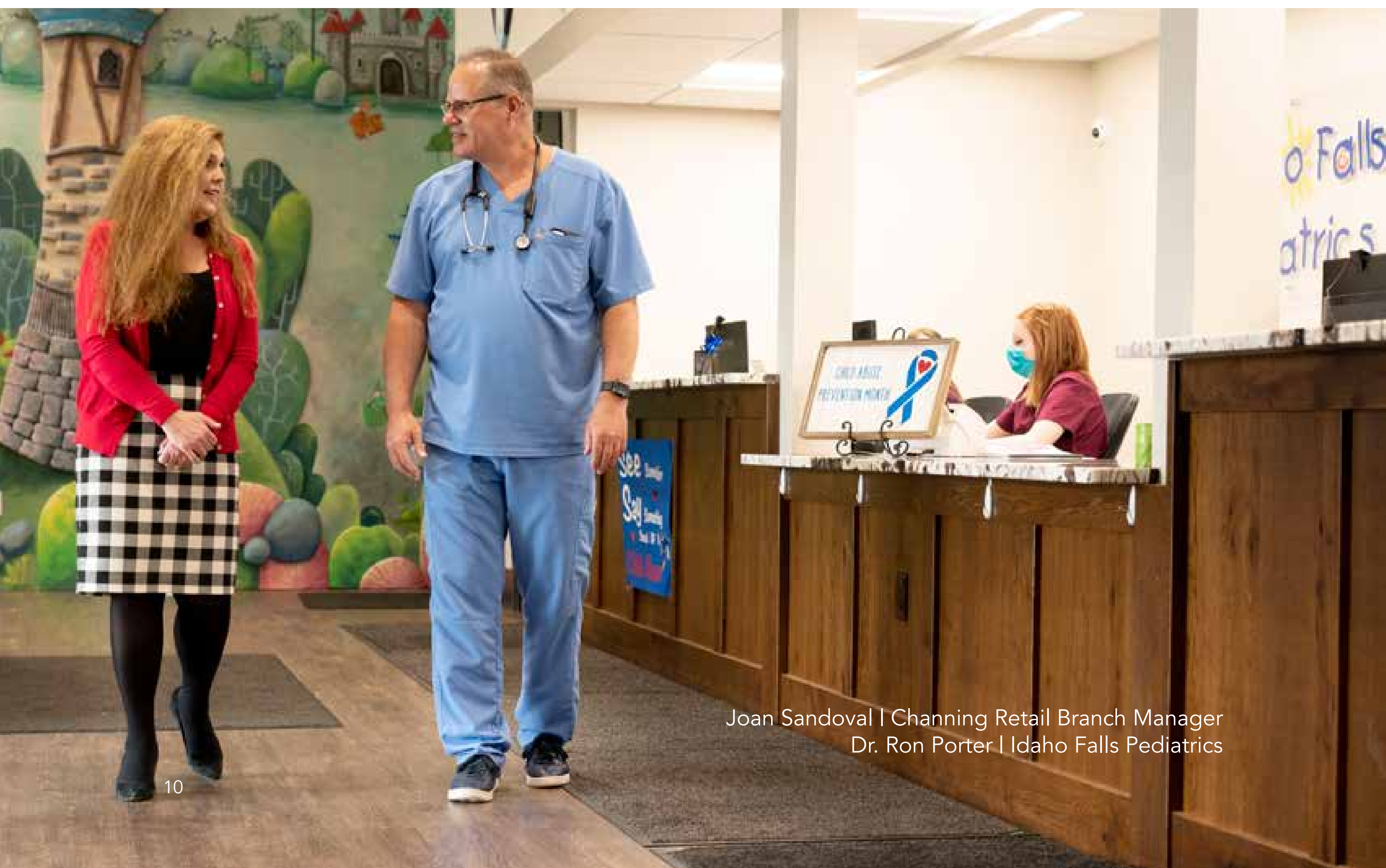
While new markets and new branches are exciting, our Bank of Idaho team working across our Idaho footprint has surpassed goals and expectations. Our SBA team was again the top SBA lender in Idaho.

To continue this level of success, it will take all of us assimilating our new teammates and pulling in the same direction to maximize the accomplishments of 2022 and turn those accomplishments into greater opportunities in 2023.

When we lead with our heart, focus on our customers, and care for our communities, our growth will benefit all we serve.

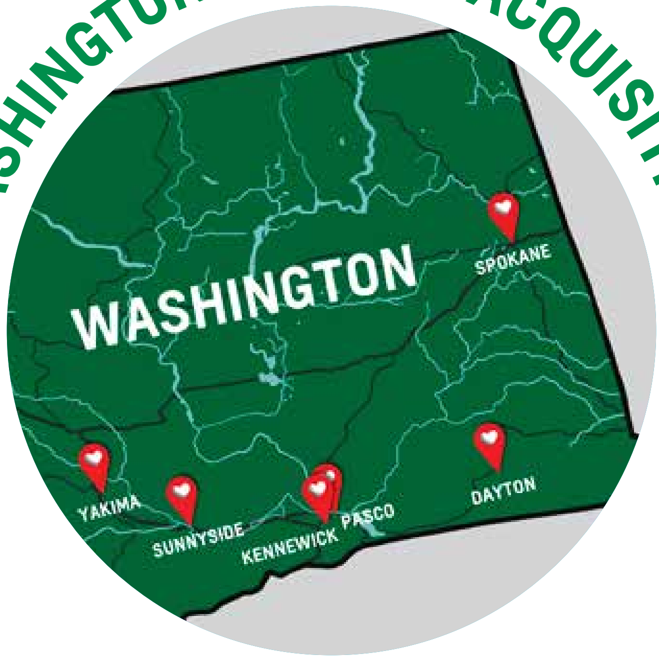
#1 SBA LENDER IN IDAHO

After standing up a bona fide SBA Loan Department in 2020, we scaled up in 2021, and continued that pattern through 2022, topping all of our in-state peers in overall SBA loan volume for the year. “Our SBA lending department is a source of great pride for all of us,” said bank President and CEO Jeff Newgard. “Professional service with a personal touch is our specialty, and they are able to deliver that with remarkable efficiency.” We added several new members to our SBA team this year as part of the Washington expansion and with the added need of support for small business clients. We know that the investment of time made by our SBA team only strengthens our communities, adding variety and services that our communities may not have otherwise.



Joan Sandoval | Channing Retail Branch Manager
Dr. Ron Porter | Idaho Falls Pediatrics

WASHINGTON BRANCH ACQUISITION



In August 2022, Bank of Idaho completed an acquisition of five Washington bank branches in Spokane, Sunnyside, Yakima, Dayton, and Kennewick. This acquisition brought bank President & CEO, Jeff Newgard, back full circle as the Sunnyside branch was where Jeff had his first position as a bank president. In addition to the five branches acquired, the bank also opened a Loan Production Office in Pasco, which quickly transitioned to operating as a full-fledged bank branch. Our Washington branches have been an essential part of achieving our goal to become a regional community bank.

$53 MILLION CAPITAL RAISE

In May 2022, Bank of Idaho Holding Co. announced the completion of a $53.2 million capital raise.

The bank's capital raise was among the largest common equity offerings and raises by a US community bank in 2022, a testament to the bank's strong performance and prospects. The capital will fund the bank's continued expansion and growth plans, including investments in technology, new hires, and expanding its physical presence throughout the region.

As the state and region's economy continues to grow and attract new businesses and residents, the Bank of Idaho is well-positioned to benefit from this trend. By investing in its digital offerings and expanding its physical footprint, the bank can better serve its customers and remain a key player in the ongoing economic development of Idaho, Washington, and the Intermountain West.

NEW FAIRVIEW BRANCH

Rocio Rivera | Fairview
Retail Branch Manager

In 2022, Bank of Idaho opened its fourth location in the Treasure Valley at the corner of Fairview and Five Mile in Boise. This new branch houses some members of the SBA team and has provided easier access to many of our employees in the area. Each plan and execution of acquiring or opening new branches this year was implemented with the intention of being able to better serve the people who have entrusted us with their finances.

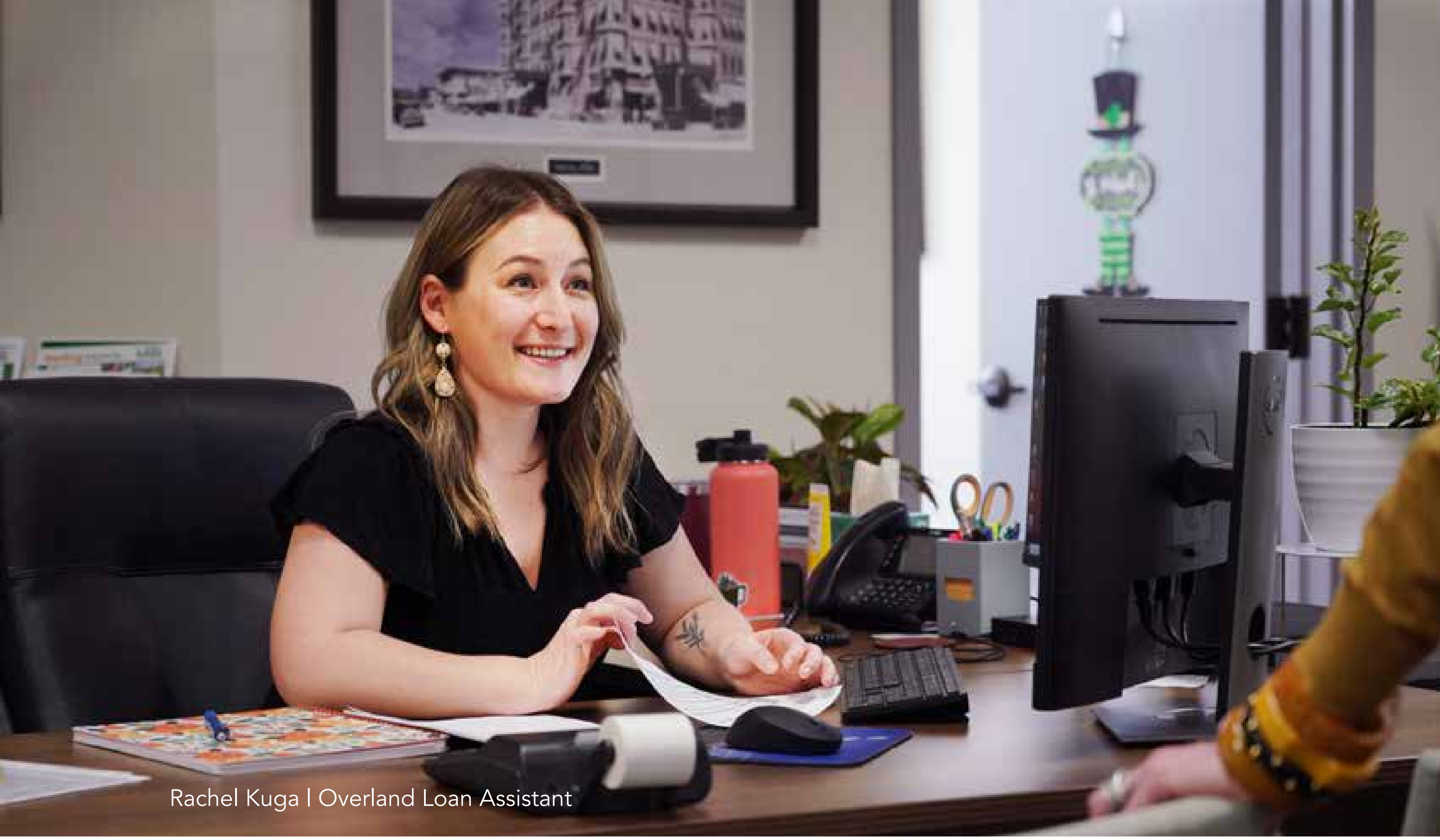
NEARLY $980 MILLION IN ASSETS

Bank of Idaho ended 2022 at $979.9 million in assets under management. This achievement is a testament to the bank's successful growth and expansion efforts, and commitment to providing excellent service and products to its customers.

This impressive level of assets under management represents an increase of 33% year-over-year, ensuring the bank is well-positioned to continue its growth trajectory and play a key role in regional economic development.

As the bank continues to expand its customer base and product offerings, it has focused on building consultative relationships with its clients and providing personalized solutions to meet their unique financial needs.

Alan Mullins | Nampa
VP Commercial Lending
Area Manager



Rachel Kuga | Overland Loan Assistant

LOAN GROWTH RATE UP OVER 53% VS. 2021

Colette Butler (left) | Boise Financial Services Representative
Ashley Larsen (right) | Retail Operations Development Specialist

Bank of Idaho achieved remarkable total loan growth in 2022, reaching $699.3 million, an increase of 53% over the previous year. This significant growth is a testament to the bank's focus on providing high-quality loans and personalized solutions to its customers.

Further, by acquiring five branches in Washington, and opening a sixth, Bank of Idaho is expanding its commitment to build strong client relationships and consultative approach to lending.The bank saw growth in many industry sectors including real estate rental & leasing, construction, finance & insurance, natural resources, health care, professional, scientific & technical services, retail trade, accommodation & food services, and manufacturing. The bank's deep understanding of a variety of industry sectors has allowed it to tailor loan offerings to customer goals.

