



FOR IMMEDIATE RELEASE

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

Bank of Idaho Holding Company Reports First Quarter 2023 Financial Results

IDAHO FALLS, ID (April 25, 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 March 31, 2023. The Company reported consolidated net income of \$1,589,000, or \$0.36 per diluted share, for the first quarter of 2023. This compares to \$2,594,000, or \$0.58 per diluted share, for the fourth quarter of 2022, and \$1,665,000 or \$0.64 per diluted share, for the first quarter of 2022.

"We are pleased to share Bank of Idaho's strong performance and continued growth in Q1 2023," said Jeff Newgard, Chairman, President, and CEO of Bank of Idaho. "While year over year growth in metrics like total deposits and loans held for investment benefited from our Washington branch acquisition in Q3 2022, we are proud to show favorable growth in Q1 2023 over Q4 2022 with further positive increase in our tangible book value per share. These results reflect our continued financial strength and highlight our commitment to delivering value to our customers and shareholders while maintaining steady growth."

Quarterly Summary

- Loans held for investment grew \$43.8 million (6.3%) in Q1 2023 and increased \$246.3 million (49.6%) from Q1 2022. The size of the increase from the prior year was impacted by the acquisition of five HomeStreet Bank branches in the third quarter of 2022.
- Total deposits increased \$8.6 million (1.0%) in Q1 2023 and were up \$169.7 million (25.1%) from Q1 2022. The deposit increase was also favorably impacted by the purchased branches.
- Pre-tax, pre-provision net income of \$3.17 million in Q1 2023, compared to \$3.58 million in Q4 2022 and \$2.33 million in Q1 2022.
- Tangible book value per share increased to \$23.33, up 4.1%, from \$22.42 at Q4 2022, and was up 5.2% from \$22.18 at Q1 2022.

Operating Results

Net income for the first quarter of 2023 was \$1,589,000, or \$0.36 per diluted share, compared to net income of \$2,594,000, or \$0.58 per diluted share, for Q4 2022, and \$1,665,000, or \$0.64 per diluted share, for the same quarter last year. The drop from the prior quarter was the result of a reduction in net interest income (\$320,000), combined with an increase in the provision for loan loss (\$890,000).

Net interest income for Q1 2023 was \$11.6 million, a decrease of \$320,000 (2.7%), over the prior quarter as increases in interest expense outpaced increases in interest income. The effect of higher rates on deposits is more impactful since we have moved from an almost zero percent deposit rate environment. When interest rates were near zero, depositors weren't rewarded sufficiently to move excess funds to higher-earning deposit categories. In our new rate environment, customers are motivated to find higher rates and manage their excess funds more diligently, which has made the rate increases even more pronounced for deposit interest expense.

Net interest margin (bank) for the first quarter of 2023 at 5.02% was largely flat from 5.01% in the fourth quarter of 2022. Although the cost of deposits increased faster than loan yields in the first quarter, the shift from lower-yielding assets to loans helped mitigate the rate change differential between funding costs and earning asset yields. Relative to the first quarter of 2022, 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 Q1 2023 was \$1,154,000, an increase of \$370,000 (47.2%) from \$784,000 in Q4 2022. The increase was attributable to securities sales which improved from a loss of \$270,000 in Q4 2022 to a gain of \$125,000, for an increase of \$395,000. Relative to the first quarter of 2022, noninterest income declined \$502,000 (30.3%), due to lower mortgage banking income as higher interest rates drove declines in both refinance and purchase volume.

Noninterest expense of \$9.6 million in Q1 2023 was a \$461,000 (5.1%) increase from \$9.1 million in Q4 2022 and a \$3.4 million (55.8%) increase from \$6.1 million in Q1 2022. The Q1 2023 increase was attributable to compensation expenses, which increased \$927,000 (18.2%) from Q4 2022. Market salary pressures persist, and compensation has increased to allow the Company to continue to retain and attract employees. Commissions related to loans held for investment also increased, reflecting the Bank's loan growth. The \$3.4mm increase from Q1 2022, includes the addition of the offices and staff added with the purchase of five HomeStreet branches in the third quarter of 2022, plus the addition of branches in Pasco, Washington and Boise, Idaho. The Company's efficiency ratio was 75.08% for Q1 2023, compared to 71.74% for Q4 2022, and 72.46% for Q1 2022.

