



FOR IMMEDIATE RELEASE

CONTACT: Matt Borud, Bank of Idaho
Phone: 208.412.2322
Email: mattborud@bankofidaho.net

Bank of Idaho Holding Company Reports Third Quarter 2023 Financial Results

IDAHO FALLS, ID (October 24, 2023) – Bank of Idaho Holding Company (the “Company”) (OTCQX: BOID), the holding company for Bank of Idaho (the “Bank”), today announced its unaudited financial results for the quarter ended September 30, 2023. The Company reported consolidated net income of \$2,572,000, or \$0.58 per diluted share, for the third quarter of 2023. This compares to \$2,274,000, or \$0.51 per diluted share, for the second quarter of 2023, and \$678,000 or \$0.15 per diluted share, for the third quarter of 2022.

"Bank of Idaho's third quarter earnings reflect our steadfast commitment to relationship banking, measured growth, and serving our community," said Jeff Newgard, Chairman, President, and CEO of Bank of Idaho. "We saw meaningful growth in loans, deposits and net income. Our results are not isolated, but a testament to our strategic vision which continues to serve us well. Our balance sheet is well positioned to manage through these uncertain economic times while still capitalizing on growth opportunities in markets across our footprint."

Quarterly Summary

- Loans held for investment grew \$50.7 million, or 6.5%, in Q3 2023 and increased \$194.2 million, or 30.4%, from Q3 2022.
- Total deposits increased \$10.7 million, or 1.2%, in Q3 2023 and were up \$50.9 million, or 6.0%, from Q3 2022.
- Pre-tax, pre-provision (“PTPP”) net income was \$4.23 million in Q3 2023, compared to \$3.66 million in Q2 2023 and \$1.29 million in Q3 2022.
- Tangible book value (“TBV”) per share increased to \$23.16, or 0.4%, from \$23.06 at Q2 2023, and increased 7.9% from \$21.46 at Q3 2022. The increase in TBV is attributable to earnings offset by an increase in unrealized losses within our securities portfolio.

Operating Results

Net income for the third quarter of 2023 was \$2,572,000, or \$0.58 per diluted share, compared to net income of \$2,274,000, or \$0.51 per diluted share, for Q2 2023, and \$678,000, or \$0.15 per diluted share, for the same quarter last year. The increase from the prior quarter was the result of an increase in net interest income of \$337,000 and an increase of \$216,000 in non-interest income

offset by increased provision for loan loss of \$155,000 and tax expense of \$122,000. Non-interest expense was flat from the linked quarter.

Net interest income for Q3 2023 was \$12.1 million, an increase of \$337,000, or 2.9%, over the prior quarter as interest income from new loan production outpaced the increases in interest expense. The effect of higher rates on deposits continues to be impactful due to sustained higher short-term rates amplified by the Federal Reserve's continued tightening policy. We expect our cost of funds to continue repricing higher; however, we still see healthy loan demand in the market and will continue to take market share as other lenders pull back.

Net interest margin for the third quarter of 2023 was 4.82% compared to 4.90% in the previous quarter and 4.29% for the same quarter last year. Although the cost of funding outpaced the growth in yield on earning assets, current quarter loan fundings at current market rates more than offset the increase in funding costs. Relative to the third quarter of 2022, the consolidated net interest margin increased primarily due to increased asset yields attributable to the rising interest rate environment and higher average loan and securities balances.

Noninterest income including net gains and losses for Q3 2023 was \$1,306,000, an increase of \$216,000, or 19.9%, from \$1,090,000 in Q2 2023. The increase was attributable to gain on loan sales of \$211,000 in Q3 2023. Relative to the third quarter of 2022, noninterest income increased \$335,000, or 34.5%, primarily due to an increase in loan sales as home buyers have slowly returned to the market.

