BANK of IDAHO
COMMITTED TO COMMUNITY

2023 ANNUAL SHAREHOLDER REPORT


TETON
Board Member
REGIONAL
BANK of IDAHO

Thank you for being a member of the Bank of Idaho family. In a year like few others, I'm proud to recognize all of you for not only weathering financial uncertainties and changes, but then emerging stronger than ever. It was a great year for the Bank of Idaho. Our exceptional performance in 2023 is a testament to the trust of our valued customers, the resilience of our strategic vision, and the dedication of our staff. We have not just grown, we have thrived, seizing opportunities where others saw obstacles. As Chairman, President, and CEO, I am immensely proud of what we achieved together. In the communities we serve, Bank of Idaho will always strive to stand as a pillar of strength, helping our customers navigate turbulent waters with confidence while embracing the future with optimism.

JEFF NEWGARD

Chairman, President, and CEO, Bank of Idaho

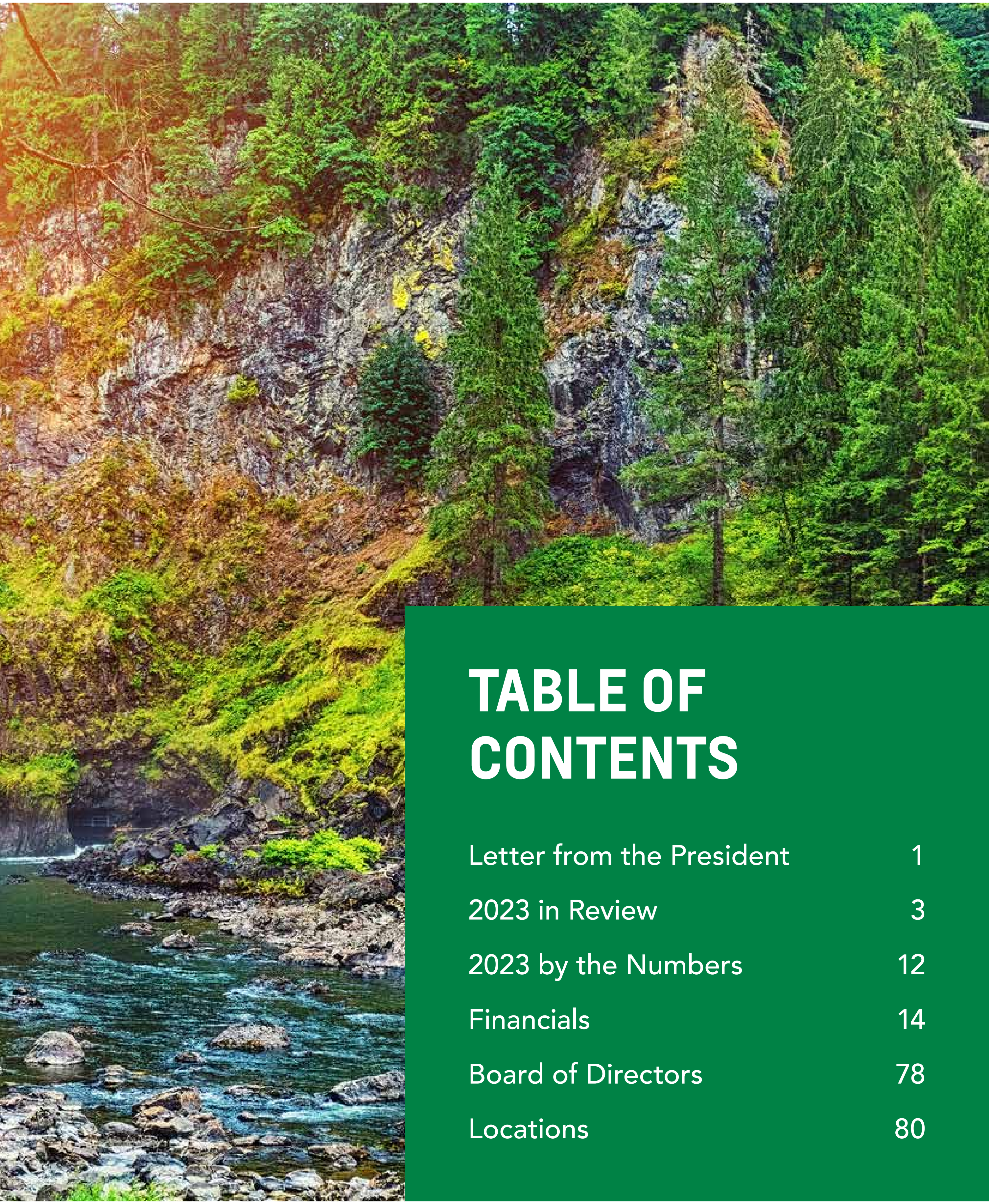


TABLE OF CONTENTS

Letter from the President	1
2023 in Review	3
2023 by the Numbers	12
Financials	14
Board of Directors	78
Locations	80

Dear Shareholder,

As we reflect on the successes of 2023, I am thrilled about Bank of Idaho's remarkable journey. Our strategic vision, built on the successes of previous years, has propelled us to new heights. We are immensely proud of what we achieved together and are excited about the future.

As for the numbers, despite a challenging rate environment, consolidated bank assets grew to more than $1.13 billion, an annual increase of 16.3%. Loans held for investment grew to $882.8 million, an annual increase of 26.3%. Total deposits increased to $948.8 million, an annual increase of 12.8%. Our balance sheet growth, prudent risk management, and cost-efficiency initiatives have positioned us well for future growth.

In addition to our financial growth, our commitment to the communities we serve remains resolute. Our Swing for the Green events helped raise funds for scholarships in Idaho Falls, Pocatello, and Boise. To date, the events have raised over $250,000 for higher education across Idaho. Through volunteer efforts, financial literacy programs, and partnerships with local organizations, we have made a positive impact across the state. We know a strong community is the bedrock of a successful bank.

In 2023, we embraced change with optimism. Our efficiency initiatives allowed us to enhance customer experiences and offer more innovative solutions. From improved online security to personalized financial advice, we continue to work to stay ahead of the curve.

Our dedicated team members are the driving force behind our success. Their hard work, creativity, and passion have fueled our growth. As we celebrate our achievements, I extend my heartfelt gratitude to every member of the Bank of Idaho family.

And because of our amazing team, the future holds immense promise. We will continue to innovate, adapt, and explore opportunities. We are excited to build upon the strong foundation we've laid.

I invite you to join us in celebrating the milestones of 2023. Together, we are not just a bank, we are a community of dreamers, achievers, and believers.

Thank you for your trust and investment in the Bank of Idaho. Here's to a prosperous 2024!

Warm regards,

Jeffrey K Newgard

Jeff Newgard

Bank of Idaho Chairman, President & CEO
Bank of Idaho Holding Company Chairman & President

2023 IN REVIEW

What a difference a year makes. From more Fed rate hikes to the panic induced by the Silicon Valley Bank collapse in the first half of the year to zero rate hikes and more positive economic indicators in the second half, 2023 was a real rollercoaster ride.

After seven rate hikes of +425 basis points in 2022, the Fed began 2023 with four more hikes of +100 basis points. However, after the last increase in July 2023, the Fed paused further increases and ended the year forecasting cuts.

Despite this unprecedented period of rate increases, Bank of Idaho has weathered the storm and continued to grow. Loans grew by 26.3% year over year. Deposits grew by 12.8% year over year. While the cost of funds has been challenging over the last year, the bank has maintained a respectable net interest margin of 4.71%.

Our newest branches in Eastern Washington have integrated successfully and grown appreciatively. Our SBA team continues to be a leader in Idaho and Washington.

Our success in 2023 can be attributed to keeping our customers' well-being and relationships at the center of our banking philosophy. Their trust in us has been unwavering, and we are deeply grateful for their continued loyalty. Whether it's an account holder, a first-time homebuyer, a small business owner, or a retiree planning for the future, we will continue to be there to support their dreams and aspirations.