Total assets were \$992.1 million at March 31, 2023, an increase of \$11.9 million (1.2%) from \$980.2 million at December 31, 2022. First quarter 2023 balance sheet activity was characterized by \$43.8 million (6.3%) growth in loans funded by an \$8.6 million (1.0%) increase in deposits, a \$16.3 million (9.5%) decrease in available for sale securities, and a \$13.5 million (28.2%) reduction in interest-bearing deposits held at the Federal Reserve and other financial institutions.

Loans held for investment were \$743.1 million as of March 31, 2023, an increase of \$43.8 million (6.3%) from \$699.3 million as of December 31, 2022, and an increase of \$246.3 million (49.6%) from \$496.9 million as of March 31, 2022. The increase in total loans held for investment from December 30, 2022 was attributable to loan growth distributed amongst all loan categories, with the largest increase in the Bank's commercial and commercial real estate portfolios. The increase in total loans held for investment from March 31, 2022 was attributable to loan growth distributed amongst all loan segments with the largest increase in commercial real estate. Growth from Q1 2022 was driven by the Bank's expansion into the Boise, Idaho metropolitan area as well as the Washington branch acquisition.

Deposits were \$847.3 million as of March 31, 2023, up \$8.6 million (1.0%) for the first quarter of the year. Relative to the first quarter of 2022, total deposits increased \$169.7 million (25.1%) from \$677.6 million as of March 31, 2022, driven by deposits acquired with the Washington branch purchase and

organic deposit growth. Noninterest bearing deposits represented 38% of total deposits as of March 31, 2023, compared to 42% at December 31, 2022 and 40% at March 31, 2022.

Borrowings of \$24.9 million as of March 31, 2023, primarily consisted of \$24.6 million of Company subordinated debentures and were consistent with the December 31, 2022, and March 31, 2022, balances of \$24.9 million and \$24.9 million, respectively. Operating lease liabilities decreased \$215,000 (3.7%) in Q1 2023 to \$5.6 million and are up \$1.6 million (38.3%) when compared to March 31, 2022.

Asset quality measures were stable to improving in Q1 2023. Nonaccrual loans totaled \$621,000, or 0.08% of loans, as of March 31, 2023, compared to \$669,000 (0.10% of loans) at December 31, 2022 and \$1.9 million (0.38% of loans) at March 31, 2022. The Company had no other real estate owned for Q1 2023, Q4 2022, or Q1 2022.

The Allowance for Credit Losses (“ACL”) totaled \$9.2 million, or 1.24% of loans held for investment, as of March 31, 2023. The Company recorded an \$890,000 provision for loan loss expense in the first quarter of 2023 compared to \$150,000 provision in the fourth quarter of 2022, and no provision in the first quarter of 2022.

Capital ratios of the Company and Bank continue to exceed the “well-capitalized” capital levels set by their respective regulators. At March 31, 2023 the Bank’s Tier 1 leverage ratio was 12.85% and the total risk-based capital ratio was 16.19%. At March 31, 2023 the Company had tangible common equity (total stockholders’ equity less intangible assets) of \$103.3 million and tangible book value per share of \$23.33. Tangible common equity increased \$4.2 million in Q1 2023 due to a \$2.0 million increase in accumulated other comprehensive income (“AOCI”) driven by improvements in investment values as well as current quarter earnings. The Company’s tangible common equity to tangible assets ratio was 10.49% as of March 31, 2023, up from 10.19% at the prior quarter-end. The Company nor the Bank paid dividends during Q1 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)	3/31/2023	12/31/2022	3/31/2022
ASSETS			
Cash and due from banks	\$ 13,325	\$ 13,573	\$ 14,393
Interest bearing deposits with Federal Reserve and other banks	21,009	34,245	78,451
Cash and cash equivalents	34,334	47,818	92,844
Time deposits at other banks	744	744	783
Held-to-maturity securities, at cost	29,836	30,034	31,074
Available-for-sale securities, at fair value	155,341	171,598	124,200
Equity securities, at fair value	47	39	44
Federal Home Loan Bank stock	1,176	885	885
Mortgage loans held for sale, at fair value	1,509	2,120	9,753
Loans held for investment	743,142	699,315	496,855
Allowance for loan losses	(9,222)	(7,878)	(7,471)
Loans, net of allowance	733,920	691,437	489,384
Accrued interest and dividends receivable	4,567	4,271	2,362
Premises and equipment, net	16,489	16,515	10,375
Other real estate owned	-	-	-
Intangible assets	7,418	7,561	-
Deferred tax asset, net	5,158	6,062	3,839
Other assets	1,557	1,148	1,517
TOTAL ASSETS	\$ 992,096	\$ 980,232	\$ 767,060
LIABILITIES			
Noninterest bearing deposits	\$ 321,712	\$ 353,071	\$ 271,862
Interest bearing deposits	525,633	485,637	405,734
Total deposits	847,345	838,708	677,596
Federal funds purchased and securities sold under agreements to repurchase	-	-	-
Accrued expenses and other liabilities	3,438	4,004	2,921
Operating lease liabilities	5,647	5,862	4,084
Finance lease borrowings	379	393	430
Subordinated notes & debentures	24,557	24,543	24,503
Total Liabilities	881,366	873,510	709,534
SHAREHOLDERS' EQUITY			
Common stock and additional paid-in capital; no par; authorized - 6,000,000 shares; issued and outstanding - 4,427,436, 4,423,436, and 2,593,186 shares	80,735	80,479	28,242
Retained earnings	40,510	38,754	34,375
Accumulated other comprehensive income (loss)	(10,515)	(12,511)	(5,091)
Total Shareholders' Equity	110,730	106,722	57,526
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 992,096	\$ 980,232	\$ 767,060
Book Value per Share	\$ 25.01	\$ 24.13	\$ 22.18
Tangible Book Value per Share	\$ 23.33	\$ 22.42	\$ 22.18
Nonaccrual loans / loans held for investment	0.08%	0.10%	0.38%
Allowance for loan losses / loans held for investment	1.24%	1.13%	1.50%
Tier 1 Leverage ratio - Bank of Idaho	12.85%	12.52%	10.25%
Tier 1 Capital ratio - Bank of Idaho	15.07%	15.41%	13.64%
Total Capital ratio - Bank of Idaho	16.19%	16.48%	14.90%