Noninterest expense of \$9.22 million in Q3 2023 was a decrease of \$21,000, or 0.2%, from \$9.24 million in Q2 2023 and a \$257,000, or 2.7%, decrease from \$9.47 million in Q3 2022. The decrease from Q2 2023 was attributable to a combination of compensation expenses, which decreased \$125,000, or 2.2%, and IT expenses which decreased \$102,000, or 9.4%, offset by increases in FDIC assessment of \$96,000, or 54.9%, and other expenses of \$167,000, or 22.3%. The increase in FDIC expense included a one-time catch-up of \$60,000. The increase in other expenses includes some one-time expenses totaling \$150,000. The \$257,000 decrease from Q3 2022 is primarily attributable to transaction costs from the branch acquisition in Q3 2022 offset by increased salary costs related to the branch acquisition. The Company's efficiency ratio was 68.5% for Q3 2023, compared to 71.6% for Q2 2023, and 88.0% for Q3 2022.

Total assets were \$1.06 billion at September 30, 2023, an increase of \$20.1 million, or 1.9%, from \$1.04 billion at June 30, 2023. Third quarter 2023 balance sheet activity was characterized by \$50.7 million, or 6.5%, growth in loans held for investment funded by a \$10.7 million, or 1.2%, increase in deposits, a \$32.0 million decrease in cash and cash equivalents, and an \$8.0 million increase in overnight borrowings.

Loans held for investment were \$832.4 million as of September 30, 2023, an increase of \$50.7 million, or 6.5%, from \$781.6 million as of June 30, 2023, and an increase of \$194.2 million, or 30.4%, from \$638.2 million as of September 30, 2022. The increase in total loans held for investment from the linked quarter was attributable to loan growth distributed amongst all loan categories, with the largest increase in the Bank's commercial real estate portfolio. The increase in total loans held for investment from September 30, 2022 was attributable to loan growth distributed amongst all loan segments with the largest increase in commercial real estate. Growth from Q3 2022 was driven by the Bank's expansion into the Boise, Idaho metropolitan area, as well as continued growth in all markets.

Deposits were \$904.3 million as of September 30, 2023, up \$10.7 million, or 1.2%, from the linked quarter, and up \$50.9 million, or 6.0%, from the same quarter last year. Our deposit portfolio continues to see remix occurring as people move excess deposits out of their noninterest-bearing accounts into yield seeking accounts. We continue to see organic deposit growth within market; however, the cost to grow deposits continues to increase due to elevated rate environment and competition from non-bank opportunities. Noninterest bearing deposits represented 35.3% of total deposits as of September 30, 2023, compared to 35.9% at June 30, 2023 and 43.5% at September 30, 2022.

Borrowings were \$32.6 million as of September 30, 2023, which consisted of \$24.6 million of Company subordinated debt and \$8 million of overnight borrowings compared to \$24.6 million of subordinated debt and no overnight borrowings in the linked quarter.

Asset quality measures remained low in Q3 2023. Nonaccrual loans, excluding government guaranteed balances, totaled \$3,267,000, or 0.42% of loans, as of September 30, 2023, compared to \$522,000, or 0.07% of loans, at June 30, 2023 and \$1,561,000, or 0.24% of loans, at September 30, 2022. The Company had no other real estate owned for Q3 2023, Q2 2023, or Q3 2022.

The Allowance for Credit Losses (“ACL”) totaled \$9.8 million, or 1.18% of loans held for investment, as of September 30, 2023. The Company recorded \$675,000 in provision for loan loss expense in the third quarter of 2023 compared to \$520,000 in provision expense in the linked quarter, and no provision in the third quarter of 2022. The Company recorded net charge-offs of \$597,000 in the third quarter of 2023 tied to two commercial credits that are we working with borrowers to resolve.

Capital ratios of the Company and Bank continue to exceed the “well-capitalized” capital levels set by their respective regulators. At September 30, 2023 the Bank’s Tier 1 leverage ratio was 12.59% and the total risk -based capital ratio was 15.60%. At September 30, 2023 the Company had tangible common equity (total stockholders’ equity less intangible assets) of \$102.7 million and tangible book value per share of \$23.16. Tangible common equity increased \$430,000 in Q3 2023 due to quarterly earnings offset by \$2.5 million decrease in accumulated other comprehensive income (“AOCI”) on investment values. The Company’s tangible common equity to tangible assets ratio was 9.78% as of September 30, 2023, down from 9.93% in the linked quarter. The Company nor the Bank paid dividends during Q3 2023.