Bank of Idaho Grows to More Than $1 Billion in Assets

In Q1 2023, Bank of Idaho surpassed $1 billion in assets, meaning the total value of the bank's assets, including loans, securities, and other financial holdings, has surpassed the $1 billion mark. Crossing the $1 billion threshold is a significant milestone for the bank and a key indicator of our scale, scope, and financial strength. This growth in assets can be attributed to various factors, including successful lending activities, increased customer deposits, mergers and acquisitions, and effective investment strategies. As Bank of Idaho continues to grow, we gain certain advantages, such as an enhanced ability to provide a broader range of financial services, economies of scale, increased access to capital markets, and improved competitiveness. However, this growth is not without its challenges, including more complex regulatory requirements and the need for robust risk management practices. Surpassing the $1 billion asset threshold signifies an important level of growth and maturity for Bank of Idaho and reaffirms our presence as a substantial player in the regional financial market.

"Crossing the $1 billion threshold is a significant milestone for the bank and a key indicator of our scale, scope, and financial strength."

Newgard Appointed Bank of Idaho Board Chairman

Bank of Idaho announced the appointment of Jeff Newgard as Chairman of the Board of Directors of the Bank of Idaho and parent company Bank of Idaho Holding Co. Newgard, who has served as President and CEO of Bank of Idaho since 2015, succeeds Park Price who served as Chairman since 2009 and will continue to serve the board as Chairman Emeritus and Lead Director.

"As the Bank of Idaho continues its remarkable growth trajectory, I am honored and excited to lead our Board of Directors as Chairman," said Newgard. "While the bank now serves a multi-state region, in our hearts we will always be a community bank committed to serving our customers, our neighbors, and the businesses who live and work where we do."

Newgard Appointed to ICBA Federal Delegate Board

Jeff Newgard was appointed to the Federal Delegate Board of the Independent Community Bankers of America (ICBA). The Federal Delegate Board is comprised of community bank leaders from across the country who provide valuable input and advice to ICBA's policymaking process.

"I am honored to be appointed to the ICBA Federal Delegate Board and look forward to representing the interests of community banks nationwide," said Newgard. "As a leader in the community banking industry, I am passionate about advocating for policies that support local economies and help community banks thrive."

The ICBA Federal Delegate Board provides a forum for community bank leaders to discuss issues and exchange ideas and is a vital part of ICBA's policymaking process. The board meets regularly with key policymakers, including members of Congress and federal regulators, to provide valuable insight into the impact of legislation and regulations on community banks.

Net Interest Margin at 4.7%

Bank of Idaho's 2023 net interest margin (NIM) was 4.71%, representing an increase of 48bps year-over-year and positioning the bank in the 90th percentile compared to peers. For community banks, NIM is a critical indicator of profitability, strategy, and management. With the high-rate environment and cost of fund increases in 2023, many financial institutions were facing downward NIM pressure. Bank of Idaho's performance demonstrates strong pricing discipline in 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.

Loan Growth Rate Up Over 26% vs. 2022

Bank of Idaho achieved remarkable total loan growth in 2023, reaching $882.8 million in total loans, an increase of 26.3% over the previous year and positioning the bank in the 100th percentile compared to peers. Despite a challenging high-rate environment, this growth is a testament to the bank's focus on high-quality, personalized solutions for customers and tremendous pricing discipline. The bank saw notable growth in several sectors, specifically residential construction, commercial construction, and multifamily construction.

Deposit Growth Rate Up 13% vs. 2022

In 2023, Bank of Idaho delivered solid deposit growth surpassing $948 million in total deposits, a 13% year-over-year increase positioning the bank in the 100th percentile compared to peers. Despite economic headwinds and uncertainties, deposits grew by over $110.7 million. We attribute this growth to our customer-centric approach, competitive interest rates, and the bank's strategy to integrate deposit acquisition into all business development activities. Further, the bank increased its product offering to provide increased options for more adequate FDIC insurance for customers with more than $250,000 in deposits with the bank.

Regional Performance

Each region demonstrated its unique strengths and contributions to the whole of Bank of Idaho. Since acquisition in Q3 2022, total Eastern Washington loans have grown by $52 million, or 56.6%, to over $100 million in the region. Total Eastern Washington deposits have grown by $16 million since the branch acquisition and the Pasco branch de novo. Eastern Washington loan-to-deposit ratio is approximately 50%, having grown from 25% at the time of acquisition in 2022. Treasure Valley deposits have grown to $171 million since entering the market in 2019 and grew by 31% in 2023. The bank has $245 million in loans in the Treasure Valley since entering the market in 2019 with an annual increase of 22% in 2023. The Eastern Idaho region loans grew to $390 million at the end of 2023, an annual increase of 17%. Eastern Idaho region deposits are at $498 million, an annual increase of 5% in 2023.

SBA Regional Leadership

Scaling and efficiency. These are the primary themes for the SBA team in 2023. After launching in 2020 and becoming a state and regional leader over the subsequent years, 2023 demonstrated our ability to boost performance and efficiencies. We added several new members to our SBA team this year as part of the Washington expansion to support small business clients. The investment of time made by our SBA team strengthens our communities, adding a variety of new services that greatly benefit small businesses. In 2023, the SBA team originated 37 7(a) and 504 loans for $26.6 million, among the top financial institutions in Idaho and Washington. At the end of 2023, the Bank of Idaho SBA program is managing over $60.7 million in loans.

Downtown Boise Branch Remodel and Ribbon Cutting

In early 2023, Bank of Idaho completed renovations to the Downtown Boise Branch and two floors of office space at 999 Main Street. The new space is something to see. On the first floor, there is now over 5,000 square feet of remodeled branch and office space with two custom teller pods for daily transactions, conveniently located ATM and night drop amenities, private offices for personalized service, and a conference room for larger meetings. Included in the first-floor remodel is the innovative Grove Lounge meeting space, a 500-square-foot community area with two pull-up doors to bring the outside in, and a custom kitchenette to serve our customers and community with beverages on tap, too! On the 11th floor, there is over 2,000 square feet of remodeled space with C-suite offices and a conference room. If you haven't seen the new space yet, please stop by and say hello.