BANK OF IDAHO HOLDING COMPANY
CONSOLIDATED INCOME STATEMENT (unaudited)

	Three Months Ended			Year-to-Date						
	(\$000's)	3/31/2023	12/31/2022	3/31/2022	3/31/2022					
Interest and dividend income										
Interest and fees on loans	\$	11,509	\$	10,358	\$	6,310	\$	11,509	\$	6,310
Interest on securities		1,468		1,587		816		1,468		816
FHLB and other stock dividends		7		7		6		7		6
Other interest income		229		749		41		229		41
Total interest and dividend income		13,213		12,701		7,173		13,213		7,173
Interest expense										
Interest expense on deposits		1,345		520		77		1,345		77
Subordinated notes & debentures		284		284		284		284		284
Other interest expense		10		3		3		10		3
Total interest expense		1,639		807		364		1,639		364
Net interest income		11,574		11,894		6,809		11,574		6,809
Provision for loan loss		890		150		-		890		-
Net interest income after provision for loan loss		10,684		11,744		6,809		10,684		6,809
Noninterest income										
Service charges on deposit accounts		148		144		110		148		110
Trust department revenue		471		394		499		471		499
Net gains (losses) on sales of loans & leases		130		199		820		130		820
Net gains (losses) on sale of securities		125		(270)		-		125		-
Other noninterest income		280		317		227		280		227
Total noninterest income		1,154		784		1,656		1,154		1,656
Noninterest expense										
Compensation and benefits		6,031		5,104		3,880		6,031		3,880
Occupancy and equipment		1,013		945		657		1,013		657
Marketing and business development		322		790		283		322		283
Data processing, IT and telephone		1,042		1,000		634		1,042		634
Audit, FDIC, and supervisory		172		216		165		172		165
Legal, accounting and consulting		150		114		91		150		91
Intangible expense		143		143		-		143		-
Other noninterest expense		684		783		425		684		425
Total noninterest expense		9,556		9,095		6,134		9,556		6,134
Income before income taxes		2,281		3,433		2,331		2,281		2,331
Provision for income taxes		692		839		666		692		666
Net income	\$	1,589	\$	2,594	\$	1,665	\$	1,589	\$	1,665
Basic earnings per share	\$	0.36	\$	0.59	\$	0.65	\$	0.36	\$	0.65
Diluted earnings per share	\$	0.36	\$	0.58	\$	0.64	\$	0.36	\$	0.64
		Quarter-to-Date				Year-to-Date				
		3/31/2023		12/31/2022		3/31/2022		3/31/2023		3/31/2022
Return on average assets		0.65%		1.05%		0.88%		0.65%		0.88%
Return on average equity		5.78%		9.89%		11.41%		5.78%		11.41%