About Bank of Idaho Holding Company

Bank of Idaho Holding Company is a bank holding company headquartered in Idaho Falls, Idaho. The Company’s subsidiary, Bank of Idaho, is an independent commercial bank providing a range of business, personal, and mortgage banking products and services, as well as trust and wealth management services, to customers in Idaho and eastern Washington. The Company’s common stock is traded on the OTCQX exchange under the symbol “BOID.”

Non-GAAP Financial Measures

Some of the financial measures included in this press release are not measures of financial performance recognized in accordance with generally accepted accounting principles in the United States (“GAAP”). These non-GAAP financial measures include “efficiency ratio,” “tangible common equity,” “tangible common equity to tangible assets,” “tangible book value per share,” and “pre-tax pre-provision net income.” Efficiency ratio is computed by dividing total noninterest expense, including intangible expense, by the sum of net interest income and noninterest income, including gains and losses. Tangible common equity is computed by subtracting goodwill and core deposit intangibles from total stockholders’ equity. Tangible common equity to tangible assets is computed by dividing total assets, less goodwill and core deposit intangibles, by tangible common equity. Tangible

book value per share is computed by dividing tangible common equity by common shares outstanding. Pre-tax, pre-provision net income is computed by adding provision for loan loss expense and income tax expense to net income. The Company believes these non-GAAP financial measures provide both management and investors with a more complete understanding of the Company's financial position and performance. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. Not all companies use the same calculation of these measures; therefore, this presentation may not be comparable to other similarly titled measures as presented by other companies.

Forward-Looking Statements

This press release contains, among other things, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements preceded by, followed by, or that include the words "may," "could," "should," "would," "believe," "anticipate," "estimate," "expect," "intend," "plan," "projects," "outlook" or similar expressions. These statements are based upon the current belief and expectations of the Company's management team and are subject to significant risks and uncertainties that are subject to change based on various factors (many of which are beyond the Company's control). Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, the Company can give no assurance that the results contemplated in the forward-looking statements will be realized. The inclusion of this forward-looking information should not be construed as a representation by the Company or any other person that the future events, plans, or expectations contemplated by the Company will be achieved.

All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. The Company does not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made, except as required by law.

BANK OF IDAHO HOLDING COMPANY
CONSOLIDATED BALANCE SHEET (unaudited)

(\$000's)	9/30/2023	6/30/2023	9/30/2022
ASSETS			
Cash and due from banks	\$ 14,344	\$ 25,044	\$ 15,631
Interest bearing deposits with Federal Reserve and other banks	4,964	26,244	100,093
Federal funds sold and securities purchased under agreements to resell	-	-	-
Cash and cash equivalents	19,308	51,288	115,724
Time deposits at other banks	744	744	744
Held-to-maturity securities, at cost	33,080	27,093	30,307
Available-for-sale securities, at fair value	137,060	143,805	172,791
Equity securities, at fair value	58	51	38
Federal Home Loan Bank stock	1,496	1,176	885
Mortgage loans held for sale, at fair value	3,876	4,473	3,546
Loans held for investment	832,358	781,644	638,179
Allowance for loan losses	(9,808)	(9,728)	(7,668)
Loans, net of allowance	822,550	771,916	630,511
Accrued interest and dividends receivable	5,710	4,678	3,872
Premises and equipment, net	16,616	16,092	16,678
Other real estate owned	-	-	-
Intangible assets	7,133	7,276	7,704
Deferred tax asset, net	7,718	6,733	6,427
Other assets	1,688	1,625	1,243
TOTAL ASSETS	\$ 1,057,035	\$ 1,036,950	\$ 990,470
LIABILITIES			
Noninterest bearing deposits	\$ 318,981	\$ 320,833	\$ 371,555
Interest bearing deposits	585,341	572,813	481,836
Total deposits	904,322	893,646	853,391
Federal funds purchased and securities sold under agreements to repurchase	8,000	-	-
Accrued expenses and other liabilities	4,777	3,439	3,400
Operating lease liabilities	5,214	5,430	6,121
Finance lease borrowings	352	366	407
FHLB advances and other borrowings	-	-	-
Subordinated notes & debentures	24,585	24,571	24,530
Total Liabilities	947,250	927,452	887,849
SHAREHOLDERS' EQUITY			
Common stock and additional paid-in capital; no par; authorized - 6,000,000 shares; issued and outstanding - 4,423,862; 4,432,058; and 4,423,436 shares	81,183	80,996	80,224
Retained earnings	45,355	42,783	36,160
Accumulated other comprehensive income (loss)	(16,753)	(14,281)	(13,763)
Total Shareholders' Equity	109,785	109,498	102,621
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,057,035	\$ 1,036,950	\$ 990,470
Book Value per Share	\$ 24.77	\$ 24.71	\$ 23.20
Tangible Book Value per Share	\$ 23.16	\$ 23.06	\$ 21.46
Nonaccrual loans* / loans held for investment	0.42%	0.07%	0.24%
Allowance for loan losses / loans held for investment	1.18%	1.24%	1.20%
Tangible Equity to Tangible Assets	9.78%	9.93%	9.66%
Tier 1 Leverage ratio - Bank of Idaho	12.59%	12.85%	12.79%
Tier 1 Capital ratio - Bank of Idaho	14.53%	14.24%	16.44%
Total Capital ratio - Bank of Idaho	15.60%	15.33%	17.58%