2023 BY THE NUMBERS

$1.13BN

TOTAL ASSET SIZE

4.71%

NET INTEREST MARGIN

$115.7MM

TOTAL STOCKHOLDERS' EQUITY

$948.8MM

IN TOTAL DEPOSITS

$882.8MM

IN TOTAL LOANS

$24.54

TANGIBLE BOOK VALUE PER SHARE

70.5%

EFFICIENCY RATIO

$26.6MM

IN SBA LOAN ORIGINATIONS

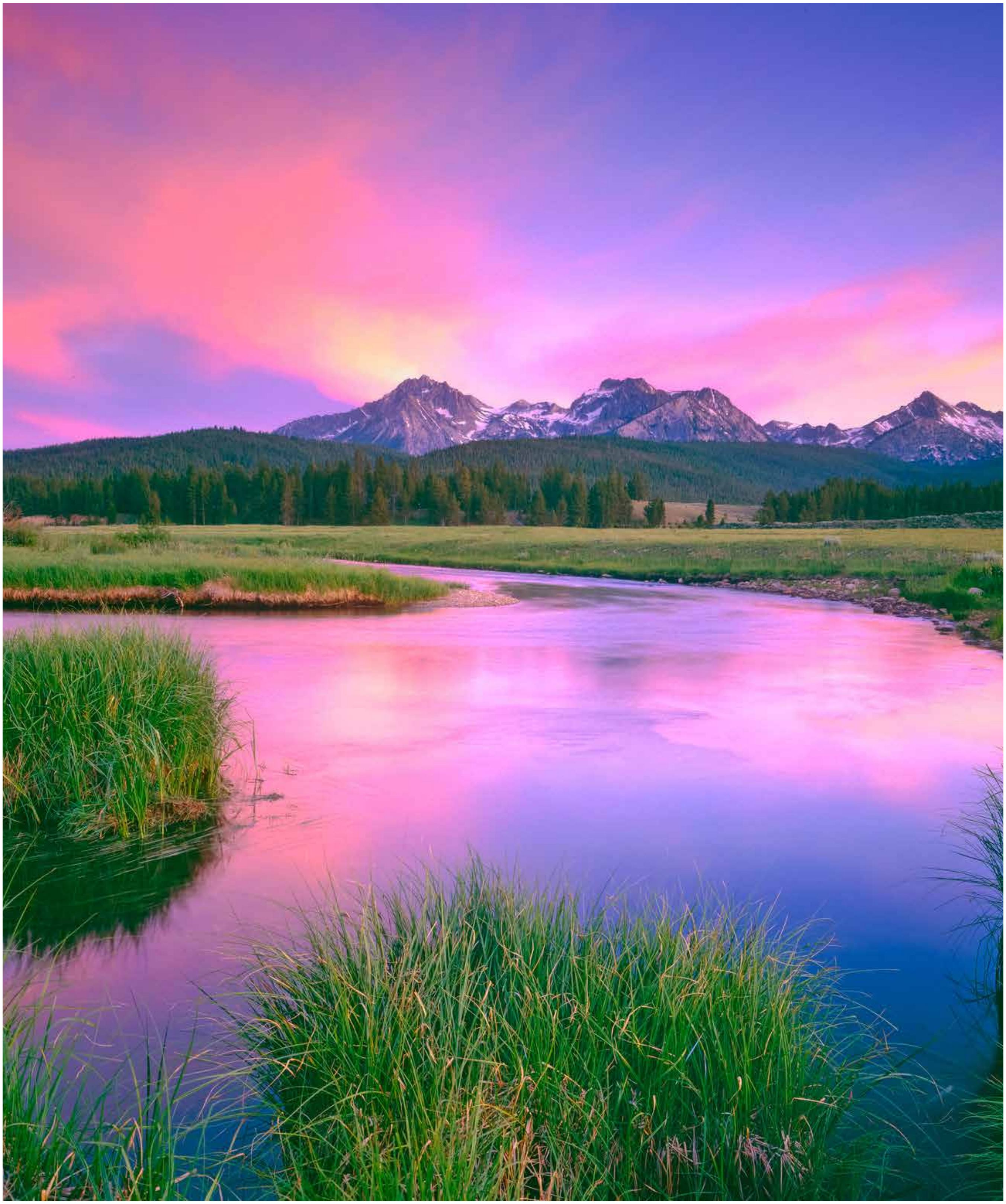
$99.3MM

IN MORTGAGE ORIGINATIONS

$288.3MM

IN TRUST ASSETS

FINANCIALS



CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Balance Sheets	4
Consolidated Statements of Income	5
Consolidated Statements of Comprehensive Income	7
Consolidated Statements of Changes in Stockholders' Equity	8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	11
SUPPLEMENTARY INFORMATION	
Consolidating Balance Sheet	51
Consolidating Statement of Income	55
Consolidating Statement of Comprehensive Income	57
Consolidating Statement of Changes in Stockholders' Equity	59

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, 2023 and 2022, and the related consolidated statements of income, comprehensive income, changes in stockholders' 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, 2023 and 2022, 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.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company adopted the provisions of FASB Accounting Standards Update 2016-13, Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*, as of January 1, 2023, using the modified retrospective approach with an adjustment at the beginning of the adoption period. Our opinion is not modified with respect to this matter.

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 consolidated 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 consolidated 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information 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 27, 2024

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Cash	**$ 16,570,566**	$ 25,621,552
Interest bearing deposits in bank	**25,545,466**	22,195,995
Cash and cash equivalents	**42,116,032**	47,817,547
Certificates of deposit	**744,000**	744,000
Debt securities, available for sale	**146,927,192**	171,597,638
Debt securities held to maturity, at cost (fair value of $29,671,837 and $23,818,263 at December 31, 2023 and 2022, respectively)	**32,924,734**	30,033,923
Federal Home Loan Bank stock, at cost	**2,280,200**	885,100
Mortgage loans held for sale	**3,037,683**	2,119,824
Loans, net of allowance for credit losses of $10,501,332 and $7,877,521 at December 31, 2023 and 2022, respectively	**872,341,093**	691,449,473
Accrued interest receivable	**5,604,914**	4,271,024
Premises and equipment, net	**11,242,031**	10,381,998
Right of use asset operating leases	**4,858,514**	5,764,889
Right of use asset financing leases	**309,844**	368,124
Goodwill	**3,801,924**	3,801,924
Core deposit intangible	**3,188,083**	3,759,083
Other assets	**8,139,721**	6,897,147
	$ 1,137,515,965	$ 979,891,694
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits		
Noninterest-bearing, demand	**$ 313,559,867**	$ 351,915,160
Interest-bearing		
NOW demand	**159,373,275**	187,859,622
Savings	**95,477,450**	141,502,303
Money market	**217,244,825**	118,226,311
Time certificates of deposit	**163,138,907**	38,634,364
Total deposits	**948,794,324**	838,137,760
Accrued interest payable	**704,453**	61,222
Accounts payable and accrued liabilities	**4,571,321**	3,842,138
Operating lease liabilities	**4,995,767**	5,862,082
Finance lease borrowings	**338,171**	393,121
Stock appreciation rights	**218,929**	329,907
Federal Home Loan Bank advances	**37,600,000**	-
Other borrowings	**24,598,153**	24,543,678
Total liabilities	**1,021,821,118**	873,169,908
STOCKHOLDERS' EQUITY		
Common stock, no par value, 6,000,000 shares authorized; and 4,427,822 and 4,423,436 shares issued and outstanding at December 31, 2023 and 2022, respectively	**81,323,516**	80,479,266
Retained earnings	**46,752,768**	38,753,807
Accumulated other comprehensive (loss) income, net of tax	**(12,381,437)**	(12,511,287)
Total stockholders' equity	**115,694,847**	106,721,786
	$ 1,137,515,965	$ 979,891,694

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
INTEREST AND DIVIDEND INCOME		
Loans, including fees	$ 52,398,040	$ 31,914,639
Debt securities	5,609,258	4,560,625
Interest bearing deposits and certificates of deposit	987,981	1,704,515
Total interest and dividend income	58,995,279	38,179,779
INTEREST EXPENSE		
NOW demand and savings	950,168	361,615
Money market	5,086,454	350,788
Time certificates of deposit	3,549,934	102,571
Federal Home Loan Bank advances and other borrowings	1,471,530	1,146,479
Total interest expense	11,058,086	1,961,453
NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES	47,937,193	36,218,326
Provision for credit losses	3,726,199	150,000
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	44,210,994	36,068,326
NONINTEREST INCOME		
Service charges on deposit accounts	685,838	629,191
Gain on sale of mortgage loans held for sale	669,402	1,787,872
Merchant card income	68,549	71,557
Trust fee income	1,876,592	1,806,949
Gain (loss) on sale and call of securities	117,610	(269,646)
Gain on sale of loans	247,424	7,799
Other	903,425	696,371
Total noninterest income	4,568,840	4,730,093

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME CONTINUED
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
NONINTEREST EXPENSE		
Salaries, wages and benefits	$ 22,555,297	$ 17,901,692
Net occupancy expense	3,480,088	3,330,404
Advertising and business development	1,726,085	2,112,292
Accounting and consulting	855,340	1,218,137
Data processing	4,063,477	3,532,305
Legal	157,189	347,842
Telephone, postage and courier	369,831	312,412
Other real estate owned expense	-	2,755
Office supplies	137,858	239,672
FDIC assessment	412,000	374,148
General and administrative	3,254,532	2,847,778
Total noninterest expense	37,011,697	32,219,437
INCOME BEFORE INCOME TAXES	11,768,137	8,578,982
Income tax expense	3,256,485	2,534,808
NET INCOME	$ 8,511,652	$ 6,044,174
Basic earnings per share	$ 1.92	$ 1.60
Diluted earnings per share	$ 1.91	$ 1.58