NET INTEREST MARGIN AT 4.4%

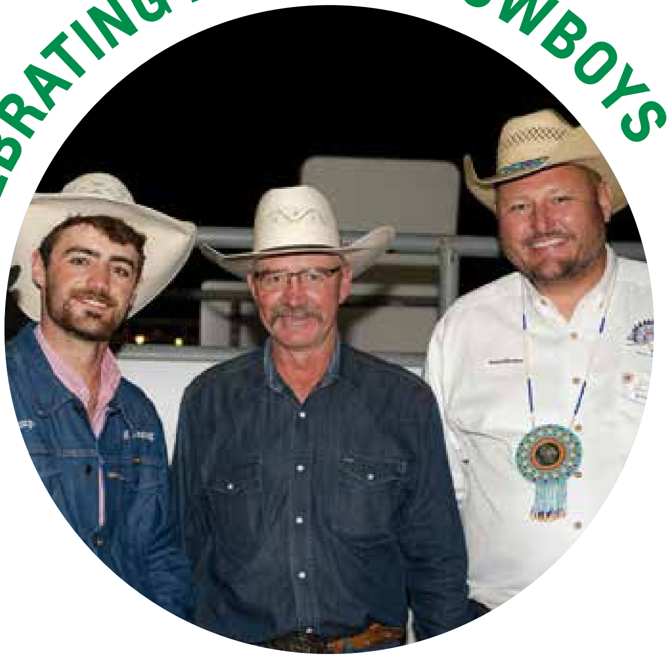
Bank of Idaho ended 2022 with a net interest margin (NIM) of over 4.4%, representing an increase of 12.5% year-over-year.

For community banks, NIM is a critical indicator of profitability, as it represents a key source of revenue. The higher the NIM, the more the bank is effectively managing its interest rate risk and earning a positive spread on its assets.

Bank of Idaho's NIM can be attributed to a healthy asset mix, high-quality loans, and effective interest rate management strategies.

CELEBRATING IDAHO'S COWBOYS

The role of rodeo in Idaho's Western heritage runs deep. To acknowledge that point, in 2022 Bank of Idaho celebrated the hard work of cowboys and cowgirls in a partnership with the Snake River Stampede in Nampa. We continued our arena sponsorship at the War Bonnet Roundup in Idaho Falls as well, linking us to our Western roots at two of the largest rodeos in the state.



S4G EXPANDS TO POCATELLO AND BOISE

Our committment to education and community expanded this year as we introduced two new golf tournaments to benefit the College of Western Idaho and Idaho State University's scholarship funds, while still hosting our annual Idaho Falls event benefitting the College of Eastern Idaho. Three tournaments over the course of the summer kept us busy and on top of our golf game. Always looking to elevate the experience of our participants, this year's dinners and swag kits did not disappoint. Significantly, this year Bank of Idaho crossed the $150K threshold in total donations to College of Eastern Idaho. Bank of Idaho is committed to furthering access to education for students across the region.

College of Eastern Idaho

Idaho State University

CWI COLLEGE OF WESTERN IDAHO

Yakima, Washington

2022 In Review
By the Numbers

2022 BY THE NUMBERS

$979.9mm TOTAL ASSET SIZE

CAPITAL RAISE **$53.2mm**

4.41% NET INTEREST MARGIN

TOTAL STOCKHOLDERS' EQUITY **$106.7mm**

$838.1mm
In Total Deposits

$699.3mm
In Total Loans

$22.42
Tangible Book Value Per Share

$26mm
in SBA Loans

$128.8mm
in Mortgage Units

$283.9mm
Trust Assets Under Management

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY

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EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors and Stockholders
Bank of Idaho Holding Company and Subsidiary
Idaho Falls, Idaho

Opinion

We have audited the consolidated financial statements of Bank of Idaho Holding Company and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, comprehensive income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 50 through 59 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Eide Bailly LLP

Boise, Idaho
March 24, 2023

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash	**$ 25,621,552**	$ 8,040,890
Interest bearing deposits in bank	**22,195,995**	101,647,709
Cash and cash equivalents	**47,817,547**	109,688,599
Certificates of deposit	**744,000**	782,600
Debt securities, available for sale	**171,597,638**	146,346,263
Debt securities held to maturity, at cost (fair value of $23,818,263 and $0 at December 31, 2022 and 2021, respectively)	**30,033,923**	-
Federal Home Loan Bank stock, at cost	**885,100**	689,900
Mortgage loans held for sale	**2,119,824**	15,767,549
Loans, net of allowance for loan losses of $7,877,521 and $7,318,198 at December 31, 2022 and 2021, respectively	**691,449,473**	449,738,882
Accrued interest receivable	**4,271,024**	2,517,564
Premises and equipment, net	**10,381,998**	6,030,352
Right of use asset operating leases	**5,764,889**	2,775,814
Right of use asset financing leases	**368,124**	424,208
Goodwill	**3,801,924**	-
Core deposit intangible	**3,759,083**	-
Other assets	**6,897,147**	2,815,006
	$ 979,891,694	$ 737,576,737
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits		
Noninterest-bearing, demand	**$ 351,915,160**	$ 262,527,459
Interest-bearing		
NOW demand	**187,859,622**	171,033,303
Savings	**141,502,303**	131,596,886
Money market	**118,226,311**	62,419,535
Time certificates of deposit	**38,634,364**	17,274,438
Total deposits	**838,137,760**	644,851,621
Accrued interest payable	**61,222**	16,229
Accounts payable and accrued liabilities	**3,842,138**	3,308,310
Operating lease liabilities	**5,862,082**	2,873,770
Finance lease borrowings	**393,121**	443,112
Stock appreciation rights	**329,907**	326,305
Other borrowings	**24,543,678**	24,489,202
Total liabilities	**873,169,908**	676,308,549
STOCKHOLDERS' EQUITY		
Common stock, no par value, 6,000,000 shares authorized; and 4,423,436 and 2,577,373 shares issued and outstanding at December 31, 2022 and 2021, respectively	**80,479,266**	27,735,150
Retained earnings	**38,753,807**	32,709,633
Accumulated other comprehensive (loss) income, net of tax	**(12,511,287)**	823,405
Total stockholders' equity	**106,721,786**	61,268,188
	$ 979,891,694	$ 737,576,737

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
INTEREST AND DIVIDEND INCOME		
Loans, including fees	$ **31,914,639**	$ 22,813,651
Debt securities	**4,560,625**	2,722,739
Interest bearing deposits and certificates of deposit	**1,704,515**	156,356
Total interest and dividend income	**38,179,779**	25,692,746
INTEREST EXPENSE		
NOW demand and savings	**361,615**	207,300
Money market	**350,788**	43,203
Time certificates of deposit	**102,571**	72,280
Federal Home Loan Bank advances and other borrowings	**1,146,479**	811,324
Total interest expense	**1,961,453**	1,134,107
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	**36,218,326**	24,558,639
Provision for loan losses	**150,000**	470,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	**36,068,326**	24,088,639
NONINTEREST INCOME		
Service charges on deposit accounts	**629,191**	501,286
Gain on sale of mortgage loans held for sale	**1,787,872**	6,969,102
Merchant card income	**71,557**	57,470
Trust fee income	**1,806,949**	2,057,024
(Loss) gain on sale and call of securities	**(269,646)**	69,411
Gain on sale of loans	**7,799**	9,959
Gain on sale of other real estate owned	**-**	52,539
Other	**696,371**	905,044
Total noninterest income	**4,730,093**	10,621,835

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME CONTINUED
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
NONINTEREST EXPENSE		
Salaries, wages and benefits	$ 17,901,692	$ 17,901,637
Net occupancy expense	3,330,404	2,243,406
Advertising and business development	2,112,292	1,247,550
Accounting and consulting	1,218,137	439,742
Data processing	3,532,305	2,334,808
Legal	347,842	133,127
Telephone, postage and courier	312,412	274,912
Other real estate owned expense	2,755	(7,707)
Office supplies	239,672	83,337
FDIC assessment	374,148	322,969
General and administrative	2,847,778	1,574,690
Total noninterest expense	32,219,437	26,548,471
INCOME BEFORE INCOME TAXES	8,578,982	8,162,003
Income tax expense	2,534,808	2,155,924
NET INCOME	$ 6,044,174	$ 6,006,079
Basic earnings per share	$ 1.60	$ 2.33
Diluted earnings per share	$ 1.58	$ 2.29

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Net Income Attributed to the Company	**$ 6,044,174**	$ 6,006,079
Unrealized gains (losses) on securities		
Unrealized holding losses arising during period	**(17,803,171)**	(3,385,210)
Tax effect	**4,702,811**	896,090
Holding loss on transfer of AFS to HTM	**(588,100)**	-
Tax effect	**155,350**	-
Less: reclassification adjustment for losses (gains) included in loss/gain on sale and call of securities	**269,646**	(69,411)
Tax effect	**(71,229)**	1,760
Other Comprehensive Loss	**(13,334,692)**	(2,556,771)
Comprehensive (Loss) Income	**$ (7,290,518)**	$ 3,449,308

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021

	Total Stockholders' Equity	Common Stock Number of Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2020	$ 57,214,160	2,556,085	$ 27,130,430	$ 26,703,554	$ 3,380,176
Net income	6,006,079	-	-	6,006,079	-
Stock options exercised	383,184	21,288	383,184	-	-
Other comprehensive income (loss), net	(2,556,771)	-	-	-	(2,556,771)
Equity compensation expense	221,536	-	221,536	-	-
Balance, December 31, 2021	$ 61,268,188	2,577,373	$ 27,735,150	$ 32,709,633	$ 823,405
Net income	6,044,174	-	-	6,044,174	-
Common stock issued	52,069,502	1,846,063	52,069,502	-	-
Other comprehensive income (loss), net	(13,334,692)	-	-	-	(13,334,692)
Equity compensation expense	674,614	-	674,614	-	-
Balance, December 31, 2022	$ 106,721,786	4,423,436	$ 80,479,266	$ 38,753,807	$ (12,511,287)

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 6,044,174**	$ 6,006,079
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Provision for loan losses	**150,000**	470,000
Net amortization for premiums on securities	**274,269**	669,224
Amortization of net deferred loan fees	**(1,965,572)**	(3,813,399)
Depreciation of premises and equipment	**826,528**	702,851
Amortization of ROU assets	**989,623**	678,082
Net change in mortgage loans held for sale	**15,435,597**	22,653,440
Gain on sale of mortgage loans held for sale	**(1,787,872)**	(6,969,102)
Gain on sale of other real estate owned	**-**	(52,539)
Loss (gain) on sale and call of securities	**269,646**	(69,411)
Loss on disposal of assets	**107,146**	-
Stock appreciation rights expense	**3,602**	212,872
Equity compensation expense	**674,614**	221,536
Changes in assets and liabilities		
Accrued interest receivable	**(1,477,922)**	(60,926)
Other assets	**(3,606,714)**	(1,185,925)
Accrued interest payable	**44,993**	(422)
Accounts payable and accrued liabilities	**5,552,667**	(476,348)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**21,534,779**	18,986,012
CASH FLOWS FROM INVESTING ACTIVITIES		
Securities available for sale		
Maturities, prepayments, and calls	**7,118,142**	11,338,044
Sales	**6,516,484**	14,902,969
Purchases	**(89,449,854)**	(71,535,564)
Securities held to maturity		
Proceeds from maturities and calls	**1,539,519**	-
Acquisition of branches, net of cash acquired	**137,607,063**	
Net change in FHLB stock	**(195,200)**	408,800
Proceeds from maturities of certificate of deposit in banks	**77,200**	288,600
Purchases of certificates of deposits in banks	**(38,600)**	(782,600)
Net increase in loans	**(198,397,189)**	(32,802,573)
Purchases of premises and equipment	**(2,999,714)**	(277,527)
NET CASH (USED IN) INVESTING ACTIVITIES	**(138,222,149)**	(78,459,851)

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS CONTINUED
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from FHLB advances and other borrowings	$ 54,476	$ 14,653,295
Repayments on FHLB advances and other borrowings	-	(16,889,500)
Principal payments on operating leases	(931,700)	(710,083)
Principal payments on financing leases	(52,593)	(44,407)
Net increase in deposits	3,676,633	163,100,449
Proceeds from the issuance of common stock	52,069,502	383,184
NET CASH PROVIDED BY FINANCING ACTIVITIES	54,816,318	160,492,938
NET CHANGE IN CASH AND CASH EQUIVALENTS	(61,871,052)	101,019,099
CASH AND CASH EQUIVALENTS, beginning of year	109,688,599	8,669,500
CASH AND CASH EQUIVALENTS, end of year	$ 47,817,547	$ 109,688,599
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for		
Interest	$ 1,916,460	$ 1,134,529
Income taxes	$ 1,629,804	$ 2,634,532
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES		
Right of use assets obtained in exchange for lease liabilities	$ 3,651,628	$ 25,395
Reduction of right of use asset and lease liabilities due to remeasurement of leases	$ (270,986)	$ (1,688,473)
Acquisition of Business		
Cash and cash equivalents	$ 1,136,392	$ -
Loans	41,497,830	-
Accrued interest	275,538	-
Property, plant and equipment	2,359,400	-
Other assets	163,716	-
Goodwill	3,801,924	-
Intangible assets	3,997,000	-
Accrued expenses and other liabilities	(92,965)	-
Deposits	(190,745,898)	-
Cash received	$ (137,607,063)	$ -

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidated Financial Statement Presentation

The consolidated financial statements include the financial statements of the Bank of Idaho Holding Company and its wholly-owned subsidiary, the Bank of Idaho (the Bank), collectively referred to as the Company. The Bank is subject to comprehensive regulation, examination, and supervision by the Federal Deposit Insurance Corporation and the State of Idaho Department of Financial Institutions. All significant intercompany balances have been eliminated in consolidation. The accounting and reporting policies of the Bank conform to accounting principles generally accepted in the United States of America and general practice within the banking industry.

