



FOR IMMEDIATE RELEASE

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Bank of Idaho Holding Company Reports Fourth Quarter 2022 Financial Results

IDAHO FALLS, ID – January 27, 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 fourth quarter ended December 31, 2022. The Company reported consolidated net income of \$2,594,000, or \$0.58 per diluted share, for the fourth quarter of 2022. This compares to \$678,000, or \$0.15 per diluted share, for the third quarter of 2022, and \$701,000 or \$0.27 per diluted share, for the fourth quarter of 2021.

“The Bank had a strong fourth quarter with impressive and sustained loan growth over Q3-2022 and Q4-2021,” said Jeff Newgard, Chairman, President and CEO of Bank of Idaho. “With our recently acquired branches in Eastern Washington now fully integrated into the Bank of Idaho system, we see opportunity for further loan, deposit, and income growth.”

Quarterly Summary

- Loans held for investment grew \$61.1 million (9.6%) in Q4 2022 and increased \$234.0 million (52.5%) from Q4 2021.
- Total deposits decreased \$14.7 million (1.7%) in Q4 2022 but were up \$193.8 million (30.0%) from Q4 2021.
- Pre-tax, pre-provision net income of \$3.58 million in Q4 2022, compared to \$1.29 million in Q3 2022 and \$1.00 million in Q4 2021.
- Tangible book value per share increased to \$22.42, or 4.5%, from \$21.46 as of Q3 2022, and was down 5.7% from \$23.77 as of Q4 2022.

Operating Results

Net income for the fourth quarter of 2022 was \$2,594,000, or \$0.58 per diluted share, compared to net income of \$678,000, or \$0.15 per diluted share, for Q3 2022, and \$701,000, or \$0.27 per diluted share, for the same quarter last year. The increase over the prior quarter was primarily the result of a net interest income increase of \$2,099,000 due to loan growth noted above combined with rising rates for Q4 2022. The increase from the same quarter last year was also primarily the result of this factor.

Net interest income for Q4 2022 was \$11.9 million, an increase of \$2.1 million (21.4%), over the prior quarter. The increase was due to higher earning asset balances and an increase in net interest margin. Relative to Q4 2021, net interest income increased \$5.7 million (90.6%). The year-over-year increase in net interest income was due to an increase in net interest margin attributable to the higher interest rate environment and an increase in average interest-earning assets.

Net interest margin (consolidated) for the fourth quarter of 2022 increased 76bps to 5.01% from 4.25% in the third quarter of 2022, primarily due to higher yields on interest-earning assets and slowly rising funding costs. The yield on interest-earning assets increased to 5.22% in the fourth quarter 2022 from 4.43% in the third quarter of 2022 and the cost of interest-bearing funding was 0.24% in the fourth quarter vs 0.07% for third quarter of 2022. Relative to the fourth quarter of 2021, the consolidated net interest margin increased from approximately 3.48%, 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 Q4 2022 was \$784,000, a decrease of \$187,000 (19.3%) from \$971,000 in Q3 2022. This was primarily due to a \$270,000 loss on the sale of available for sale securities. Relative to the fourth quarter of 2021, noninterest income declined \$1.34 million (63.0%), primarily due to lower mortgage banking income as higher interest rates drove declines in both refinance and purchase volume.

Noninterest expense of \$9.1 million in Q4 2022 was a \$370,000 (4.0%) decrease from \$9.47 million in Q3 2022 and a \$1.73 million (23.5%) increase from \$7.36 million in Q4 2021. A portion of the decrease over the prior quarter was due to \$125,000 of acquisition expenses, compared to approximately \$964,000 of acquisition costs in Q3 2022. The remainder of the difference from Q3 2022 was due to continued increased personnel and occupancy expense related to the Bank's new branches in Pasco, Washington and Boise, Idaho, as well as the five acquired branches. The year-over-year increase in quarterly noninterest expense reflects the acquisition expenses previously discussed, as well as increased occupancy, IT, and personnel expense from the Bank's branch platform growth. The Bank had sixteen branches and 211 full-time equivalent employees ("FTEs") at December 30, 2022, compared to ten branches and 154 FTEs at December 30, 2021. The Company's efficiency ratio, including acquisition expenses, was 71.7% for Q4 2022, compared to 88.0% in Q3 2022 and 88.1% in Q4 2021.

Total assets were \$980.2 million at December 31, 2022, a decrease of \$10.2 million (1.0%) from \$990.5 million at September 30, 2022. During the fourth quarter 2022 investment securities decreased \$1.5 million (.7%), due to a \$1.7 million decrease in the available-for-sale mark-to-market, and total loans held for investment increased \$61.1 million (9.6%). Interest-bearing deposits decreased \$65.8 million (65.8%) during the quarter to \$34.2 million. The quarterly change in assets can be attributed primarily to the deployment of acquired cash into loans. Total assets increased \$242.7 million (32.9%) over the same quarter last year, primarily as a result of increases in investments and core loans, partially offset by decreases in PPP loans and interest-bearing deposits in banks.