*Nonaccrual loans less government guaranteed loans

BANK OF IDAHO HOLDING COMPANY
CONSOLIDATED INCOME STATEMENT (unaudited)

(\$000's)	Three Months Ended			Year-to-Date	
	9/30/2023	6/30/2023	9/30/2022	9/30/2023	9/30/2022
Interest and dividend income					
Interest and fees on loans	\$ 13,688	\$ 12,397	\$ 8,301	\$ 37,594	\$ 21,524
Interest on securities	1,312	1,444	1,224	4,224	2,973
FHLB and other stock dividends	9	7	7	23	18
Other interest income	269	356	687	854	932
Total interest and dividend income	15,279	14,204	10,219	42,696	25,447
Interest expense					
Interest expense on deposits	2,835	2,113	137	6,293	295
FHLB advances and other borrowings	-	-	-	-	-
Subordinated notes & debentures	284	284	284	852	852
Other interest expense	17	2	3	29	8
Total interest expense	3,136	2,399	424	7,174	1,155
Net interest income	12,143	11,805	9,795	35,521	24,292
Provision for loan loss	675	520	-	2,085	-
Net interest income after provision for loan loss	11,468	11,285	9,795	33,436	24,292
Noninterest income					
Service charges on deposit accounts	145	154	139	447	375
Trust department revenue	474	487	431	1,432	1,413
Net gains (losses) on sales of loans & leases	403	192	233	725	1,597
Net gains (losses) on sales of other real estate owned	-	-	-	-	-
Net gains (losses) on sale of securities	1	(8)	-	118	-
Other noninterest income	284	265	168	829	593
Total noninterest income	1,306	1,090	971	3,550	3,978
Noninterest expense					
Compensation and benefits	5,512	5,636	4,767	17,179	12,798
Occupancy and equipment	844	814	1,020	2,671	2,385
Marketing and business development	410	457	537	1,189	1,374
Data processing, IT and telephone	991	1,093	1,027	3,126	2,602
Audit, FDIC, and supervisory	270	174	171	616	504
Legal, accounting and consulting	132	172	793	454	1,150
Intangible expense	143	142	95	428	95
Other noninterest expense	915	748	1,062	2,346	2,217
Total noninterest expense	9,215	9,236	9,472	28,008	23,124
Income before income taxes	3,559	3,139	1,294	8,979	5,146
Provision for income taxes	986	865	616	2,543	1,696
Net income	\$ 2,572	\$ 2,274	\$ 678	\$ 6,436	\$ 3,450
PTPP NI	\$ 4,234	\$ 3,659	\$ 1,294	\$ 11,064	\$ 5,146
Basic earnings per share	\$ 0.58	\$ 0.51	\$ 0.15	\$ 1.45	\$ 0.97
Diluted earnings per share	\$ 0.58	\$ 0.51	\$ 0.15	\$ 1.44	\$ 0.96
Return on average assets	0.97%	0.89%	0.27%	0.84%	0.53%
Return on average equity	9.35%	8.21%	2.55%	7.78%	5.40%
NIM	4.82%	4.90%	4.29%	4.88%	4.01%
Efficiency Ratio	68.5%	71.6%	88.0%	71.68%	81.80%