Description of Business

The Company has banking locations in Idaho Falls, Idaho; Ashton, Idaho; Pocatello, Idaho; St. Anthony, Idaho; Island Park, Idaho; Boise, Idaho; Nampa, Idaho; Pasco, Washington; Dayton, Washington; Spokane, Washington; Yakima, Washington; Kennewick, Washington; Sunnyside, Washington and a mortgage origination office in Twin Falls, Idaho. The Bank grants commercial, residential, and installment loans to customers located primarily in southeastern Idaho, the Treasure Valley of Idaho and southeastern Washington.

Use of Estimates and Transfers of Financial Assets

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of certain assets and liabilities as of the date of the consolidated balance sheets and certain revenues and expenses for the period. Actual results could differ, either positively or negatively, from those estimates.

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 believes that the allowance for loan losses is adequate. While management uses currently available information to recognize losses on loans and other real estate (when owned), 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 and other real estate owned. Such agencies may require the Bank to recognize additions to the allowance based on their judgments of information available to them at the time of their examination.

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 at a fixed price.

Acquisition Activities

The Bank accounts for business combinations under the acquisition method of accounting. Assets acquired and liabilities assumed are measured and recorded at fair value at the date of acquisition, including identifiable intangible assets.

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If the fair value of net assets purchased exceeds the fair value of consideration paid, a bargain purchase gain is recognized at the date of acquisition. Conversely, if the consideration paid exceeds the fair value of the net assets acquired, goodwill is recognized at the acquisition date. Fair values are subject to refinement after the closing date of an acquisition as information relative to closing date fair values becomes available, but not beyond one year from the acquisition.

The determination of the fair value of loans acquired takes into account credit quality deterioration and probability of loss at the acquisition date; therefore, the related allowance for loan losses is not carried forward.

All identifiable intangible assets that are acquired in a business combination are recognized at fair value on the acquisition date. Identifiable intangible assets are recognized separately if they arise from contractual or other legal rights or if they are separable (i.e., capable of being sold, transferred, licensed, rented, or exchanged separately from the entity). Deposit liabilities and the related depositor relationship intangible assets may be exchanged in observable exchange transactions. As a result, the depositor relationship intangible asset (the core deposit intangible) is considered identifiable, because the separability criterion has been met.

Cash on Hand and in Banks

Cash consists of vault cash, cash items in the process of collection and noninterest bearing deposits with financial institutions. Interest bearing deposits include cash being held at the Federal Reserve as well as at the Federal Home Loan Bank of Des Moines. These deposits may exceed the FDIC insured limits.

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash and balances due from banks and federal funds sold, as well as interest bearing deposits, all of which mature within 90 days.

Debt Securities

The Bank classifies its securities in two categories, held to maturity or available for sale. Held to maturity securities are those securities, which the Company has the ability and intent to hold until maturity. All other securities not included in held to maturity are classified as available for sale.

Available for sale securities are recorded at fair value. Unrealized holding gains and losses on available for sale securities are reported as a net amount in other comprehensive income. Held to maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Gains or losses on the sale of securities available for sale are recorded on the trade date and are determined on the specific identification method. Premiums and discounts are recognized in interest income using the interest method over the period to maturity.

The Bank has adopted accounting guidance related to recognition and presentation of other-than-temporary impairment. This accounting guidance amends the recognition guidance for other-than-temporary impairments of debt securities and expands the financial statement disclosures for other-than-temporary impairment losses on debt and equity securities. The recent guidance specifies that (a) if a company does not have the intent to sell a debt security prior to recovery and (b) it is more likely than not that it will not have to sell the debt security prior to recovery; the security would not be considered other-than-temporarily impaired unless there is a credit loss. When an entity does not intend to sell the security, and it is more likely than not the entity will not have to sell the security before recovery of its cost basis, it will recognize the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income (loss).

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Declines in the fair value of individual available for sale and held to maturity securities below their cost that are other-than-temporary result in write downs of the individual securities to their fair value. Related write-downs are included in earnings as realized losses. No such write-downs have occurred.

Federal Home Loan Bank Stock

The Bank holds stock in the Federal Home Loan Bank (FHLB). Federal Home Loan Bank stock is a required investment for institutions that are members of the FHLB. The required investment in the common stock is based on a predetermined formula and is carried at cost on the consolidated balance sheets. The stock can be sold back to the FHLB at cost, but is restricted as to purchase and sale based on the level of business activity the Company is engaged in with the FHLB. The Company had $885,100 and $689,900 in FHLB stock at December 31, 2022 and 2021, respectively.

Fair Value Measurements

The Company determined the fair value of certain assets in accordance with the provisions of FASB Accounting Standards Codification Topic Accounting Standards Codification 820, *Fair Value Measurements*, which provides a framework for measuring fair value under generally accepted accounting principles.

Fair value is defined as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. It is required that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The Standard also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset. Level 3 inputs are unobservable inputs related to the asset.

Loans

The Bank grants mortgage, commercial, and consumer loans to customers. A substantial portion of the loan portfolio is represented by loans throughout southeastern Idaho. The ability of the Bank's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay off generally are reported at their outstanding unpaid principal balances adjusted for charge offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

The accrual of interest on impaired loans is discontinued generally when the loan becomes 90 days delinquent or when, in management's opinion, the borrower may be unable to meet payments as they become due. When interest accrual is discontinued, and if the Bank does not feel they are adequately secured, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received.

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All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash basis or cost-recovery method until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Mortgage Loans Held for Sale

The Bank originates mortgage loans for sale to investors in the secondary market. Loans held for sale are carried at the lower of aggregate cost or market as determined by outstanding commitments from investors. 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 the investor, exceed or are less than the Bank's investment in the loans. Gains and losses on loan sales (sales proceeds minus carrying value) are recorded in noninterest income, and direct loan origination costs and fees are deferred at origination of the loan and are recognized in noninterest income upon sale of the loan.

Allowances for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the un-collectability of a loan balance is probable. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. General component cover non-impaired loans and are based on historical loss rates for each portfolio segment, adjusted for the effects of qualitative or environmental factors that are likely to cause estimated credit losses as of the evaluation date to differ from the portfolio segment's historical loss experience. Qualitative factors include consideration of the following: changes in lending policies and procedures; changes in economic conditions, changes in the nature and volume of the portfolio; changes in the experience, ability and depth of lending management and other relevant staff; changes in the volume and severity of past due, nonaccrual and other adversely graded loans; changes in the loan review system; changes in the value of the underlying collateral for collateral-dependent loans; concentrations of credit and the effect of other external factors such as competition and legal and regulatory requirements.

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments or principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal

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and interest owed. Impairment is measured on a loan by loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Bank does not separately identify individual consumer and residential loans for impairment disclosures.

Premises and Equipment

Land and construction in process is carried at cost. Buildings, furniture and equipment, and leasehold improvements are carried at cost, less accumulated depreciation and amortization computed by the straight-line method over the estimated useful lives from 3 to 30 years. Leasehold improvements are amortized over the terms of the related leases or the estimated useful lives of the improvements, whichever is shorter. Normal costs of maintenance and repairs are charged to expense as incurred.

Goodwill

Goodwill represents the excess of purchase price over the fair value of net assets of the businesses acquired, including other identifiable intangible assets.

Goodwill is not amortized, rather potential impairment is considered on an annual basis, or more frequently upon the occurrence of an event or when circumstances indicate that the amount of goodwill is greater than its fair value. As of December 31, 2022, the carrying value of the Bank's goodwill was not considered impaired.

Intangible Assets

Intangible assets with a finite life consist of depositor relationships and are carried at cost less accumulated amortization. The Bank amortizes the cost of identifiable intangible assets on a straight-line basis over the expected period of benefit, which is seven years for core deposit intangible.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of property and equipment, intangible assets, and accrued expenses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Bank evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of December 31, 2022, and 2021, the unrecognized tax benefit accrual was zero. The Bank will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred. The Company is no longer subject to Federal and state tax examinations by tax authorities for years before 2016.

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Earnings Per Share (EPS)

Basic and diluted EPS are calculated by dividing net earnings allocated to common shareholders by the weighted-average number of common shares outstanding. Diluted EPS is computed by dividing net earnings allocated to common shareholders by the weighted-average number of common shares outstanding adjusted to include the effect of potentially dilutive common shares. Potentially dilutive common shares include incremental common shares issuable upon exercise of outstanding stock options and non-vested restricted common shares using the treasury stock method.

Off-Balance Sheet Financial Instruments

In the ordinary course of business, the Bank has entered into off-balance-sheet financial instruments consisting of commitments to extend credit, financial as well as performance standby letters of credit, and home equity lines-of-credit. Such financial instruments are recorded in the consolidated financial statements when they become funded. These instruments involve, to varying degrees, elements of credit risk in excess of the amounts recognized in the consolidated balance sheets.

Other Real Estate Owned

Other Real Estate Owned (OREO) acquired through, or in lieu of, loan foreclosure is held for sale and initially recorded at fair value at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Revenue and expense from operations and changes in the valuation allowance are included in income and expense from foreclosed assets.

Long-Lived Assets

The Bank evaluates the carrying value of long-lived assets based on current and anticipated discounted cash flows and recognizes impairment when such cash flows will be less than the carrying value of the asset. There was no impairment recorded as of December 31, 2022 or December 31, 2021.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as separate components of the equity section of the consolidated balance sheets, such items, along with net income are components of comprehensive income.

Stock Compensation Plan

The Company implemented FASB ASC 718, *Stock Compensation*, which requires the recognition of compensation cost in the financial statements of the Company. Compensation expense is recorded on a straight-line attribution basis over the vesting period of the options. The compensation expense of options is calculated using the Black-Scholes option pricing model.

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Advertising

The Bank expenses advertising costs as they are incurred. Total advertising expense was approximately $1,645,799 and $831,412 as of December 31, 2022 and 2021, respectively.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on net income or stockholders' equity.

NOTE 2 – RESTRICTIONS ON CASH AND CASH EQUIVALENTS

In connection with the Company's facilitation of interest rate swap agreements between customers of the Bank and Pacific Coast Bankers Bank, the Company must maintain an amount of non-interest bearing balances with Pacific Coast Bankers Bank, the holder of the swap agreement. The total restricted cash held was approximately $250,000 as of December 31, 2022 and 2021.

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NOTE 3 – DEBT SECURITIES

Securities have been classified in the consolidated balance sheets according to management's intent. The amortized cost and fair value of investment securities as of December 31, 2022 and 2021, are summarized as follows:

December 31, 2022

	Available for Sale			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Collateralized mortgage obligations	$ 71,579,700	$ 33,653	$ (4,921,070)	$ 66,692,283
Mortgage backed securities	23,693,630	39,157	(1,499,287)	22,233,500
State and municipal securities	55,729,981	53,691	(6,248,957)	49,534,715
Corporate Bonds	9,724,667	7,786	(857,403)	8,875,050
US Treasuries	27,260,757	6,553	(3,005,220)	24,262,090
	$ 187,988,735	$ 140,840	$ (16,531,937)	$ 171,597,638

	Held to Maturity			
Collateralized mortgage obligations	$ 13,640,395	$ -	$ (2,242,116)	$ 11,398,279
State and municipal securities	16,393,528	-	(3,973,544)	12,419,984
	$ 30,033,923	$ -	$ (6,215,660)	$ 23,818,263

December 31, 2021

	Available for Sale			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Collateralized mortgage obligations	$ 48,576,240	$ 1,040,138	$ (598,584)	$ 49,017,794
Mortgage backed securities	10,719,756	67,141	(58,400)	10,728,497
State and municipal securities	56,138,598	1,541,321	(755,763)	56,924,156
Corporate Bonds	7,471,781	197,165	(56,141)	7,612,805
US Treasuries	22,297,460	-	(234,449)	22,063,011
	$ 145,203,835	$ 2,845,765	$ (1,703,337)	$ 146,346,263

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The amortized cost and estimated fair value of securities at December 31, 2022, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without prepayment penalties.

	Held to Maturity		Available for Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in less than one year	$ -	$ -	$ -	$ -
Due in one to five years	-	-	16,454,455	15,289,577
Due in five to ten years	1,948,988	1,509,460	57,969,479	52,006,301
Due after ten years	14,444,540	10,910,524	18,291,471	15,375,977
	16,393,528	12,419,984	92,715,405	82,671,855
Mortgage backed securities	13,640,395	11,398,279	23,693,630	22,233,500
Collateralized mortgage obligations	-	-	71,579,700	66,692,283
	13,640,395	11,398,279	95,273,330	88,925,783
	$ 30,033,923	$ 23,818,263	$ 187,988,735	$ 171,597,638

The following tables shows the Bank's investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2022 and 2021. These securities consist of debt securities and are not considered other-than-temporarily impaired because their impairment is due primarily to short-term fluctuation in interest rates. These securities all relate to available for sale holdings.

There were 203 securities with unrealized losses at December 31, 2022, not recognized in income.