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Net Income Attributed to the Company	**$ 8,511,652**	$ 6,044,174
Unrealized gains (losses) on securities		
Unrealized holding gains (losses) arising during period	**2,700,992**	(17,803,171)
Tax effect	**(949,399)**	4,702,811
Holding loss on transfer of AFS to HTM	**(1,756,019)**	(588,100)
Tax effect	**210,722**	155,350
Less: reclassification adjustment for (gains) / losses included in (gains) / losses on sale and call of securities	**(117,610)**	269,646
Tax effect	**41,164**	(71,229)
Other Comprehensive Income (Loss)	**129,850**	(13,334,692)
Comprehensive (Loss) Income	**$ 8,641,502**	$ (7,290,518)

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022

	Total Stockholders' Equity	Common Stock Number of Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)
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	-
Issuance of common stock	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)
Net income	8,511,652	-	-	8,511,652	-
Stock Options Exercised	43,252	5,622	43,252	-	-
Shares Repurchased	(153,521)	(5,236)	(153,521)	-	-
Other comprehensive income (loss), net	129,850	-	-	-	129,850
Equity compensation expense	954,519	4,000	954,519	-	-
Effects of CECL Adoption	(512,691)	-	-	(512,691)	-
Balance, December 31, 2023	$ 115,694,847	4,427,822	$ 81,323,516	$ 46,752,768	$ (12,381,437)

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 8,511,652	$ 6,044,174
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Provision for credit losses	3,726,199	150,000
Net amortization (accretion) on securities	(84,736)	274,269
Amortization of net deferred loan fees	(1,116,890)	(1,965,572)
Depreciation of premises and equipment	1,001,494	826,528
Amortization of ROU assets	964,655	989,623
Net change in mortgage loans held for sale	(248,457)	15,435,597
Gain on sale of mortgage loans held for sale	(669,402)	(1,787,872)
Loss (gain) on sale and call of securities	(117,610)	269,646
Loss on disposal of assets	-	107,146
Stock appreciation rights (benefit) expense	(110,978)	3,602
Equity compensation expense	954,519	674,614
Changes in assets and liabilities		
Accrued interest receivable	(1,333,890)	(1,477,922)
Other assets	(671,574)	(3,606,714)
Accrued interest payable	643,231	44,993
Accounts payable and accrued liabilities	363,687	5,552,667
NET CASH PROVIDED BY OPERATING ACTIVITIES	11,811,900	21,534,779
CASH FLOWS FROM INVESTING ACTIVITIES		
Securities available for sale		
Maturities, prepayments, and calls	8,899,885	7,118,142
Sales	24,359,636	6,516,484
Purchases	(6,051,954)	(89,449,854)
Securities held to maturity		
Maturities, prepayments, and calls	970,598	1,539,519
Purchases	(6,213,529)	-
Acquisition of branches, net of cash acquired	-	137,607,063
Net change in FHLB stock	(1,395,100)	(195,200)
Proceeds from maturities of certificate of deposit in banks	-	77,200
Purchases of certificates of deposits in banks	-	(38,600)
Net increase in loans	(183,500,929)	(198,397,189)
Purchases of premises and equipment	(1,861,527)	(2,999,714)
NET CASH (USED IN) INVESTING ACTIVITIES	(164,792,920)	(138,222,149)

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS CONTINUED
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from FHLB advances and other borrowings	**$ 37,654,475**	$ 54,476
Principal payments on operating leases	**(866,315)**	(931,700)
Principal payments on financing leases	**(54,950)**	(52,593)
Net increase in deposits	**110,656,564**	3,676,633
Proceeds from the exercise of stock options	**43,252**	-
Proceeds from the issuance of common stock	**-**	52,069,502
Cash paid for repurchase of common stock	**(153,521)**	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	**147,279,505**	54,816,318
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(5,701,515)**	(61,871,052)
CASH AND CASH EQUIVALENTS, beginning of year	**47,817,547**	109,688,599
CASH AND CASH EQUIVALENTS, end of year	**$ 42,116,032**	$ 47,817,547
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for		
Interest	**$ 10,414,855**	$ 1,916,460
Income taxes	**$ 3,675,000**	$ 1,629,804
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES		
Right of use assets obtained in exchange for lease liabilities	**$ -**	$ 3,651,628
Reduction of right of use asset and lease liabilities due to remeasurement of leases	**$ -**	$ (270,986)
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 credit losses and the valuation of real estate acquired in connection with foreclosures, or in satisfaction of loans.

Management believes that the allowance for credit 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 credit 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.

(continued on next page)

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 credit 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 Company 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.

In the event that the classification of certain debt securities are reassessed and transferred from available-for-sale to held-to-maturity securities, they are transferred at their amortized cost basis, net of any remaining unrealized gain or loss reported in accumulated other comprehensive income (loss). The related unrealized gain included in other comprehensive income (loss) is suspended in other comprehensive income (loss). These unrealized losses are amortized to interest income as a yield adjustment over the remaining lives of the securities transferred

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.

(continued on next page)

Allowance for Credit Losses – Held-to-Maturity Securities

The Company measures expected credit losses on held to maturity debt securities on a collective basis by major security type. Accrued interest receivable on held-to-maturity debt securities totaled $181,217 and $140,736 at December 31, 2023 and 2022, respectively, is included in interest receivable on the consolidated balance sheets and is excluded from the estimate of credit losses. For agency mortgage-backed securities there are no expected credit losses as they are guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. For non-agency and states and municipality securities, the estimate of expected credit losses considered historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. Changes in the ACL on held-to-maturity debt securities are recorded as a component of provision for credit losses in the consolidated statements of income. Losses are charged against the ACL when the Company believes the uncollectibility of a held-to-maturity debt security is confirmed.

Allowance for Credit Losses – Available-for-Sale Securities

The Company measures the allowance for credit losses on available for sale debt securities by first assessing whether it intends to sell, or it is more likely than not that it will be required to sell the security before recovery of its amortized cost. If it is determined that the Company intends or will be required to sell the security, it is written down to its fair value through income. For securities issued by government agencies that do not meet the aforementioned criteria, there are no expected credit losses as they are guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. For other debt securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses on available-for-sale investments is recorded and is limited to the amount that the fair value is less that the amortized cost basis. Any impairment that has not been recorded though an allowance for credit losses is recognized in other comprehensive income (loss).

Changes in the allowance for credit losses are recorded as provision for or (reversal) of credit losses. Losses are charged against the allowance when management believes the uncollectiblity of an available-for-sale debt security is confirmed or when the criteria regarding intent or requirement to sell is met.

Accrued interest receivable on available-for-sale debt securities totaling $857,184 and $964,204 at December 31, 2023 and 2022, respectively, is included in interest receivable on the consolidated balance sheets and is excluded from the estimate of credit losses.

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 $2,280,200 and $885,100 in FHLB stock at December 31, 2023 and 2022, respectively.

(continued on next page)

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 credit 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 nonaccrual 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.

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.

(continued on next page)

Allowance for Credit Losses (ACL) - Loans

The ACL for loans is a valuation allowance for the current expected credit losses in the Company's loan portfolio that is deducted from the loan's amortized cost basis to present the net amount expected to be collected. Loans are charged-off against the allowance when management believes the collectability of the loan balance is unlikely. Subsequent recoveries, if any, are credited to the ACL. Prior to January 1, 2023, the valuation allowance (Allowance for credit losses) was established for probable and inherent credit losses.

Management estimates the allowance over the loan's entire contractual term, adjusted for expected prepayments when appropriate. The allowance estimate considers relevant, available information from internal and external sources relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for qualitative or environmental factors that cause the estimate for expected losses as of the evaluation date to differ from 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 collateral valuations; concentrations of credit; the effect of other external factors such as competition and legal and regulatory requirements; and other relevant factors determined by management.