Loans held for investment were \$699.3 million as of December 31, 2022, an increase of \$61.1 million (9.6%) from \$638.2 million as of September 30, 2022, and an increase of \$242.2 million (53.0%) from \$457.0 million as of December 31, 2021. The increase in total loans held for investment from September 30, 2022 was attributable to loan growth distributed amongst all loan portfolios, with the largest increase in the Bank's commercial real estate portfolio. The increase in total loans held for investment from December 30, 2021 was attributable to growth in all loan segments, driven by the Bank's expansion into the Boise, Idaho metropolitan area as well as the Washington branch acquisition and growth of SBA lending. PPP loans ended Q4 2022 at \$19,500, compared to \$58,000 and \$11.3 million as of September 30, 2022 and December 2021, respectively.

Deposits were \$838.7 million as of December 31, 2022, down \$14.7 million (1.7%) for the fourth quarter of 2022. Deposits at December 31, 2022, increased \$193.8 million (30.0%) from \$644.9 million as of December 31, 2021, driven by accounts added through the Washington acquisition and organic deposit growth.

Noninterest bearing deposits represented 42% of total deposits as of December 31, 2022, compared to 42% at September 30, 2022 and 41% at December 31, 2021.

Borrowings of \$24.9 million as of December 31, 2022 primarily consisted of \$24.5 million of Company subordinated debentures and were consistent with the September 30, 2022 and December 31, 2021 balances of \$24.9 million and \$24.9 million, respectively. Operating lease liabilities decreased \$260,000 (4.2%) in Q4 2022 to \$5.9 million and are up \$2.9 million (104.0%) when compared to December 30, 2021.

Asset quality measures were stable to improving in Q4 2022. Nonaccrual loans totaled \$669,000, or 0.14% of loans, as of December 31, 2022, compared to \$1.6 million (0.24% of loans) at September 30, 2022 and \$2.66 million (0.56% of loans) at December 31, 2021. The Company had no other real estate owned for Q4 2022, Q3 2022, or Q4 2021.

The allowance for loan and lease losses (“ALLL”) totaled \$7.9 million, or 1.13% of loans held for investment, as of December 31, 2022. As of December 31, 2022 the Company also had approximately \$1.1 million of purchase discounts on loans acquired in the Washington acquisition. When combined, the purchase discounts and ALLL represent 1.29% of loans held for investment. The Company recorded \$150,000 provision for loan loss expense in the fourth quarter of 2022 compared to no provision in the third quarter of 2022, and \$100,000 in the fourth quarter of 2021.

Capital ratios of the Company and Bank continue to exceed the “well-capitalized” capital levels set by their respective regulators. At December 31, 2022 the Bank’s Tier 1 leverage ratio was 12.52% and the total risk-based capital ratio was 16.48%. During the third quarter 2022, the Company down streamed \$50.0 million of capital to the Bank to support the Washington branch acquisition. At December 31, 2022 the Company had tangible common equity (total stockholders’ equity less intangible assets) of \$99.2 million and tangible book value per share of \$22.42. Tangible common equity increased \$4.2 million in Q4 2022 due to a \$1.3 million increase in accumulated other comprehensive income (“AOCI”) driven by improvements in investment values as well as current quarter earnings. Compared to the same quarter prior year, tangible common equity increased \$37.9 million (61.2%), due to a \$52.7 million increase in paid-in capital and \$6.0 million increase in retained earnings, partially offset by a \$13.3 million decrease in AOCI. The Company’s tangible common equity to tangible assets ratio was 10.2% as of December 31, 2022. The Company and the Bank paid no dividends during Q4 2022.