Available for Sale **As of December 31, 2022**	Less than 12 Months		More than 12 Months		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Collateralized mortgage obligations	$ 56,685,633	$ (3,143,741)	$ 10,798,715	$ (1,777,329)	$ 67,484,348	$ (4,921,070)
Mortgage backed securities	12,511,336	(921,059)	2,333,761	(578,228)	14,845,097	(1,499,287)
State and Municipal securities	33,449,706	(3,050,517)	13,272,256	(3,198,440)	46,721,962	(6,248,957)
Corporate Bonds	4,666,811	(333,189)	3,475,786	(524,214)	8,142,597	(857,403)
US Treasuries	2,413,085	(100,574)	19,430,840	(2,904,646)	21,843,925	(3,005,220)
TOTAL TEMPORARILY IMPAIRED SECURITIES	$ 109,726,571	$ (7,549,080)	$ 49,311,357	$ (8,982,857)	$ 159,037,928	$ (16,531,937)

Held to Maturity **As of December 31, 2022**	Less than 12 Months		More than 12 Months		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Collateralized mortgage obligations	$ 975,722	$ (121,475)	$ 10,422,557	$ (2,120,641)	$ 11,398,279	$ (2,242,116)
State and Municipal securities	-	-	12,419,984	(3,973,544)	12,419,984	(3,973,544)
TOTAL TEMPORARILY IMPAIRED SECURITIES	$ 975,722	$ (121,475)	$ 22,842,541	$ (6,094,185)	$ 23,818,263	$ (6,215,660)

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There were 70 securities with unrealized losses at December 31, 2021, not recognized in income:

As of December 31, 2021	Less than 12 Months		More than 12 Months		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Collateralized mortgage obligations	$ 22,025,031	$ (428,695)	$ 4,149,716	$ (169,889)	$ 26,174,747	$ (598,584)
Mortgage backed securities	2,836,734	(58,381)	5,214	(19)	2,841,948	(58,400)
State and Municipal securities	18,155,459	(595,938)	(5,607,462)	(159,825)	12,547,997	(755,763)
Corporate Bonds	2,209,536	(40,464)	484,315	(15,677)	2,693,851	(56,141)
US Treasuries	22,063,011	(234,449)	-	-	22,063,011	(234,449)
TOTAL TEMPORARILY IMPAIRED SECURITIES	$ 67,289,771	$ (1,357,927)	$ (968,217)	$ (345,410)	$ 66,321,554	$ (1,703,337)

At December 31, 2022 and 2021, there were 120 and no, respectively, securities that had an unrealized loss of more than 5% of the Bank's amortized cost basis.

The Bank adheres to required recognition and presentation guidance for other-than-temporary impairment. The guidance specifies that (a) if a company does not have the intent to sell a debt security prior to recovery and (b) it is more likely than not that it will not have to sell the debt security prior to recovery; the security would not be considered other-than-temporarily impaired unless there is a credit loss. When an entity does not intend to sell the security, and it is more likely than not, the entity will not have to sell the security before recovery of its cost basis, it will recognize the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income.

Management has the ability and intent to hold the securities classified as held to maturity until they mature, at which time the Company will receive full value for the securities. Furthermore, as of December 31, management also had the ability and intent to hold the securities classified as available for sale for a period of time sufficient for a recovery of cost. The unrealized losses are largely due to increases in market interest rates over the yields available at the time the underlying securities were purchased. The fair value is expected to recover as the bonds approach their maturity date or re-pricing date or if market yields for such investments decline. Management does not believe any of the securities are impaired due to reasons of credit quality. Accordingly, as of December 31, 2022, management believes the impairments detailed in the table above are temporary and no impairment loss has been realized in the Company's consolidated statements of income.

Proceeds from the sale of available-for-sale securities during the year ended December 31, 2022 were $6,516,484 resulting in gross realized losses of $269,646. Proceeds from the sale of available-for-sale securities during the year ended December 31, 2021 were $14,909,969 resulting in gross realized gains of $511,277 and gross realized losses of $441,866.

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Debt securities were pledged as follows:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
FHLB advances	**$18,058,434**	**$16,490,467**	$ 20,799,568	$ 21,665,592
Public deposits, fed discount window and other	**51,960,390**	**44,417,731**	22,301,928	23,117,431
	$70,018,824	**$60,908,198**	$ 43,101,496	$ 44,783,023

NOTE 4 - LOANS

Loans consisted of the following as of December 31:

	2022	2021
Commercial	**$ 125,991,248**	$ 80,534,539
Commercial real estate	**455,809,993**	299,493,722
Agricultural loans	**58,086,020**	41,625,597
Residential real estate	**31,585,689**	11,005,913
Consumer	**30,407,620**	26,431,617
	701,880,570	459,091,388
Less allowance for loan losses	**(7,877,521)**	(7,318,198)
Less deferred loan fees, net	**(2,553,576)**	(2,034,308)
	$ 691,449,473	$ 449,738,882

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The interest rate components of loans are as follows at December 31:

	2022	2021
Fixed rate loans	**$ 481,588,127**	$ 281,886,436
Variable rate loans	**220,292,443**	177,204,952
	$ 701,880,570	$ 459,091,388

An analysis of the changes in the allowance for loan losses is as follows for the years ended December 31:

	2022	2021
Balance, January 1	**$ 7,318,198**	$ 6,739,362
Provision charged to expense	**150,000**	470,000
Recoveries	**509,605**	399,608
Loans charged off	**(100,282)**	(290,772)
Balance, December 31	**$ 7,877,521**	$ 7,318,198

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The following tables present the activity in the allowance for loan losses and the recorded investment in loans and impairment method by portfolio segment for the years ended December 31:

December 31, 2022	Commercial	Commercial Real Estate	Agricultural	Residential Real Estate	Consumer	Total
Allowance for Loan Losses						
Balance at beginning of year	$ 974,906	$ 5,383,349	$ 363,760	$ 98,266	$ 497,917	$ 7,318,198
Charge-offs	(63,178)	-	-	-	(37,104)	(100,282)
Recoveries	19,506	288,038	184,323	11,600	6,139	509,606
Provisions	179,633	42,835	(239,302)	181,049	(14,215)	150,000
Balance at end of year	$ 1,110,867	$ 5,714,222	$ 308,781	$ 290,915	$ 452,737	$ 7,877,522
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -
Collectively evaluated for impairment	1,110,867	5,714,222	308,781	290,915	452,736	7,877,521
Balance at end of year	$ 1,110,867	$ 5,714,222	$ 308,781	$ 290,915	$ 452,736	$ 7,877,521
Loans						
Individually evaluated for impairment	$ -	$ 552,030	$ 33,832	$ 82,863	$ -	$ 668,725
Collectively evaluated for impairment	125,991,248	455,257,963	58,052,188	31,502,826	30,407,620	701,211,845
Balance at end of year	$ 125,991,248	$455,809,993	$ 58,086,020	$ 31,585,689	$ 30,407,620	$ 701,880,570

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December 31, 2021	Commercial	Commercial Real Estate	Agricultural	Residential Real Estate	Consumer	Total
Allowance for Loan Losses						
Balance at beginning of year	$ 996,909	$ 4,622,419	$ 562,156	$ 66,495	$ 491,383	$ 6,739,362
Charge-offs	(55,432)	-	(63,931)	-	(171,409)	(290,772)
Recoveries	350,614	5,000	23,634	5,021	15,339	399,609
Provisions	(317,185)	755,930	(158,099)	26,750	162,604	469,999
Balance at end of year	$ 974,906	$ 5,383,349	$ 363,760	$ 98,266	$ 497,917	$ 7,318,198
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -
Collectively evaluated for impairment	974,906	5,383,349	363,760	98,266	497,917	7,318,198
Balance at end of year	$ 974,906	$ 5,383,349	$ 363,760	$ 98,266	$ 497,917	$ 7,318,198
Loans						
Individually evaluated for impairment	$ 84,532	$ 136,350	$ 2,246,120	$ 87,288	$ -	$ 2,554,290
Collectively evaluated for impairment	80,450,007	299,357,372	39,379,477	10,918,625	26,431,617	456,537,098
Balance at end of year	$ 80,534,539	$299,493,722	$ 41,625,597	$ 11,005,913	$ 26,431,617	$ 459,091,388

Credit Quality Indicators

The Bank categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt including current financial information, historical payment experience, collateral adequacy, credit documentation, public information, current economic trends, and other factors. The Bank analyzes loans individually by classifying the loans as to credit risk. This analysis typically includes larger, non-homogeneous loans such as commercial real estate, agricultural real estate, commercial and agricultural loans. This analysis is performed on an ongoing basis as new information is obtained. The Bank uses the following definitions for risk ratings:

Pass – Loans classified as pass represent loans that are evaluated and are performing under the stated terms. Pass rated assets are analyzed by the paying capacity, the current net worth, and the value of the loan collateral of the obligor.

(continued on next page)

Watch – Loans classified as watch possess potential weaknesses that require management attention, but do not yet warrant adverse classification. While the status of a loan placed in this classification may not technically trigger a classification as substandard or doubtful, it is considered a proactive way to identify potential issues and address them before the situation deteriorates further and does result in a loss for the Bank.

Special Mention – Loans classified as special mention are protected by the current net worth, paying capacity of the obligor, or by the collateral pledged. These loans have the potential to deteriorate to a substandard rating. Although these loans are performing, adverse trends have developed in the borrower's operations and/or balance sheet. Collectability of the loan is not yet in jeopardy, but there is concern about the timely repayment.

Substandard –The loan may be inadequately protected by the current worth and/or paying capacity of the borrower or the collateral pledged, if any. There are well-defined weaknesses that jeopardize the repayment of the debt. Although loss may not be imminent, if the weaknesses are not corrected, there is a good possibility that the Bank will sustain some loss. Terms, including amortization and maturity, are often modified to accommodate cash flow inadequacies.

Based on the most recent analysis performed, the risk categories of loans by class of loans as of December 31, 2022 and 2021, were as follows:

Credit risk profile by internally assigned grade – Commercial, Commercial Real Estate and Agricultural

December 31, 2022	Pass	Watch	Special Mention	Substandard	Total
Commercial	$ 124,487,111	$ 1,246,110	$ 141,151	$ 116,876	$ 125,991,248
Commercial Real Estate	448,373,733	6,432,661	293,630	709,969	455,809,993
Agricultural	54,037,270	3,319,653	695,265	33,832	58,086,020
	$ 626,898,114	$ 10,998,424	$ 1,130,046	$ 860,677	$ 639,887,261

December 31, 2021	Pass	Watch	Special Mention	Substandard	Total
Commercial	$ 78,848,525	$ 877,106	$ 402,337	$ 406,571	$ 80,534,539
Commercial Real Estate	285,645,460	8,066,002	5,646,898	135,362	299,493,722
Agricultural	34,343,219	4,208,298	708,874	2,365,206	41,625,597
	$ 398,837,204	$ 13,151,406	$ 6,758,109	$ 2,907,139	$ 421,653,858

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Credit risk profile by class based on payment activity – Residential and Consumer

Residential real estate and consumer loans are managed on a pool basis due to their homogeneous nature. Loans that are delinquent 90 days or more or are not accruing interest are considered nonperforming. The following table presents the recorded investments in residential real estate and consumer loans by class based on payment activity as of December 31, 2022 and 2021:

December 31, 2022	Performing	Nonperforming	Total
Residential Real Estate	$ 31,502,826	$ 82,863	$ 31,585,689
Consumer	30,407,620	-	30,407,620
	$ 61,910,446	$ 82,863	$ 61,993,309

December 31, 2021	Performing	Nonperforming	Total
Residential Real Estate	$ 10,918,625	$ 87,288	$ 11,005,913
Consumer	26,431,617	-	26,431,617
	$ 37,350,242	$ 87,288	$ 37,437,530

The following table summarizes the aging of the past due loans by loan class within the portfolio segments as of December 31, 2022 and 2021:

	Still Accruing		
December 31, 2022	30-89 Days Past Due	Over 90 Days Past Due	Nonaccrual Balance
Commercial	$ 4,919	$ -	$ -
Commercial Real Estate	-	145,325	552,030
Agricultural	-	-	33,832
Residential Real Estate	-	-	82,863
Consumer	20,459	-	-
Total	$ 25,378	$ 145,325	$ 668,725

(continued on next page)

December 31, 2021	Still Accruing 30-89 Days Past Due	Still Accruing Over 90 Days Past Due	Nonaccrual Balance
Commercial	$ 401,160	$ -	$ 84,532
Commercial Real Estate	147	-	136,350
Agricultural	-	-	2,246,120
Residential Real Estate	131,288	-	87,288
Consumer	4,079	-	-
Total	$ 536,674	$ -	$ 2,554,290

The following table summarizes individually impaired loans by class of loans as of December 31, 2022 and 2021:

December 31, 2022	Recorded Investment	Unpaid Principal Balance (1)	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded					
Commercial	$ -	$ -	$ -	$ 42,266	$ -
Commercial Real Estate	552,030	552,030	-	344,340	9,103
Agricultural	33,832	33,832	-	1,139,976	11,213
Residential Real Estate	82,863	82,863	-	85,076	-
Consumer	-	-	-	-	-
	$ 668,725	$ 668,725	$ -	$ 1,611,658	$ 20,316

	Recorded Investment	Unpaid Principal Balance (1)	Related Allowance	Average Recorded Investment	Interest Income Recognized
With an allowance recorded					
Commercial	$ -	$ -	$ -	$ -	$ -
Commercial Real Estate	-	-	-	-	-
Agricultural	-	-	-	-	-
Residential Real Estate	-	-	-	-	-
Consumer	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -

(1) Represents the borrower's loan obligation, gross of any previously charged-off amounts.

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December 31, 2021	Recorded Investment	Unpaid Principal Balance (1)	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded					
Commercial	$ 84,532	$ 177,238	$ -	$ 105,297	$ 773
Commercial Real Estate	136,650	151,764	-	373,985	1,747
Agricultural	2,246,120	2,609,686	-	4,639,795	208,258
Residential Real Estate	87,288	87,288	-	43,644	-
Consumer	-	-	-	-	-
	$ 2,554,590	$ 3,025,976	$ -	$ 5,162,721	$ 210,778

	Recorded Investment	Unpaid Principal Balance (1)	Related Allowance	Average Recorded Investment	Interest Income Recognized
With an allowance recorded					
Commercial	$ -	$ -	$ -	$ -	$ -
Commercial Real Estate	-	-	-	-	-
Agricultural	-	-	-	-	-
Residential Real Estate	-	-	-	-	-
Consumer	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -

(1) Represents the borrower's loan obligation, gross of any previously charged-off amounts.

There were no troubled debt restructurings (TDR) done in the year ended December 31, 2022 and none in 2021.