The ACL is measured on a collective (pool) basis when similar risk characteristics exist and on an individual basis when management determines that the loan does not share similar risk characteristics with other loans. The Company has identified the following loan pools: commercial, agricultural, commercial real estate, residential real estate and consumer loans. Relevant risk characteristics for agricultural, commercial, agricultural real estate and commercial real estate loan pools include debt service coverage, loan-to-value ratios and financial performance. Relevant risk characteristics for residential real estate and consumer loan pools include credit scores, debt-to income ratios, collateral type and loan-to-value ratios. The Company uses the Vintage loss rate, Probability of Default, and Discounted Cash Flow method to measure the ACL for the loan pools to calculate a loss rate that combines the pool's risk characteristics, historical loss experience, and reasonable and supportable future economic forecasts to project lifetime losses. The loss rate is then combined with the loans balance and contractual maturity, adjusted for expected prepayments, to determine expected future losses. Future and supportable economic forecasts are based on various economic conditions over a period of up to two years followed by a reversion back to historical losses.

Loans that do not share similar risk characteristics to their loan pool are evaluated on an individual basis and are excluded from the collective measurement. Loans can be identified for individual evaluation for various reasons including delinquency, nonaccrual status, risk rating and loan modifications. A loan is considered collateral dependent when management determines that foreclosure is probable or when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The ACL on collateral dependent loans is measured using the amortized cost basis of the financial asset less the fair value of the underlying collateral, adjusted for costs to sell, when applicable. If the value of the underlying collateral is determined to be less than the recorded amount of the loan, a specific reserve for that loan is recorded. If the Company determines that the loss represented by the specific reserve is uncollectible it records a charge-off for the uncollectible portion.

(continued on next page)

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, 2023 and 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. See Note 20 for details on intangible assets.

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, 2023, and 2022, 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 2020.

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.

(continued on next page)

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, 2023 or December 31, 2022.

Revenue Recognition

The majority of the Company's revenues come from interest income and other sources, including loans, leases, securities and derivatives, that are outside the scope of Topic 606. The Company's services that fall within the scope of Topic 606 are presented within Non-Interest Income and are recognized as revenue as the Company satisfies its obligation to the customer. Services within the scope of Topic 606 include service charges on deposits, interchange income, and wealth management fees. Refer to Note 19 Revenue from Contracts with Customers for further discussion on the Company's accounting policies for revenue sources within the scope of Topic 606.

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.

Advertising

The Bank expenses advertising costs as they are incurred. Total advertising expense was approximately $1,230,761 and $1,645,799 as of December 31, 2023 and 2022, respectively.

(continued on next page)

Recent Accounting Guidance

Adoption of Accounting Standards Codification Topic 326

On January 1, 2023, the Company adopted Accounting Standard Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended*, which replaces the incurred loss methodology with an expected loss methodology referred to as current expected credit losses ("CECL"). The measurement of expected losses under the CECL methodology is applicable to financial assets measured at amortized cost, including loans, held-to-maturity debt securities and off-balance sheet credit exposures. In addition, Topic 326 made changes to the accounting for available-for-sale debt securities including the requirement to present credit losses as an allowance rather than a write-down on available-for-sale debt securities that management does not intend to sell or believes it is more likely than not they will be required to sell.

The Company adopted Topic 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. Results for reporting periods beginning after January 1, 2023 are presented under ASC 326, while prior period amounts continue to be reported in accordance with previously applicable GAAP. The Company recorded a net decrease to retained earnings of $512,691 as of January 1, 2023 for the cumulative effect of adopting Topic 326.

	Pre-ASU 2016-13 Adoption December 31, 2022	Impact of ASU 2016-13	As Reported Under ASU 2016-13 January 1, 2023
Assets			
Allowance for credit losses			
Held-to-maturity securities			
Municipal	$ -	$ 1,000	$ 1,000
Other	-	-	-
Total allowance for credit losses on held-to-maturity securities	-	1,000	1,000
Loans			
Commercial	1,174,243	74,969	1,249,212
Commercial real estate	5,335,611	(410,134)	4,925,477
Agricultural and agricultural real estate	305,940	246,148	552,088
Residential real estate	946,420	551,809	1,498,229
Consumer	115,307	(19,831)	95,476
Total allowance for credit losses on loans	7,877,521	442,961	8,320,482
Liabilities			
Accrued expenses and other liabilities			
Allowance for credit losses on unfunded commitments	822,115	68,730	890,845
Total allowance for credit losses	$ 8,699,636	$ 512,691	$ 9,212,327

(continued on next page)

ASU 2022-02, Financial Instruments-Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures - This ASU addresses and amends areas identified by the FASB as part of its post-implementation review of the accounting standard that introduced the current expected credit losses model. The amendments eliminate the accounting guidance for troubled debt restructurings by creditors that have adopted the current expected credit losses model and enhance the disclosure requirements for loan refinancings, and restructurings made with borrowers experiencing financial difficulty. In addition, the amendments require disclosure of current-period gross write-offs for financing receivables and net investment in leases by year of origination in the vintage disclosures. The Company adopted ASU 2022-02 in conjunction with ASU 2016-13 on January 1, 2023 using the prospective approach.

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, 2023 and 2022.

(continued on next page)

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 debt securities as of December 31, 2023 and 2022, are summarized as follows:

December 31, 2023	Available for Sale			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Collateralized mortgage obligations	$ 58,636,571	$ 94	(4,773,438)	$ 53,863,227
Mortgage backed securities	20,360,505	27,155	(1,259,416)	19,128,244
State and municipal securities	44,237,254	-	(4,172,972)	40,064,283
Corporate Bonds	12,621,363	37,618	(1,314,963)	11,344,017
US Treasuries	24,879,213	-	(2,351,792)	22,527,421
	$ 160,734,906	$ 64,867	$ (13,872,581)	$ 146,927,192
	Held to Maturity			
Collateralized mortgage obligations	$ 11,867,690	$ -	$ (1,447,566)	$ 10,420,124
Corporate Bonds	6,240,660	7,119	(184,391)	6,063,388
State and municipal securities	14,816,383	-	(1,628,059)	13,188,324
	$ 32,924,734	$ -	$ (3,260,016)	$ 29,671,837

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

(continued on next page)

The amortized cost and estimated fair value of securities at December 31, 2023, 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	$ -	$ -	$ 4,453,751	$ 4,417,876
Due in one to five years	966,819	954,612	29,579,419	27,093,413
Due in five to ten years	8,801,067	8,270,017	23,529,779	20,561,452
Due after ten years	11,289,158	10,027,084	24,174,881	21,862,980
	21,057,044	19,251,713	81,737,830	73,935,721
Mortgage backed securities	-	-	20,360,505	19,128,244
Collateralized mortgage obligations	11,867,690	10,420,124	58,636,571	53,863,227
	11,867,690	10,420,124	78,997,076	72,991,471
	$ 32,924,734	$ 29,671,837	$ 160,734,906	$ 146,927,192

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, 2023 and 2022. 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 195 securities with unrealized losses at December 31, 2023, not recognized in income.

Available for Sale **As of December 31, 2023**	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	$ 5,670,350	$ (97,896)	$ 49,370,221	$ (4,675,542)	$ 55,040,571	$ (4,773,438)
Mortgage backed securities	3,694	(29)	16,381,154	(1,259,387)	16,384,848	(1,259,416)
State and Municipal securities	-	-	40,064,283	(4,172,972)	40,064,283	(4,172,972)
Corporate Bonds	-	-	7,685,037	(1,314,963)	7,685,037	(1,314,963)
US Treasuries	-	-	22,527,422	(2,351,792)	22,527,422	(2,351,792)
TOTAL TEMPORARILY IMPAIRED SECURITIES	$ 5,674,044	$ (97,925)	$ 136,028,117	$ (13,774,655)	$ 141,702,161	(13,872,581)

(continued on next page)

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)

At December 31, 2023 no ACL was established for available-for-sale and $1,000 for held-to-maturity securities. Unrealized losses at December 31, 2023 are a result of expected fluctuations in the bond market primarily driven by changes in market interest rates.