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 divided tangible common equity by total assets, less goodwill and core deposit intangibles. 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 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)	12/31/2022	9/30/2022	12/31/2021
ASSETS			
Cash and due from banks	\$ 13,573	\$ 15,631	\$ 6,071
Interest bearing deposits with Federal Reserve and other banks	34,245	100,093	103,237
Federal funds sold and securities purchased under agreements to resell	-	-	-
Cash and cash equivalents	47,818	115,724	109,308
Time deposits at other banks	744	744	783
Held-to-maturity securities, at cost	30,034	30,307	-
Available-for-sale securities, at fair value	171,598	172,791	146,346
Equity securities, at fair value	39	38	48
Federal Home Loan Bank stock	885	885	690
Mortgage loans held for sale, at fair value	2,120	3,546	15,768
Loans held for investment	699,315	638,179	457,057
Allowance for loan losses	(7,878)	(7,668)	(7,318)
Loans, net of allowance	691,437	630,511	449,739
Accrued interest and dividends receivable	4,271	3,872	2,518
Premises and equipment, net	16,515	16,678	9,175
Other real estate owned	-	-	-
Intangible assets	7,561	7,704	-
Deferred tax asset, net	6,062	6,427	1,664
Other assets	1,148	1,243	1,480
TOTAL ASSETS	\$ 980,232	\$ 990,470	\$ 737,519
LIABILITIES			
Noninterest bearing deposits	\$ 353,071	\$ 371,555	\$ 262,588
Interest bearing deposits	485,637	481,836	382,324
Total deposits	838,708	853,391	644,912
Federal funds purchased and securities sold under agreements to repurchase	-	-	-
Accrued expenses and other liabilities	4,004	3,400	3,533
Operating lease liabilities	5,862	6,121	2,874
Finance lease borrowings	393	407	443
FHLB advances and other borrowings	-	-	-
Subordinated notes & debentures	24,543	24,530	24,489
Total Liabilities	873,510	887,849	676,251
SHAREHOLDERS' EQUITY			
Common stock and additional paid-in capital; no par; authorized - 6,000,000 shares; issued and outstanding - 4,423,436, 4,423,436, and 2,577,373 shares	80,479	80,224	27,735
Retained earnings	38,754	36,160	32,710
Accumulated other comprehensive income (loss)	(12,511)	(13,763)	823
Total Shareholders' Equity	106,722	102,621	61,268
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 980,232	\$ 990,470	\$ 737,519
Book Value per Share	\$ 24.13	\$ 23.20	\$ 23.77
Tangible Book Value per Share	\$ 22.42	\$ 21.46	\$ 23.77
Nonaccrual loans / loans held for investment	0.10%	0.24%	0.56%
Allowance for loan losses / loans held for investment	1.13%	1.20%	1.60%
Tier 1 Leverage ratio - Bank of Idaho	12.52%	12.79%	9.52%
Tier 1 Capital ratio - Bank of Idaho	15.41%	16.44%	13.85%
Total Capital ratio - Bank of Idaho	16.48%	17.58%	15.11%

BANK OF IDAHO HOLDING COMPANY
CONSOLIDATED INCOME STATEMENT (unaudited)

(\$000's)	Three Months Ended			Year-to-Date	
	12/31/2022	9/30/2022	12/31/2021	12/31/2022	12/31/2021
Interest and dividend income					
Interest and fees on loans	\$ 10,358	\$ 8,301	\$ 5,795	\$ 31,882	\$ 22,802
Interest on securities	1,587	1,224	752	4,560	2,722
FHLB and other stock dividends	7	7	6	25	27
Other interest income	749	687	55	1,681	130
Total interest and dividend income	12,701	10,219	6,608	38,148	25,681
Interest expense					
Interest expense on deposits	520	137	82	815	323
FHLB advances and other borrowings	-	-	-	-	1
Subordinated notes & debentures	284	284	284	1,136	759
Other interest expense	3	3	3	11	51
Total interest expense	807	424	369	1,962	1,134
Net interest income	11,894	9,795	6,239	36,186	24,547
Provision for loan loss	150	-	100	150	470
Net interest income after provision for loan loss	11,744	9,795	6,139	36,036	24,077
Noninterest income					
Service charges on deposit accounts	144	139	115	519	422
Trust department revenue	394	431	581	1,807	2,057
Net gains (losses) on sales of loans & leases	199	233	1,146	1,796	6,978
Net gains (losses) on sales of other real estate owned	-	-	-	-	53
Net gains (losses) on sale of securities	(270)	-	-	(270)	69
Other noninterest income	317	168	279	910	1,107
Total noninterest income	784	971	2,121	4,762	10,686
Noninterest expense					
Compensation and benefits	5,104	4,767	4,768	17,901	17,634
Occupancy and equipment	945	1,020	628	3,330	2,209
Marketing and business development	790	537	339	2,164	1,291
Data processing, IT and telephone	1,000	1,027	675	3,602	2,380
Audit, FDIC, and supervisory	216	171	137	720	587
Legal, accounting and consulting	114	793	116	1,265	341
Intangible expense	143	95	-	238	-
Other noninterest expense	783	1,062	699	2,999	2,159
Total noninterest expense	9,095	9,472	7,362	32,219	26,601
Income before income taxes	3,433	1,294	898	8,579	8,162
Provision for income taxes	839	616	196	2,535	2,156
Net income	\$ 2,594	\$ 678	\$ 701	\$ 6,044	\$ 6,006
Basic earnings per share	\$ 0.59	\$ 0.15	\$ 0.27	\$ 1.60	\$ 2.33
Diluted earnings per share	\$ 0.58	\$ 0.15	\$ 0.27	\$ 1.59	\$ 2.33
	Quarter-to-Date			Year-to-Date	
	12/31/2022	9/30/2022	12/31/2021	12/31/2022	12/31/2021
Return on average assets	1.05%	0.27%	0.38%	0.68%	0.88%
Return on average equity	9.89%	2.55%	4.63%	6.71%	10.07%