During the years ended December 31, 2022 and 2021, there were no loans modified in a troubled debt restructuring that subsequently defaulted (i.e., 90 days or more past due following the modification) not including loans that were fully paid down, charged-off or foreclosed upon by period end. As of December 31, 2022, and 2021, the Company had no commitments to lend any additional funds to any TDR debtors.

The total number of loans classified as troubled debt restructurings were two and three with total unpaid principal balances of $116,876 and $277,016 as of December 31, 2022 and 2021, respectively.

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Loans to officers, directors, and their affiliates are subject to regulatory limitations. 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 amount of credit risk. Such transactions were within the regulatory limitations. The activity for these loans at December 31 is as follows:

	2022	2021
Beginning of year	**$ 1,762,138**	$ 1,753,452
Principal additions	**20,847**	5,228,951
Principal payments	**(1,756,751)**	(5,220,265)
	$ 26,234	$ 1,762,138

NOTE 5 - PREMISES AND EQUIPMENT

Premises and equipment consisted of the following at December 31:

	Depreciable Lives (in years)	**2022**	2021
Land	Indefinite	**$ 1,357,043**	$ 730,893
Buildings	30	**6,286,896**	3,965,154
Leasehold improvements	6-10	**5,240,570**	4,325,229
Furniture and equipment	3-10	**5,628,208**	5,729,926
Construction in progress	N/A	**420,702**	124,774
		18,933,419	14,875,976
Less accumulated depreciation		**(8,551,421)**	(8,845,624)
		$10,381,998	$ 6,030,352

Depreciation expense as of December 31, 2022 and 2021 was $826,528 and $702,851, respectively.

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NOTE 6 - LEASES

The Company leases certain office facilities and equipment for various terms under long-term, non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2032 and provide for renewal options ranging from one year to five years. The Company included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on either pre-determined percentage increases or defined increases in the Consumer Price Index, subject to certain minimum increases. Also, the agreements generally require the Company to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Company estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Company's applicable borrowing rates and the contractual lease term.

The Company has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The Company elected the practical expedient to not separate lease and non-lease components for all operating leases.

Total lease costs for the years ended December 31, were as follows:	**2022**	2021
Operating lease cost	**$ 1,079,116**	$ 821,013
Short-term lease cost	**20,968**	25,940
Finance lease cost:		
Interest expense	**10,646**	11,692
Amortization of right-of-use assets	**58,686**	52,755

Cash Flows Items

The following table summarizes the supplemental cash flow information for the year ended December 31:	**2022**	2021
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	**$ 1,069,314**	$ 802,015
Operating cash flows from finance leases	**10,646**	11,692
Financing cash flows from finance leases	**52,263**	44,736
Right-of-use assets obtained in exchange for lease liabilities		
Operating leases	**$ 3,768,393**	$ -
Finance leases	**-**	25,395

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The following summarizes the weighted-average remaining lease term and weight-average discount rate:

	2022	2021
Weighted-average remaining lease term:		
Operating leases	**6.6 Years**	5.7 Years
Finance leases	**6.9 Years**	7.9 Years
Weighted-average discount rate:		
Operating leases	**3.16%**	2.94%
Finance leases	**2.57%**	2.56%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of December 31,:

	December 31, 2022	
Years Ended December 31,	Operating	Finance
2023	$ 1,043,002	$ 64,945
2024	1,031,682	64,886
2025	1,011,822	58,010
2026	1,017,918	58,653
2027	964,552	60,119
Thereafter	1,431,812	122,940
Total lease payments	6,500,788	429,553
Less interest	(638,706)	(36,432)
Present value of lease liabilities	$ 5,862,082	$ 393,121

	December 31, 2021	
	Operating	Finance
2022	$ 809,187	$ 62,449
2023	498,981	63,812
2024	421,626	63,848
2025	431,847	58,010
2026	322,253	58,653
Thereafter	650,438	183,388
Total lease payments	3,134,332	490,160
Less interest	(260,562)	(47,048)
Present value of lease liabilities	$ 2,873,770	$ 443,112

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NOTE 7 - OTHER REAL ESTATE OWNED

Expenses applicable to foreclosed assets include the following as of December 31:

	2022	2021
OREO Expenses:		
Net loss (gain) on sales of real estate	$ -	$ (52,539)
Operating expenses	-	(7,707)
	$ -	$ (60,246)

NOTE 8 - DEPOSITS

At December 31, 2022, the scheduled maturities of time certificates of deposit were as follows:

Maturities	2022
Years ending December 31,	
2023	$ 26,329,428
2024	8,637,793
2025	2,381,472
2026	903,124
2027	169,359
2028 and thereafter	213,188
	$ 38,634,364

Included in time certificates of deposit are public funds of approximately $103,055 and $102,847 at December 31, 2022 and 2021, respectively.

Deposits are established in the normal course of business by various officers and directors of the Bank. The terms of these deposits, including interest rates, are similar to those prevailing for comparable transactions. These deposits totaled $1,518,016 and $7,304,481 as of December 31, 2022 and 2021, respectively.

Time certificates of deposit include deposits of $250,000 or more totaling approximately $8,784,430 and $2,737,453 as of December 31, 2022 and 2021, respectively.

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NOTE 9 – SHORT-TERM BORROWINGS

Federal Home Loan Bank Advances

The Bank has a borrowing agreement with FHLB to borrow up to 45% of total assets. FHLB advances are secured under a blanket pledge collateral agreement whereby the Bank maintains unencumbered securities or real estate secured loans with market values, which have been adjusted using a pledge requirement percentage based upon the types of securities or loans pledged, equal to at least 100 percent of outstanding advances, and FHLB stock. At December 31, 2022, the book value of loans and securities pledged to the FHLB totaled $146,880,236 and $15,298,191, respectively. At December 31, 2021, the book value of loans and securities pledged to the FHLB totaled $154,589,112 and $20,585,987, respectively. There were no overnight advances from the Federal Home Loan Bank as of December 31, 2022 and 2021.

Other Borrowings

The Bank has operating lines of credit with the following financial institutions at December 31:

	Line of Credit	Maturity Date
Pacific Coast Bankers Bank - Federal Funds Line	$ 20,000,000	on demand
Bankers' Bank of the West - Federal Funds Line	$ 5,306,000	on demand

At December 31, 2022 and 2021, there were no outstanding balances under the Bank's operating line agreements. Interest varies based on the federal funds purchased rates.

NOTE 10 – LONG-TERM BORROWINGS

On August 21, 2020, the Company completed a $10,000,000 unsecured, subordinated note issuance, net of placement costs of $164,093 for net proceeds of $9,835,907. The note provides for semiannual interest payments at a fixed rate of 5.75% for five years and then a variable rate of the 90-day Average SOFR plus 5.25% until maturity. The note matures August 31, 2030. The balance of the note was $10,000,000 as of December 31, 2022 and 2021, respectively

On September 15, 2021, the Company completed a $15,000,000 unsecured, subordinated note issuance, net of placement costs of $382,018 for net proceeds of $14,617,982. The note provides for quarterly interest payments at a fixed rate of 3.375% for five years and then a variable rate of the 90-day Average SOFR plus 2.73% until maturity. The note matures September 30, 2031. The balance of the note was $15,000,000 as of December 31, 2022 and 2021, respectively.

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

The majority of the Bank's loans, commitments, and standby letters of credit have been granted to customers in the Bank's market area, which is the southeastern and Treasure Valley areas of Idaho as well as the southeastern area of Washington. Substantially all such customers are depositors of the Bank. The concentrations of credit by type of loan are set forth in Note 4.

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The distribution of commitments to extend credit approximates the distribution of loans outstanding. Outstanding commitments and standby letters of credit were granted primarily to commercial borrowers.

The Bank places its cash with high credit quality institutions. The amount on deposit fluctuates, and at times exceeds the insured limit by the U.S. Federal Deposit Insurance Corporation, which potentially subjects the Bank to credit risk.

NOTE 12 - STOCK OPTIONS

The Company has approved and adopted the 2019 Equity Incentive Plan, which permits the grant of stock options, restricted stock, restricted stock units and various other stock incentives to its employees. In 2022, shareholders approved an additional 250,000 shares to be available for granting under the terms of the Plan. Option awards are generally granted with an exercise price equal to the market price of the Company's stock at the date of grant; those options generally vest based on five years of continuous service and have ten-year contractual terms. Stock awards generally vest over five years. Certain option and share awards provide for accelerated vesting if there is a change in control, as defined in the plan.

Compensation cost charged to operations for the plans was $674,614 and $221,536 for the years ended December 31, 2022 and 2021, respectively. There was no income tax benefit recognized in the statements of income for stock-based compensation arrangements for the years ended December 31, 2022 and 2021, respectively.

The fair value of each option award is estimated on the date of grant using a Black Scholes option-pricing model. The Company uses historical option exercise and termination data to estimate the expected term the options are expected to be outstanding. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected divided yield is calculated using historical dividend amounts and the stock price at the option date.

	2022	2021
Options granted	154,667	123,696
Expected volatility	31.84%	34.90%
Expected dividends	0.00%	0.00%
Expected term - years	6.00	6.50
Risk-free interest rate	3.20%	1.25%
Weighted average fair value	$11.22	$8.16
Aggregate average fair value	$ 1,735,482	$ 1,009,359
Aggregate fair value less expensed	$ 1,150,868	$ 787,823

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A summary of the status of the Bank's stock option plans as of December 31, 2022 and 2021 and changes during those time periods are presented below:

	2022		2021	
	Shares	**Weighted-Average Exercise Price**	Shares	Weighted-Average Exercise Price
Outstanding options, beginning of year	**250,000**	**$ 20.99**	126,304	$ 20.00
Granted	154,667	30.00	123,696	22.00
Exercised	2,000	20.00	-	-
Forfeited	-	-	-	-
Outstanding options, end of year	**402,667**	**$ 24.46**	250,000	$ 20.99
Options exercisable, end of year	**90,943**	**$ 20.54**	25,261	$ 20.00
Weighted-average:				
Fair value of options granted during the year	**$ 11.22**		$ 8.16	
Remaining contractual life in years				
Outstanding	**8.4**		8.7	
Excercisable	**7.3**		7.9	

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The following table summarizes information about stock options outstanding at December 31, 2022:

	Options Outstanding				Options Exercisable			
Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life (in years)	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Number Exercisable	Weighted-Average Remaining Contractual Life (in years)	Weighted-Average Exercise Price	Aggregate Instrinsic Value
$20.00	86,413	6.9	$ 20.00	$ 790,679	51,048	6.9	$ 20.00	$ 467,089
$20.00	37,891	7.0	20.00	346,703	15,156	7.0	20.00	138,677
$22.00	123,696	8.5	22.00	884,426	24,739	8.5	22.00	176,884
$30.00	154,667	9.5	30.00	-	-	-	-	-
Total	402,667	8.4	$ 24.46	$ 2,021,808	90,943	7.4	20.54	$ 782,650

As of December 31, 2022, there was $2,427,375 of total unrecognized compensation costs related to non-vested share-based compensation arrangements granted under the plan. These costs are being recognized over the vesting periods of the options concluding in July 2026 . The total fair value of shares vested was $326,408 and $124,536 during the years ended December 31, 2022 and 2021, respectively.

Stock Appreciation Rights Plan

The Bank adopted a stock appreciation rights (SAR) plan. As part of the adoption of this plan, the Bank converted 55,705 stock options to SARs, which entitles the recipient to a cash payment equal to the number of SARs granted multiplied by the increase in the fair market value of the underlying stock since the grant. The SARs are payable upon the termination of employment with the Bank. In accordance with FASB ASC 718, the Bank recognizes compensation expense and accrues a liability to match any appreciation of the stock's market value. To determine the market value of the stock, the Bank obtained annual market value appraisals as of December 31, 2022 and 2021.

Three employees terminated their employment with the Bank in 2022 and $62,820 in SARs were paid out. The Bank had SAR expense of $66,422 in 2022. The Bank's total liability under the SARs plan was $329,907 at December 31, 2022. No units were awarded during the year ended December 31, 2022. At December 31, 2022, there were 29,791 units outstanding.

Three employees terminated their employment with the Bank in 2021 and $19,075 in SARs were paid out. The Bank had SAR expense of $229,963 in 2021. The Bank's total liability under the SARs plan was $326,305 at December 31, 2021. No units were awarded during the year ended December 31, 2021. At December 31, 2021, there were 39,461 units outstanding.

NOTE 13 - EMPLOYEE BENEFIT PLAN AND INCENTIVE PROGRAM

The Bank has a 401(k) plan (the Plan) covering employees of the Bank who meet age and service requirements. Plan participants are fully vested after six years of service. The Bank matches employee contributions up to four percent of covered compensation. The Bank contributions to the Plan amounted to $82,237 and $94,708 for the years then ended December 31, 2022 and 2021, respectively. All contributions to the Plan as of December 31, 2022 and 2021, were contributed to the Employee Stock Ownership Plan discussed below.

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Effective January 1, 1999, the Bank put in place an Employee Stock Ownership Plan (the KSOP) which contains 401(k) provisions. The KSOP allows employees to allocate a portion of their 401(k) salary deferment to purchase the Company's stock. All employees who were participants in the Bank's 401(k) plan as of January 1, 1999, automatically became eligible to participate in the KSOP. In establishing the KSOP, eligible employees were given a one-time rollover provision, which allowed employees to rollover money during 1999 from other 401(k) investments to the KSOP to purchase the Company's stock. Subsequent to January 1, 1999, an employee can become eligible to participate in the KSOP provided he/she has attained 21 years of age. The Company matches up to a maximum of four percent of an employee's salary deferment for participating employees. Employees qualify and are fully vested in the safe harbor match on the first day of the month following their hire date. The Bank's expenses for this match were $473,482 and $425,364 for the years ended December 31, 2022 and 2021, respectively.