Held-to-maturity securities are evaluated on a quarterly basis to determine if an allowance for credit losses is necessary. At December 31, 2023, unrealized losses on held-to-maturity securities are primarily composed of securities that are directly or implicitly guaranteed by the U.S. government and are highly rated by major rating agencies with no history of credit losses. Timely payments of principal and interest are expected. The Company does not expect to incur credit losses on these securities.

At December 31, 2023, unrealized losses on available-for-sale securities are primarily composed of securities that are directly or implicitly guaranteed by the U.S. government and are highly rated by major rating agencies with a history of no credit losses. Timely payments of principal and interest are expected. Obligations of states and political subdivisions are of high credit quality, with a total of 100% rated AA or higher. All issuers continue to make timely principal and interest payments and financial statements are periodically reviewed as part of post-purchase analysis. The decline in value in any of these securities is deemed to be temporary and not attributable to credit losses. Furthermore, the Company does not intend to sell, and it is likely that management will not be required to sell, these securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates and other market conditions.

Proceeds from the sale of available-for-sale securities during the year ended December 31, 2022 were $24,359,636 resulting in gross realized losses of $138,509 and gross realized gains of $20,899. Proceeds from the sale of available-for-sale securities during the year ended December 31, 2022 were $6,516,484 resulting in gross realized gains of $511,277 and gross realized losses of $269,646.

(continued on next page)

Debt securities were pledged as follows:

	2023		2022	
	Book Value	**Fair Value**	Book Value	Fair Value
FHLB advances	**$ -**	**$ -**	$ 18,058,434	$ 16,490,467
Fed discount window	**74,085,710**	**67,977,773**	14,127,720	12,723,533
Public deposits	**39,261,604**	**34,871,546**	37,832,671	31,694,199
	$ 113,347,314	**$ 102,849,319**	$ 70,018,824	$ 60,908,198

NOTE 4 - LOANS

Substantially all of the Company's loans receivable are with borrowers in the Company's geographic market areas. Although the Company has a diversified loan portfolio, a substantial portion of borrowers' ability to service their obligations is dependent upon the economic performance in the Company's market areas.

Commercial loans are primarily made for business working capital needs and are underwritten based on the identified or projected cash flows of the borrower and/or the underlying collateral provided by the borrower. The primary repayment risks of C&I loans are that the cash flows of the borrower may be unpredictable, and the collateral securing these loans may fluctuate in value. Collateral for these loans generally includes the business assets financed, accounts receivable, inventory, and equipment. The collateral securing these loans may depreciate over time, may be difficult to appraise, and may fluctuate in value based on the success of the business. These loans may incorporate a corporate or personal guarantee.

Commercial real estate loans are offered to commercial customers for the acquisition of real estate used in their businesses, such as offices, warehouses and production facilities, and to real estate investors for the acquisition of apartment buildings, retail centers, office buildings and other commercial buildings. Commercial real estate loans are underwritten after evaluating and understanding the borrower's ability to operate profitably and prudently expand its business. Management examines current and projected cash flows to determine the ability of the borrower to repay its obligations as agreed. Commercial real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally dependent on sufficient income from the properties securing the loans to cover operating expenses and debt service. Commercial real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy.

Agricultural operating loans are generally comprised of loans to fund farm operations and the purchase of equipment and livestock. Operating lines are typically written for one year and secured by the crop and other farm assets or business assets, as considered appropriate. Repayment of agricultural loans depends on the successful operation or management of the farm property securing the loan or for which an operating loan is utilized. The ability of the borrower to repay may be affected by many factors outside of the borrower's control including adverse weather conditions, loss of livestock due to disease or other factors, declines in market prices for agricultural products and the impact of government regulations. Agricultural real estate loans are primarily comprised of loans for the purchase of farmland. Loan-to-value ratios on loans secured by farmland generally do not exceed 75%.

Residential real estate loans are collateralized by primary and secondary positions on 1-4 family real estate and are underwritten primarily based on borrower's documented income, credit scores, and collateral values. Repayment of these loans is largely dependent on the borrower's financial stability and may be impacted by adverse personal

(continued on next page)

circumstances. Credit risk is minimized within the residential mortgage portfolio due to relatively smaller loan balances spread across many individual borrowers.

Consumer installment loans are comprised of term loans secured primarily by automobiles, boats and recreational vehicles and other consumer loans secured primarily by other personal assets. Consumer loan underwriting terms are dependent on the collateral type, debt to income ratio and the borrower's creditworthiness as evidenced by their credit score. In the event of a consumer installment loan default, collateral value alone may not provide an adequate source of repayment of the outstanding loan balance. This shortage is a result of the nature of the collateral securing the loan.

The following table presents loans receivable for each portfolio segment of loans as of December 31:

	2023	2022
Commercial	**$ 130,574,361**	$ 125,991,248
Commercial real estate	**582,717,567**	455,809,993
Agricultural loans	**74,635,948**	58,086,020
Residential real estate	**58,353,200**	31,585,689
Consumer	**38,978,140**	30,407,620
	885,259,216	701,880,570
Less allowance for loan losses	**(10,501,332)**	(7,877,521)
Less deferred loan fees, net	**(2,416,792)**	(2,553,576)
Total Portfolio Loans	**$ 872,341,093**	$ 691,449,473

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

	2023	2022
Fixed rate loans	**$ 629,757,803**	$ 481,588,127
Variable rate loans	**255,501,413**	220,292,443
	$ 885,259,216	$ 701,880,570

The following table presents the activity in the ACL by portfolio segment for the years ended December 31, 2023:

	December 31, 2023					
	Commercial	Commercial Real Estate	Agricultural	Residential Real Estate	Consumer	Total
Allowance for Credit Losses						
Balance at beginning of period	$ 1,174,243	$ 5,335,611	$ 305,940	$ 946,420	$ 115,308	$ 7,877,522
Impact of adopting ASC 326	74,969	(410,134)	246,148	551,809	(19,831)	442,961
Charge-offs	(1,305,936)	-	-	(4,888)	(71,718)	(1,382,542)
Recoveries	53,606	-	2,500	8,922	13,363	78,391
Provision for credit losses	1,826,909	1,074,846	139,043	246,663	197,539	3,485,000
Balance at end of period	$ 1,823,791	$ 6,000,323	$ 693,631	$ 1,748,926	$ 234,661	$ 10,501,332

(continued on next page)

The following tables represent the activity in the allowance for credit losses for the year ended December 31, 2022, and the recorded investment in loans and impairment method by portfolio segment.

	December 31, 2022					
	Commercial	Commercial Real Estate	Agricultural	Residential Real Estate	Consumer	Total
Allowance for loan losses						
Balance at beginning of period	$ 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 period	$ 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	452,737	$ 7,877,522
Balance at end of period	$ 1,110,867	$ 5,714,222	$ 308,781	$ 290,915	$ 452,737	$ 7,877,522
Loans and Financing Receivables						
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 period	$ 125,991,248	$ 455,809,993	$ 58,086,020	$ 31,585,689	$ 30,407,620	$ 701,880,570

In addition to the ACL on loans, the Company has established an ACL on off-balance sheet exposures of $1,132,044 at December 31, 2023 and $822,115 at December 31, 2022. The following table present the activity in the ACL on off-balance sheet exposures for the years ended December 31, 2023 and 2022.

	2023	2022
Balance at beginning of period	$ 822,115	$ 695,875
Impact of adopting ASC 326	68,730	-
Additions (reversals) to ACL recorded as provision for credit losses	241,199	126,240
Charge-offs, net	-	-
Balance at end of period	$ 1,132,044	$ 822,115

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 and uses the following definitions for risk ratings:

(continued on next page)

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.