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability shall not be adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities; it is not a forced transaction. Market participants are buyers and sellers in the principal market that are (i) independent, (ii) knowledgeable, (iii) able to transact and (iv) willing to transact.

FASB ASC 820-10 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability.

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Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, FASB ASC 820-10 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 Inputs - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.

Level 3 Inputs - Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the Company's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time. The Company's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Furthermore, the reported fair value amounts have not been comprehensively revalued since the presentation dates, and therefore, estimates of fair value after the consolidated balance sheet date may differ significantly from the amounts presented herein.

Financial assets and financial liabilities measured at fair value on a recurring basis include the following:

Securities

Fair values for securities, excluding FHLB stock, are based on quoted market prices or dealer quotes. The carrying value of FHLB stock approximates fair value based on their respective redemption provisions.

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The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of December 31, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

December 31, 2022	**Level 1 Input**	**Level 2 Input**	**Level 3 Input**	**Total Fair Value**
Securities available for sale	**$ -**	**$ 171,597,638**	**$ -**	**$ 171,597,638**

December 31, 2021	Level 1 Input	Level 2 Input	Level 3 Input	Total Fair Value
Securities available for sale	$ -	$ 146,346,263	$ -	$ 146,346,263

Certain financial assets and financial liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). Financial assets and liabilities measured at fair value on a non-recurring basis include the following:

Mortgage Loans Held For Sale

Mortgage loans held for sale are reported at fair value if, on an aggregate basis, the fair value of the loans is less than cost. In determining whether the fair value of loans held for sale is less than cost when quoted market prices are not available, the Company may consider outstanding investor commitments, discounted cash flow analyses with market assumptions or the fair value of the collateral if the loan is collateral dependent. Such loans are classified within either Level 2 or Level 3 of the fair value hierarchy. Where assumptions are made using significant unobservable inputs, such loans held for sale are classified as Level 3. The Company classifies certain mortgage loans as held for sale. During 2022 and 2021, the aggregate fair value of the mortgage loans exceeded their cost. Accordingly, no mortgage loans were marked-down and reported at fair value during 2022 or 2021.

Impaired Loans

Certain impaired loans are reported at the fair value of the underlying collateral if repayment is expected solely from the collateral. Collateral values are estimated using Level 2 inputs based on observable market data or Level 3 inputs based on customized discounting criteria.

The fair value of impaired loans is estimated based on either the present value of expected future cash flows discounted at the loans' effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. There were no collateral dependent loans in 2022 or 2021.

Other Real Estate Owned

Assets acquired through, or in lieu of, loan foreclosure are held for sale and initially recorded at fair value at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell.

Collateral values are estimated using Level 2 inputs based on observable market data or Level 3 inputs based on customized discounting criteria. There were no assets recorded at fair value in 2022 or 2021.

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The following methods and assumptions were used by the Company in estimating fair value disclosures for financial instruments:

Cash and due from banks – The carrying value approximates the fair values.

Interest bearing deposits in banks – The carrying value approximates the fair values.

Certificates of deposit – The fair values for loans are estimated using discounted cash flow analyses, using interest rates currently being offered for certificates with similar terms and credit quality.

Securities available for sale – Fair values for investment securities are based on quoted market prices or whose value is determined using discounted cash flow methodologies,

Federal Home Loan Bank stock – Fair value is assumed to equal cost.

Loans, net – The fair values for loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms and credit quality.

Accrued interest receivable – The carrying value approximates the fair value.

Right of use assets – The carrying value approximates the fair value.

Deposits – The fair values disclosed for demand deposits (for example, interest and noninterest checking, passbook savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The carrying amounts of variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies market interest rates on comparable instruments to a schedule of aggregated expected monthly maturities on time deposits.

Federal Home Loan Bank advances and other borrowings – Current market rates for debt with similar terms and remaining maturities are used to estimate fair value of existing debt. Fair value of long-term debt is based on quoted market prices or dealer quotes for the identical liability when traded as an asset in an active market. If a quoted market price is not available, an expected present value technique is used to estimate fair value.

Accrued interest payable – The carrying value approximates the fair value.

Finance lease borrowing – The carrying value approximates the fair value.

Off-balance sheet instruments – Fair values for the Company's off-statement-of-financial-condition instruments (unused lines of credit and letters of credit), which are based upon fees currently charged to enter into similar agreements taking into account the remaining terms of the agreements and counterparties' credit standing, are not significant. Many of the Company's off-balance sheet instruments, primarily loan commitments and standby letters of credit, are expected to expire without being drawn upon; therefore, the commitment amounts do not necessarily represent future cash requirements.

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The estimated fair values, and related carrying amounts, of the Company's financial instruments are as follows:

	2022		2021	
	Book Value	**Fair Value**	Book Value	Fair Value
Financial Assets				
Cash and due from banks	**$ 25,621,552**	**$ 25,621,552**	$ 8,040,890	$ 8,040,890
Interest bearing deposits in banks	**22,195,995**	**22,195,995**	101,647,709	101,647,709
Certificates of deposit	**744,000**	**656,196**	782,600	782,961
Securities available for sale	**171,597,638**	**171,597,638**	146,346,263	146,346,263
Federal Home Loan Bank stock	**885,100**	**885,100**	689,900	689,900
Mortgage loans held for sale	**2,119,824**	**2,119,824**	15,767,549	15,767,549
Loans, net	**691,449,473**	**694,393,449**	449,738,882	451,322,649
Accrued interest receivable	**4,271,024**	**4,271,024**	2,517,564	2,517,564
Financial Liabilities				
Deposits	**838,137,760**	**747,060,477**	644,851,621	644,962,812
Other borrowings	**24,543,678**	**21,906,839**	24,489,202	24,489,202
Accrued interest payable	**61,222**	**61,222**	16,229	16,229
Finance lease borrowing	**393,121**	**393,121**	443,112	443,112

NOTE 15 - COMMITMENTS AND CONTINGENCIES

The Bank is a 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 in the form of loans or through letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The contract amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments. Market risk arises from changes in interest rates.

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 policy in making commitments and conditional obligations as it does for on-balance-sheet instruments. A summary of the Bank's commitments and contingent liabilities at December 31 are as follows:

	2022	2021
Unfunded commitments under lines of credit	**$ 204,600,000**	$116,595,000
Letters of credit	**2,443,000**	2,112,328
	$ 207,043,000	$118,707,328

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Commitments to extend credit are agreements to lend to a customer provided there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since certain of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the borrower.

Letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The guarantees extend for more than 30 days and expire through 2023. The credit risk involved in issuing letters of credit is essentially the same as that involved in making loans to regular customers.

In connection with loans sold to investors, the Bank is subject to contingent recourse obligations on approximately $15,422,937 and $56,743,761 as of December 31, 2022 and 2021, respectively. The Bank is required to repurchase any mortgage loan sold that is in default in the first four months. The Bank repurchased loans totaling $1,036,699 and $730,863 in 2022 and 2021, respectively.

In the normal course of its business, the Company 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 Company's consolidated financial position.

NOTE 16 - REGULATORY REQUIREMENTS

The federal banking agencies published final rules (the "Basel III Capital Rules") that revised their risk-based and leverage capital requirements and their method for calculating risk-weighted assets to implement, in part, agreements reached by the Basel Committee and certain provisions of the Dodd-Frank Act. The Basel III Capital Rules apply to banking organizations, including the Bank.

In connection with the effectiveness of Basel III, most banks were required to decide whether to elect to opt-out of the inclusion of Accumulated Other Comprehensive Income ("AOCI") in their Common Equity Tier 1 Capital. This was a one-time election and generally irrevocable. If electing to opt-out, most AOCI items will be treated, for regulatory capital purposes, in the same manner in which they were prior to Basel III. Bank of Idaho has elected to opt-out of the inclusion.

Among other things, the Basel III Capital Rules: (i) introduce a new capital measure entitled "Common Equity Tier 1" ("CET1"); (ii) specify that tier 1 capital consist of CET1 and additional financial instruments satisfying specified requirements that permit inclusion in tier 1 capital; (iii) define CET1 narrowly by requiring that most deductions or adjustments to regulatory capital measures be made to CET1 and not to the other components of capital; and (iv) expand the scope of the deductions or adjustments from capital as compared to the existing regulations.

A minimum leverage ratio (tier 1 capital as a percentage of total assets) of 4.0% is also required under the Basel III Capital Rules (even for highly rated institutions). The Basel III Capital Rules additionally require institutions to retain a capital conservation buffer of 2.5% above these required minimum capital ratio levels. Banking organizations that fail to maintain the minimum 2.5% capital conservation buffer could face restrictions on capital distributions or discretionary bonus payments to executive officers.

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The Basel III Capital Rules became effective as applied to the Bank on January 1, 2015, with a phase in period that generally extends from January 1, 2015 through January 1, 2019.

The Bank is subject to various regulatory capital requirements administered by the federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's consolidated 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 their assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The 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 Common Equity Tier 1 Capital ("CET1"), Tier 1 Capital, Total Capital and leverage ratio of Tier 1 Capital. As of January 1, 2015, the requirements are:

- 4.5% based upon CET1
- 6.0% based upon tier 1 capital
- 8.0% based on total regulatory capital
- Leverage ratio of Tier 1 Capital assets equal to 4%

As of December 31, 2022, and 2021, management believes the Bank met all capital adequacy requirements to which it is subject. As of December 31, 2022, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since the notification that management believes would have changed the Bank's category.

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The Bank's actual capital amounts and ratios are presented in the following table:

	Actual		Minimum Capital Requirement		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2022						
Common Equity Tier 1 Ratio						
Bank of Idaho	$ 124,993,000	15.41%	$ 36,495,855	4.50%	$ 52,716,235	6.50%
Tier 1 Capital to Risk Weighted Assets						
Bank of Idaho	$ 124,993,000	15.41%	$ 48,661,140	6.00%	$ 64,881,520	8.00%
Total Risk Based Capital to Risk Weighted Assets						
Bank of Idaho	$ 133,693,000	16.48%	$ 64,881,520	8.00%	$ 81,101,900	10.00%
Tier 1 Capital to Average Assets						
Bank of Idaho	$ 124,993,000	12.52%	$ 39,937,040	4.00%	$ 49,921,300	5.00%

	Actual		Minimum Capital Requirement		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2021						
Common Equity Tier 1 Ratio						
Bank of Idaho	$69,797,000	13.85%	$22,671,945	4.50%	$ 32,748,365	6.50%
Tier 1 Capital to Risk Weighted Assets						
Bank of Idaho	$69,797,000	13.85%	$30,229,260	6.00%	$ 40,305,680	8.00%
Total Risk Based Capital to Risk Weighted Assets						
Bank of Idaho	$76,115,000	15.11%	$40,305,680	8.00%	$ 50,382,100	10.00%
Tier 1 Capital to Average Assets						
Bank of Idaho	$69,797,000	9.52%	$29,325,680	4.00%	$ 36,657,100	5.00%

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NOTE 17 – INCOME TAXES

The provision for income taxes charged to income for the years ended December 31, 2022 and 2021, consists of the following:

	2022	2021
Current tax expense		
Federal	**$ 1,669,141**	$ 2,058,025
State	**603,911**	730,205
Deferred tax expense (benefit)		
Federal	**259,751**	(436,403)
State	**2,005**	(195,903)
Income tax expense (benefit)	**$ 2,534,808**	$ 2,155,924

The Company's effective income tax rate is lower than what would be expected if the federal statutory rate were applied to income from continuing operations primarily because of expenses deductible for financial reporting purposes that are not deductible for tax purposes, tax-exempt income, and the dividends-received-deduction.

Deferred tax assets and liabilities consist of the following components as of December 31, 2022 and 2021:

Deferred Income Tax Assets	2022	2021
Allowance for loss reserves	**$ 1,654,280**	$ 1,536,821
Allowance for unfunded commitment	**172,644**	146,133
Deferred lease costs	**27,873**	24,527
Deferred incentive payments	**292,420**	323,016
Net unrealized loss on available for sale securities	**3,879,810**	-
Total deferred income tax assets	**6,027,027**	2,030,497
Deferred Income Tax Liabilities		
Accumulated depreciation	**(758,957)**	(395,758)
Deferred loan fees	**(410,794)**	(146,305)
Net unrealized gain on available for sale securities	**-**	(239,910)
Other	**(311,999)**	(88,586)
Total deferred income tax liabilities	**(1,481,750)**	(870,559)
Net deferred tax asset	**$ 4,545,277**	$ 1,159,938

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A reconciliation of income taxes computed at the federal statutory rate of 21% is as follows:

	2022	2021
Federal income tax expense at statutory rates	**$ 1,801,586**	$ 1,948,509
Effect of permanent differences	**70,456**	11,512
Effect of state income taxes, net of federal benefit	**662,766**	195,903
Other	**-**	-
Income tax expense	**$ 2,534,808**	$ 2,155,924

NOTE 18 – EARNINGS PER SHARE

A reconciliation of the income available to common stockholders and common stock share amounts used in the calculation of basic and diluted EPS for the years then ended December 31, 2022 and 2021, follow:

	2022	2021
Net income available to common stockholders	**$ 6,044,174**	$ 6,006,079
Basic EPS:		
Weighted average number of common shares outstanding	**3,772,527**	2,573,922
Earnings per common share	**$ 1.60**	$ 2.33
Diluted EPS:		
Weighted average number of common shares outstanding	**3,772,527**	2,573,922
Common share equivalents - stock options	**40,935**	52,651
Weighted average number of common shares and common share equivalents	**3,813,462**	2,626,573
Earnings per common share	**$ 1.58**	$ 2.29

Options outstanding of 252,000, and 250,000 shares of common stock at a weighted average price of $24.78 and $20.99 at the periods ended December 31, 2022 and 2021, respectively, were not included in the computation of diluted earnings per share because their exercise price was higher than the average market price of the common stock during that period.

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NOTE 19 – REVENUE FROM CONTRACTS WITH CUSTOMERS

All the Bank's revenue from contracts with customers in the scope of ASC 606 is recognized within Noninterest Income. Gains on sales of loans and gains from sales of securities are outside of the scope of ASC 606. Other income includes $71,557 and $57,470 of interchange income which is within the scope of ASC 606 for the years ended December 31, 2022 and 2021, respectively, Service charges on deposit accounts in the amount of $629,191 and $501,286 for the years ended December 31, 2022 and 2021, respectively, and Trust fee income of $1,806,949 and $2,057,024 for the years ended December 31, 2022 and 2021, respectively; the remaining balance of $696,371 and $905,044 represents other miscellaneous income for the years ended December 31, 2022 and 2021, respectively, which are outside the scope of ASC 606.

A description of the Bank's revenue streams accounted for under Topic 606 follows:

Service Charges on Deposit Accounts - The Bank earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Bank fulfills the customer's request. Account maintenance fees, which related primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

Interchange Income - The Bank earns interchange fees from debit cardholder transactions conducted through the Visa payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Trust fee income - The Bank earns account management fees from its contracts with trust and investment management customers to manage assets for investment. These fees are primarily earned over time as the Bank provides the contracted monthly or quarterly services and are generally assessed based on a tiered scale of the market value of the assets under management (AUM) at month-end. Other related services provided include probate and the fees the Bank earns, which are based on time and expense are recognized when the services are rendered.

NOTE 20 – BUSINESS COMBINATION

On July 29, 2022, the Bank acquired five branches of Homestreet Bank receiving cash in settlement of assets acquired and liabilities assumed of approximately $137,607,063. The acquisition provides the Bank with an expansion of their geographic footprint into southeastern Washington. The fair value of consideration paid exceeded the estimated fair value of Homestreet Bank's net assets acquired resulting in the establishment of goodwill in the amount of $3,801,924. The goodwill is expected to be fully deductible for tax purposes. Acquisition-related costs of approximately $1,255,000 were expensed and reported within various expense categories in the consolidated statements of income.

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The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date:

Fair value of assets acquired	
Cash and cash equivalents	$ 1,136,392
Loans	41,497,830
Interest receivable	275,538
Property, plant and equipment	2,359,400
Other assets	163,716
Intangible assets	3,997,000
Total assets acquired	49,429,876
Fair value of liabilities assumed	
Deposits	190,745,898
Accrued expenses and other liabilities	92,965
Total liabilities assumed	190,838,863
Net liabilities assumed	141,408,987
Cash acquired in settlement of assets acquired and liabilities assumed	137,607,063
Goodwill created by the transaction	$ 3,801,924

Intangible assets noted above consist of the following at December 31, 2022:

	Cost	Accumulated Amortization	Net
Depositor relationship/core deposit deposit intangible	$ 3,997,000	$ (237,917)	$ 3,759,083

Amortization expense for the year ended December 31, 2022 was $237,917. Estimated future amortization expense related to these intangible assets is as follows:

Years Ending December 31,	Amount
2023	$ 571,000
2024	571,000
2025	571,000
2026	571,000
2027	571,000
Thereafter	904,083
	$ 3,759,083

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The fair value of net assets acquired includes fair value adjustments to certain receivables that were not considered impaired as of the acquisition date. The fair value adjustments were determined using discounted contractual cash flows. However, the Company believes that all contractual cash flows related to the financial instruments will be collected. As such, these receivables were not considered impaired at the acquisition date and were not subject to the guidance relating to purchased credit impaired loans. Receivables acquired that were not subject to these requirements include non-impaired loans and customer receivables with a fair value $41,497,830 on the date of acquisition.

NOTE 21 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 24, 2023, which is the date the audited consolidated financial statements were available to be issued.

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SUPPLEMENTARY INFORMATION

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2022

(in thousands)	Bank of Idaho	Bank of Idaho Holding Company	Eliminations	Consolidated
ASSETS				
Cash	$ 25,622	$ 11,262	$ (11,262)	$ 25,622
Interest bearing deposits in banks	22,196	-	-	22,196
Certificates of deposit	744	-	-	744
Securities available for sale, at fair value	171,598	-	-	171,598
Securities held to maturity, at cost	30,034	-	-	30,034
Federal Home Loan Bank stock, at cost	885	-	-	885
Mortgage loans held for sale	2,120	-	-	2,120
Loans, net	691,449	-	-	691,449
Investment in subsidiary, at cost, plus equity in net income	-	120,014	(120,014)	-
Accrued interest receivable	4,271	-	-	4,271
Premises and equipment, net	10,382	-	-	10,382
Right of use asset operating leases	5,765	-	-	5,765
Right of use asset financing leases	368	-	-	368
Goodwill	3,802	-	-	3,802
Core deposit intangible	3,759	-	-	3,759
Other assets	6,740	157	-	6,897
	$ 979,735	$ 131,433	$ (131,276)	$ 979,892

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET CONTINUED
DECEMBER 31, 2022

	Bank of Idaho	Bank of Idaho Holding Company	Eliminations	Consolidated
LIABILITIES AND STOCKHOLDERS' EQUITY				
DEPOSITS				
Noninterest-bearing, demand	$ 362,602	$ -	$ (10,687)	$ 351,915
Interest-bearing				
NOW demand	187,860	-	-	187,860
Savings	141,502	-	-	141,502
Money market	118,801	-	(575)	118,226
Time certificates of deposit	38,635	-	-	38,635
Total deposits	849,400	-	(11,262)	838,138
Accrued interest payable	61	-	-	61
Accounts payable and accrued liabilities	3,675	167	-	3,842
Operating lease liabilities	5,862	-	-	5,862
Stock appreciation rights	330	-	-	330
Federal funds purchased	-	-	-	-
FHLB advances and other borrowings	-	24,544	-	24,544
Finance lease borrowings	393	-	-	393
Total liabilities	859,721	24,711	(11,262)	873,170
STOCKHOLDERS' EQUITY				
Common stock	94,359	80,479	(94,359)	80,479
Retained earnings	38,166	38,754	(38,166)	38,754
Accumulated other comprehensive loss	(12,511)	(12,511)	12,511	(12,511)
Total stockholders' equity	120,014	106,722	(120,014)	106,722
	$ 979,735	$ 131,433	$ (131,276)	$ 979,892

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2021

(in thousands)	Bank of Idaho	Bank of Idaho Holding Company	Eliminations	Consolidated
ASSETS				
Cash	$ 8,041	$ 15,247	$ (15,247)	$ 8,041
Interest bearing deposits in banks	101,648	-	-	101,648
Certificates of deposit	783	-	-	783
Securities available for sale, at fair value	146,346	-	-	146,346
Federal Home Loan Bank stock, at cost	690	-	-	690
Mortgage loans held for sale	15,767	-	-	15,767
Loans, net	449,739	-	-	449,739
Investment in subsidiary, at cost, plus equity in net income	-	70,619	(70,619)	-
Accrued interest receivable	2,518	-	-	2,518
Premises and equipment, net	6,030	-	-	6,030
Right of use asset operating leases	2,776	-	-	2,776
Right of use asset financing leases	424	-	-	424
Other assets	2,757	58	-	2,815
	$ 737,519	$ 85,924	$ (85,866)	$ 737,577

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET CONTINUED
DECEMBER 31, 2021

	Bank of Idaho	Bank of Idaho Holding Company	Eliminations	Consolidated
LIABILITIES AND STOCKHOLDERS' EQUITY				
DEPOSITS				
Noninterest-bearing, demand	$ 277,200	$ -	$ (14,672)	$ 262,528
Interest-bearing				
NOW demand	171,033	-	-	171,033
Savings	131,597	-	-	131,597
Money market	62,995	-	(575)	62,420
Time certificates of deposit	17,275	-	-	17,275
Total deposits	660,100	-	(15,247)	644,853
Accrued interest payable	16	-	-	16
Accounts payable and accrued liabilities	3,141	167	-	3,308
Operating lease liabilities	2,874	-	-	2,874
Stock appreciation rights	326	-	-	326
Federal funds purchased	-	-	-	-
FHLB advances and other borrowings	-	24,489	-	24,489
Finance lease borrowings	443	-	-	443
Total liabilities	666,900	24,656	(15,247)	676,309
STOCKHOLDERS' EQUITY				
Common stock	38,684	27,735	(38,684)	27,735
Retained earnings	31,112	32,710	(31,112)	32,710
Accumulated other comprehensive income	823	823	(823)	823
Total stockholders' equity	70,619	61,268	(70,619)	61,268
	$ 737,519	$ 85,924	$ (85,866)	$ 737,577

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATING STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2022

(in thousands)	Bank of Idaho	Bank of Idaho Holding Company	Eliminations	Consolidated
INTEREST AND DIVIDEND INCOME				
Loans, including fees	$ 31,915	$ -	$ -	$ 31,915
Debt securities	4,561	-	-	4,561
Interest on interest bearing deposits and CDs	1,705	-	-	1,705
Total interest and dividend income	38,181	-	-	38,181
INTEREST EXPENSE				
NOW demand and savings	362	-	-	362
Money market	351	-	-	351
Time certificates of deposit	103	-	-	103
Federal Home Loan Bank advances and other borrowings	10	1,136	-	1,146
Total interest expense	826	1,136	-	1,962
NET INTEREST INCOME	37,355	(1,136)	-	36,219
Provision for loan losses	150	-	-	150
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	37,205	(1,136)	-	36,069
NONINTEREST INCOME				
Service charges on deposit accounts	629	-	-	629
Gain on sale of mortgage loans held for sale	1,788	-	-	1,788
Merchant card income	72	-	-	72
Trust fee income	1,807	-	-	1,807
Equity in net income of subsidiary	-	7,056	(7,056)	-
Loss on sale of securities	(270)	-	-	(270)
Gain on sale of loans	8	-	-	8
Gain on sale of other real estate owned	-	-	-	-
Other	696	-	-	696
Total noninterest income	4,730	7,056	(7,056)	4,730
NONINTEREST EXPENSE				
Salaries, wages and benefits	17,797	105	-	17,902
Net occupancy expense	3,331	-	-	3,331
Advertising and business development	2,112	-	-	2,112
Accounting and consulting	1,218	-	-	1,218
Data processing	988	-	-	988
Legal	305	43	-	348
Telephone, postage and courier	312	-	-	312
Other real estate owned expenses	3	-	-	3
Office supplies	240	-	-	240
FDIC insurance	374	-	-	374
General and administrative	5,313	79	-	5,392
Total noninterest expense	31,993	227	-	32,220
INCOME BEFORE INCOME TAXES	9,942	5,693	(7,056)	8,579
Income tax expense (benefit)	2,886	(351)	-	2,535
NET INCOME	$ 7,056	$ 6,044	$ (7,056)	$ 6,044

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATING STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2021

(in thousands)	Bank of Idaho	Bank of Idaho Holding Company	Eliminations	Consolidated
INTEREST AND DIVIDEND INCOME				
Loans, including fees	$ 22,814	$ -	$ -	$ 22,814
Debt securities	2,723	-	-	2,723
Interest on interest bearing deposits and CDs	156	-	-	156
Total interest and dividend income	25,693	-	-	25,693
INTEREST EXPENSE				
NOW demand and savings	207	-	-	207
Money market	43	-	-	43
Time certificates of deposit	72	-	-	72
Federal Home Loan Bank advances and other borrowings	52	759	-	811
Total interest expense	374	759	-	1,133
NET INTEREST INCOME	25,319	(759)	-	24,560
Provision for loan losses	470	-	-	470
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	24,849	(759)	-	24,090
NONINTEREST INCOME				
Service charges on deposit accounts	501	-	-	501
Gain on sale of mortgage loans held for sale	6,969	-	-	6,969
Merchant card income	57	-	-	57
Trust fee income	2,057	-	-	2,057
Equity in net income of subsidiary	-	6,633	(6,633)	-
Gain on sale of securities	69	-	-	69
Gain on sale of loans	10	-	-	10
Gain on sale of other real estate owned	53	-	-	53
Other	107	-	-	107
Total noninterest income	9,823	6,633	(6,633)	9,823
NONINTEREST EXPENSE				
Salaries, wages and benefits	17,809	93	-	17,902
Net occupancy expense	2,244	-	-	2,244
Advertising and business development	1,248	-	-	1,248
Accounting and consulting	440	-	-	440
Data processing	1,963	-	-	1,963
Legal	133	-	-	133
Telephone, postage and courier	275	-	-	275
Other real estate owned expenses	(8)	-	-	(8)
Office supplies	83	-	-	83
FDIC insurance	323	-	-	323
General and administrative	1,112	36	-	1,148
Total noninterest expense	25,622	129	-	25,751
INCOME BEFORE INCOME TAXES	9,050	5,745	(6,633)	8,162
Income tax expense (benefit)	2,417	(261)	-	2,156
NET INCOME	$ 6,633	$ 6,006	$ (6,633)	$ 6,006

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2022

(in thousands)	Bank of Idaho	Bank of Idaho Holding Company	Eliminations	Consolidated
Net Income	$ 7,056	$ 6,044	$ (7,056)	$ 6,044
Unrealized gains (losses) on securities				
Unrealized holding gains arising during period, net of tax	(13,100)	-	-	(13,100)
Holding loss on transfer of AFS to HTM	(433)	-	-	(433)
Less: reclassification adjustment for gains included in net income, net of tax	198	-	-	198
Other Comprehensive Loss	(13,335)	-	-	(13,335)
Comprehensive Income	$ (6,279)	$ 6,044	$ (7,056)	$ (7,291)