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 category of loans by class of loans as of December 31, 2023, and 2022, were as follows:

	December 31, 2023				
	Pass	Watch	Special Mention	Substandard	Total
Commercial	$ 119,315,605	$ 8,374,127	$ 262,733	$ 2,621,896	$ 130,574,361
Commercial Real Estate	570,812,062	9,255,543	908,018	1,741,944	582,717,567
Agricultural	72,032,798	2,603,150	-	-	74,635,948
Residential Real Estate	58,353,200	-	-	-	58,353,200
Consumer	38,577,060	70,662	-	330,418	38,978,140
	$ 859,090,725	$ 20,303,482	$ 1,170,751	$ 4,694,258	$ 885,259,216

	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, 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

(continued on next page)

Based on the most recent analysis performed, the risk category of loans by class of loans and origination year as of December 31, 2023 was as follows:

	December 31, 2023						
	Term Loans Amortized Cost Basis by Origination Year				Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	
	2023	2022	2021	Prior			Total
Commercial							
Pass	$ 45,096,853	$ 24,279,570	$ 10,086,386	$ 11,273,472	$ 28,557,446	$ 21,878	$ 119,315,605
Watch	1,444,390	3,676,174	1,097,369	528,532	1,627,661	-	8,374,127
Special mention	54,950	18,383	-	-	189,400	-	262,733
Substandard	-	1,891,836	337,397	92,829	-	299,834	2,621,896
Total commercial loans	$ 46,596,193	$ 29,865,963	$ 11,521,153	$ 11,894,833	$ 30,374,507	$ 321,712	$ 130,574,361
Current period gross charge-offs	$ -	$ 979,894	$ 326,042	$ -	$ -	$ -	$ 1,305,936
Commercial Real Estate							
Pass	$ 110,983,514	$ 177,153,456	$ 86,021,425	$ 192,416,729	$ 4,236,937	$ -	$ 570,812,062
Watch	-	3,326,538	500,575	5,428,430	-	-	9,255,543
Special mention	-	202,612	705,406	-	-	-	908,018
Substandard	105,228	1,375,688	252,062	8,966	-	-	1,741,944
Total commercial real estate loans	$ 111,088,742	$ 182,058,294	$ 87,479,468	$ 197,854,125	$ 4,236,937	$ -	$ 582,717,567
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Agricultural							
Pass	$ 12,274,366	$ 9,851,505	$ 9,480,268	$ 11,113,652	$ 29,313,006	$ -	$ 72,032,798
Watch	158,319	929,441	693,149	483,326	338,915	-	2,603,150
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Total agricultural	$ 12,432,685	$ 10,780,947	$ 10,173,417	$ 11,596,978	$ 29,651,921	$ -	$ 74,635,948
Current period gross charge-offs	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Residential Real Estate							
Pass	$ 28,815,556	$ 21,000,249	$ 3,563,120	$ 4,974,275	$ -	$ -	$ 58,353,200
Watch	-	-	-	-	-	-	-
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-
Total residential real estate loans	$ 28,815,556	$ 21,000,249	$ 3,563,120	$ 4,974,275	$ -	$ -	$ 58,353,200
Current period gross charge-offs	$ -	$ -	$ -	$ 4,888	$ -	$ -	$ 4,888
Consumer							
Pass	$ 4,633,335	$ 1,167,059	$ 486,358	$ 2,519,830	$ 29,770,478	$ -	$ 38,577,060
Watch	-	-	-	-	70,662	-	70,662
Special mention	-	-	-	-	-	-	-
Substandard	-	-	-	1	330,417	-	330,418
Total consumer	$ 4,633,335	$ 1,167,059	$ 486,358	$ 2,519,831	$ 30,171,557	$ -	$ 38,978,140
Current period gross charge-offs	$ 8,897	$ 13,613	$ 16,446	$ 32,762	$ -	$ -	$ 71,718

(continued on next page)

The following table summarizes the aging of the past due loans by loan class within the portfolio segments as of December 31, 2023:

	December 31, 2023				
	30-89 Days Past Due	Over 89 Days Past Due	Total Past Due	Loans Not Past Due	Total
Commercial	$ 150,987	$ 741	$ 151,728	$ 130,422,633	$ 130,574,361
Commercial Real Estate	1,014,273	-	1,014,273	581,703,294	582,717,567
Agricultural	43,835	-	43,835	74,592,113	74,635,948
Residential Real Estate	2,047,775	-	2,047,775	56,305,425	58,353,200
Consumer	153,100	71,068	224,168	38,753,972	38,978,140
Total	$ 3,409,970	$ 71,809	$ 3,481,779	$ 881,777,437	$ 885,259,216

The following tables present the amortized cost basis of loans on nonaccrual status and loans past due over 89 days still accruing as of December 31, 2022.

	Still Accruing		
	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

The following tables present the amortized cost basis of loans on nonaccrual status and loans past due over 89 days still accruing as of December 31, 2023:

	December 31, 2023		
	Nonaccrual	Nonaccrual With No Allowance for Credit Loss	Loans Past Due Over 89 Days Still Accruing
Commercial	$ 2,529,068	$ -	$ 741
Commercial Real Estate	807,690	-	-
Agricultural	-	-	-
Residential Real Estate	336,785	-	-
Consumer	-	-	71,068
Total	$ 3,673,543	$ -	$ 71,809

Interest income recognized by the Company on nonaccrual loans during the years ended December 31, 2023, and 2022 was negligible and immaterial to the financial statements.

(continued on next page)

The following tables presents the amortized cost basis of collateral dependent loans, by the primary collateral type, which are individually evaluated to determine expected credit losses, and the related ACL allocated to these loans as of December 31, 2023.

	December 31, 2023				
	Collateral Type				
	Real Estate	Equipment	Other	Total	ACL
Commercial	$ 299,834	$ 1,403,072	$ 2,260,497	$ 3,963,403	$ 128,663
Commercial Real Estate	807,690	-	-	807,690	21,337
Agricultural	-	-	-	-	-
Residential Real Estate	77,435	-	-	77,435	-
Consumer	-	-	-	-	-
Total	$ 1,184,959	$ 1,403,072	$ 2,260,497	$ 4,848,528	$ 150,000

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

	Recorded Investment	Unpaid Principal Balance	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

Occasionally, the Company may modify loans to borrowers who are experiencing financial difficulty. Loan modifications to borrowers experiencing financial difficulty may be in the form of principal forgiveness, term extension, an other-than-insignificant payment delay, interest rate reduction, or combination thereof. There were no such occurrences in the year ended December 31, 2023.

There were no troubled debt restructurings (TDR) done in the year ended December 31, 2022.

During the years ended December 31, 2022, 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, the Company had no commitments to lend any additional funds to any TDR debtors.

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:

(continued on next page)

	2023	2022
Beginning of year	**$ 26,234**	$ 1,762,138
Principal additions	**13,413**	20,847
Principal payments	**(20,850)**	(1,756,751)
	$ 18,798	$ 26,234

NOTE 5 - PREMISES AND EQUIPMENT

Premises and equipment consisted of the following at December 31:

	Depreciable Lives (in years)	2023	2022
Land	Indefinite	**$ 1,532,174**	$ 1,357,043
Buildings	30	**6,286,896**	6,286,896
Leasehold improvements	6-10	**6,584,739**	5,240,570
Furniture and equipment	3-10	**5,913,210**	5,628,208
Construction in progress	N/A	**475,043**	420,702
		20,792,063	18,933,419
Less accumulated depreciation		**(9,550,032)**	(8,551,421)
		$11,242,031	$ 10,381,998

Depreciation expense as of December 31, 2023 and 2022 was $1,001,493 and $826,528, respectively.

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.