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2021

(in thousands)	Bank of Idaho	Bank of Idaho Holding Company	Eliminations	Consolidated
Net Income	$ 6,633	$ 6,006	$ (6,633)	$ 6,006
Unrealized gains (losses) on securities				
Unrealized holding gains arising during period, net of tax	(2,489)	-	-	(2,489)
Less: reclassification adjustment for gains included in net income, net of tax	(68)	-	-	(68)
Other Comprehensive Loss	(2,557)	-	-	(2,557)
Comprehensive Income	$ 4,076	$ 6,006	$ (6,633)	$ 3,449

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATING STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2022

(in thousands)	Bank of Idaho	Bank of Idaho Holding Company	Eliminations	Consolidated
COMPONENTS OF STOCKHOLDERS' EQUITY:				
Common Stock, Beginning	$ 38,686	$ 27,735	$ (38,686)	$ 27,735
Issuance of common stock	-	52,070	-	52,070
Equity compensation expense	675	675	(675)	675
Investment in Sub	55,000	-	(55,000)	-
Common Stock, Ending	94,361	80,480	(94,361)	80,480
Retained Earnings, Beginning	31,110	32,710	(31,110)	32,710
Net income	7,055	6,044	(7,055)	6,044
Cash distributions paid on common stock	-	-	-	-
Cash dividends	-	-	-	-
Retained Earnings, Ending	38,165	38,754	(38,165)	38,754
Accumulated Other Comprehensive Income (Loss), Beginning	823	823	(823)	823
Net changes in unrealized gain (loss) on securities available for sale, net of tax	(13,335)	(13,335)	13,335	(13,335)
Accumulated Other Comprehensive Income (Loss), Ending	(12,512)	(12,512)	12,512	(12,512)
Total equity	$ 120,014	$ 106,722	$ (120,014)	$ 106,722

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATING STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2021

(in thousands)	Bank of Idaho	Bank of Idaho Holding Company	Eliminations	Consolidated
COMPONENTS OF STOCKHOLDERS' EQUITY:				
Common Stock, Beginning	$ 33,464	$ 27,130	$ (33,464)	$ 27,130
Issuance of common stock	-	383	-	383
Equity compensation expense	222	222	(222)	222
Investment in Sub	5,000	-	(5,000)	-
Common Stock, Ending	38,686	27,735	(38,686)	27,735
Retained Earnings, Beginning	24,478	26,704	(24,478)	26,704
Net Income	6,632	6,006	(6,632)	6,006
Cash distributions paid on common stock	-	-	-	-
Cash dividends	-	-	-	-
Retained Earnings, Ending	31,110	32,710	(31,110)	32,710
Accumulated Other Comprehensive Income (Loss), Beginning	3,380	3,380	(3,380)	3,380
Net changes in unrealized gain (loss) on securities available for sale, net of tax	(2,557)	(2,557)	2,557	(2,557)
Accumulated Other Comprehensive Income (Loss), Ending	823	823	(823)	823
Total equity	$ 70,619	$ 61,268	$ (70,619)	$ 61,268

Stanley, Idaho

Board of Directors

Park Price
Board Chairman/Director

Jeff Newgard
President/Director
Bank of Idaho Holding Co.

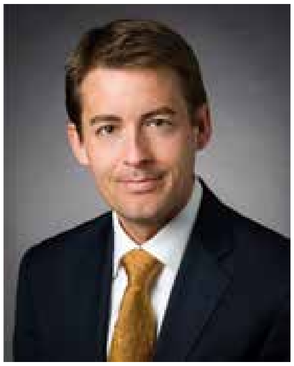
Steven E. Carr
Executive Loan Committee Chair

Denise L. Stephens
Personnel Committee Chair

Doug Oppenheimer
Trust Committee Chair

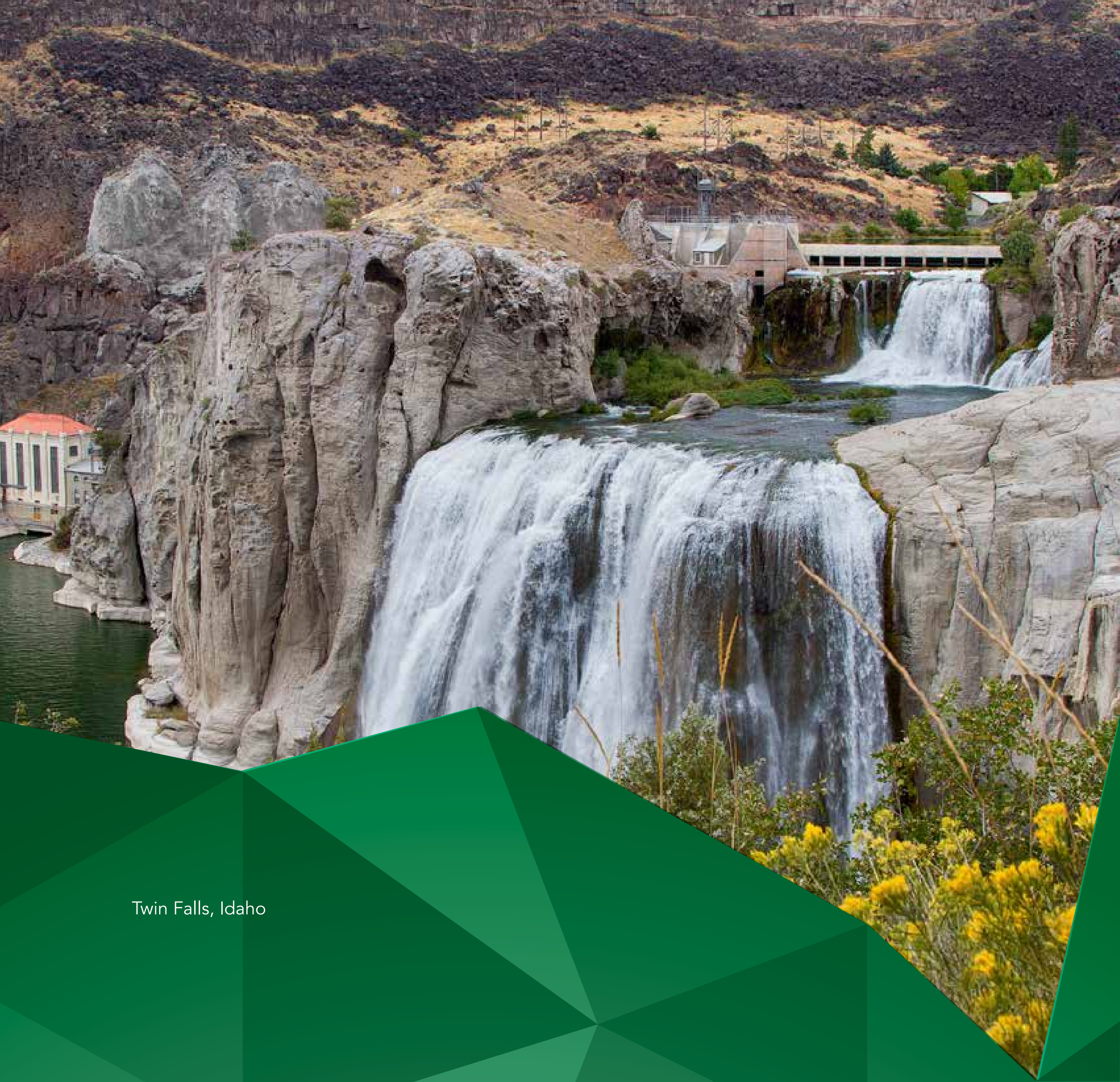
Chris Reinke
Governance Committee Chair

John Spicer
Audit Committee Chair



David Volk

Dana Kirkham



Twin Falls, Idaho

Bank of Idaho Locations

Ashton
600 Main Street
Ashton, ID 83420
208.652.3599

Boise - Downtown
999 West Main Street, Suite 101
Boise, ID 83702
208.433.4200

Boise - Fairview
10556 West Fairview Avenue
Boise, ID 83704
208.649.5060

Boise - Overland
6981 West Overland Road
Boise, ID 83709
208.363.8080

Dayton
427 East Main Street
Dayton, WA 99328
844.467.0352

Idaho Falls - Corporate Offices
350 Memorial Drive, Suite 200
Idaho Falls, ID 83402
208.524.5500

Idaho Falls Trust & Wealth Management
350 Memorial Drive, Suite 200
Idaho Falls, ID 83402
208.524.5500

Idaho Falls - Capital
399 North Capital Avenue
Idaho Falls, ID 83402
208.524.5500

Idaho Falls - Channing
1800 Channing Way
Idaho Falls, ID 83402
208.524.5500

Idaho Falls - Mortgage
1800 Channing Way #8028
Idaho Falls, ID 83402
208.528.9999

Island Park
3976 US Highway 20
Island Park, ID 83429
208.558.0226

Kennewick
7510 West Clearwater Avenue
Kennewick, WA 99336
509.396.5200

Nampa
324 12th Avenue South
Nampa, ID 83651
208.363.8090

Pasco
5234 Outlet Drive
Pasco, WA 99301
509.567.2111

Pocatello - Yellowstone
1230 Yellowstone Avenue
Pocatello, ID 83206
208.232.1700

Pocatello - Mortgage
124 North 7th Avenue
Pocatello, ID 83201
208.239.7748

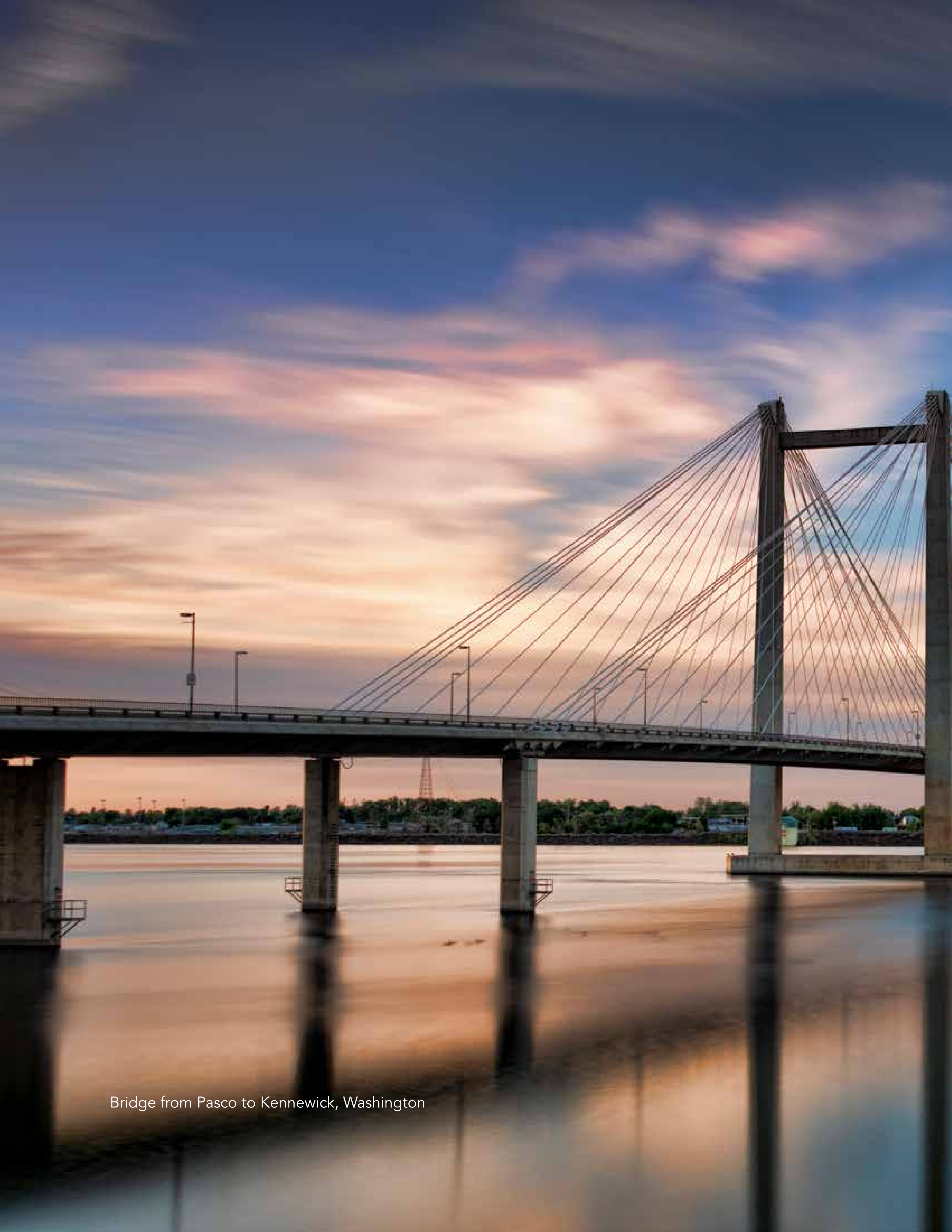
Spokane
818 West Riverside Avenue, Suite 120
Spokane, WA 99201
509.252.8159

St. Anthony
135 North Bridge Street
St. Anthony, ID 83445
208.624.4900

Sunnyside
1820 Yakima Valley Highway, Suite B
Sunnyside, WA 98944
509.837.7000

Twin Falls - Mortgage
1411 Falls Avenue East, Suite 115
Twin Falls, ID 83301
208.733.8800

Yakima
424 East Yakima Avenue
Yakima, WA 98901
509.577.9000



Bridge from Pasco to Kennewick, Washington