(continued on next page)

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:	**2023**	2022
Operating lease cost	**$ 1,086,911**	$ 1,079,116
Short-term lease cost	**11,216**	20,968
Finance lease cost:		
Interest expense	**9,384**	10,646
Amortization of right-of-use assets	**58,925**	58,686

Cash Flows Items

The following table summarizes the supplemental cash flow information for the year ended December 31:	**2023**	2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	**$ 1,041,251**	$ 1,069,314
Operating cash flows from finance leases	**9,384**	10,646
Financing cash flows from finance leases	**55,561**	52,263
Right-of-use assets obtained in exchange for lease liabilities		
Operating leases	**$ -**	$ 3,768,393
Finance leases	**-**	-

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

	2023	2022
Weighted-average remaining lease term:		
Operating leases	**5.7 Years**	6.6 Years
Finance leases	**6.0 Years**	6.9 Years
Weighted-average discount rate:		
Operating leases	**3.18%**	3.16%
Finance leases	**2.61%**	2.57%

(continued on next page)

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, 2023	
Years Ended December 31,	Operating	Finance
2024	$ 1,031,682	$ 64,886
2025	1,011,822	58,010
2026	1,017,918	58,653
2027	964,552	60,119
2028	618,448	60,711
Thereafter	819,319	62,840
Total lease payments	5,463,741	365,219
Less interest	(467,974)	(27,048)
Present value of lease liabilities	$ 4,995,767	$ 338,171

NOTE 7 - DEPOSITS

At December 31, 2023, the scheduled maturities of time certificates of deposit were as follows:

Maturities	**2023**	2022
Years ending December 31,		
2024	$ 158,383,128	$ 26,329,428
2025	2,628,303	8,637,793
2026	838,201	2,381,472
2027	974,621	903,124
2028	186,310	169,359
2029 and thereafter	128,345	213,188
	$ 163,138,907	$ 38,634,364

Included in time certificates of deposit are public funds of approximately $868,512 and $103,055 at December 31, 2023 and 2022, 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 $2,068,573 and $1,518,016 as of December 31, 2023 and 2022, respectively.

Time certificates of deposit include deposits of $250,000 or more totaling approximately $53,416,479 and $8,784,430 as of December 31, 203 and 2022, respectively.

(continued on next page)

NOTE 8 – 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, 2023, the book value of loans and securities pledged to the FHLB totaled $445,891,499 and $0, respectively. At December 31, 2022, the book value of loans and securities pledged to the FHLB totaled $146,880,236 and $15,298,191, respectively. There was $37,600,000 of overnight advances from the Federal Home Loan Bank as of December 31, 2023 and none for December 31, 2022.

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, 2023 and 2022, there were no outstanding balances under the Bank’s operating line agreements. Interest varies based on the federal funds purchased rates.

(continued on next page)

NOTE 9 – 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, 2023 and 2022, 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, 2023 and 2022, respectively.

NOTE 10 - 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.

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 11 - STOCK OPTIONS

The Company has approved and adopted the 2019 Equity Incentive Plan, which permits the grant of stock options to its employees for up to 250,000 shares of common stock. 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. Through 2021, stock option awards vest over five years. Starting in 2022, stock option awards vest over three 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 $954,519 and $674,614 for the years ended December 31, 2023 and 2022, respectively. There was no income tax benefit recognized in the statements of income for stock-based compensation arrangements for the years ended December 31, 2023 and 2022, 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.

(continued on next page)

A summary of the options granted for 2023 and 2022:

	2023	2022
Options granted	22,000	154,667
Expected volatility	29.88%	31.84%
Expected dividends	0.00%	0.00%
Expected term - years	6.00	6.00
Risk-free interest rate	3.31%	3.20%
Weighted average fair value	$9.69	$11.22

A summary of the status of the Bank's stock option plans as of December 31, 2023 and 2022 and changes during those time periods are presented below:

	2023		2022	
	Shares	**Weighted-Average Exercise Price**	Shares	Weighted-Average Exercise Price
Outstanding options, beginning of year	**402,667**	**$ 24.46**	250,000	$ 20.99
Granted	22,000	30.00	154,667	30.00
Exercised	(17,683)	20.00	(2,000)	20.00
Forfeited	(35,457)	-	-	-
Outstanding options, end of year	**371,527**	**$ 27.33**	402,667	$ 24.46
Options exercisable, end of year	**166,259**	**$ 23.38**	25,261	$ 20.00
Weighted-average:				
Fair value of options granted during the year	**$9.69**		$ 11.22	
Remaining contractual life in years				
Outstanding	**7.6**		8.4	
Excercisable	**7.0**		7.3	

(continued on next page)

The following table summarizes information about stock options outstanding at December 31, 2023:

	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	82,039	5.9	$ 20.00	$ 574,273	64,356	5.9	$ 20.00	$ 450,492
$20.00	28,418	6.0	20.00	198,926	17,051	6.0	20.00	119,357
$22.00	92,070	7.5	22.00	460,350	35,852	7.5	22.00	179,260
$26.85	1,000	9.6	26.98	16	-	-	-	-
$26.99	21,000	9.6	26.98	344	-	-	-	-
$30.00	147,000	8.5	30.00	-	49,000	8.5	30.00	-
Total	371,527	7.6	$ 24.87	$ 1,233,909	166,259	7.0	23.38	$ 749,109

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 $326,408 during the years ended December 31, 2023 and 2022, respectively. The Company has $1.542 million of unrecognized comp expense to be recognized over the next 1.90 years

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, 2023, and 2022.

Four employees terminated their employment with the Bank in 2023 and $26,133 in SARs were paid out. The Bank had SAR expense of $(92,472) in 2023. The Bank's total liability under the SARs plan was $218,929 at December 31, 2023. No units were awarded during the year ended December 31, 2023. At December 31, 2023, there were 26,884 units outstanding.

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.

(continued on next page)

NOTE 12 - 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. Beginning January 1, 2023, plan participants are fully vested immediately. Prior to January 1, 2023, plan participants 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 $551,740 and $527,727 for the years then ended December 31, 2023, and 2022, respectively. All contributions to the Plan for the year ended December 31, 2023, were cash match contributions. All contributions for the year ended December 31, 2022, were contributed to the Employee Stock Ownership Plan discussed below.

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 was $0 and $473,482 for the years ended December 31, 2023 and 2022, respectively.

NOTE 13 - 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.

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.

(continued on next page)

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.

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, 2023	**Level 1 Input**	**Level 2 Input**	**Level 3 Input**	**Total Fair Value**
Securities available for sale	**$ -**	**$ 146,927,192**	**$ -**	**$ 146,927,192**

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

(continued on next page)

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 2023 and 2022, the aggregate fair value of the mortgage loans exceeded their cost. Accordingly, no mortgage loans were marked-down and reported at fair value during 2023 or 2022.

Collateral Dependent Loans

Certain collateral dependent 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 collateral dependent 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 $4,849,000 in collateral dependent loans as of December 31, 2023, that relied on discount from market value (15%). There were no collateral dependent loans as of December 31, 2022.

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 2023 or 2022.

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,

(continued on next page)

- *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.

(continued on next page)

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

	2023		2022	
	Book Value	**Fair Value**	Book Value	Fair Value
Financial Assets				
Cash and due from banks	**$ 16,570,566**	**$ 16,570,566**	$ 25,621,552	$ 25,621,552
Interest bearing deposits in banks	**25,545,466**	**25,545,466**	22,195,995	22,195,995
Certificates of deposit	**744,000**	**656,196**	744,000	782,961
Securities available for sale	**146,927,192**	**146,927,192**	146,346,263	146,346,263
Federal Home Loan Bank stock	**2,280,200**	**2,280,200**	689,900	689,900
Mortgage loans held for sale	**3,037,683**	**3,037,683**	2,119,824	2,119,824
Loans, net	**872,341,093**	**858,403,875**	691,449,473	451,322,649
Accrued interest receivable	**5,604,914**	**5,604,914**	4,271,024	4,271,024
Financial Liabilities				
Deposits	**948,794,324**	**889,253,009**	838,137,760	644,962,812
Other borrowings	**24,598,153**	**21,906,839**	24,543,678	24,543,678
Accrued interest payable	**704,453**	**704,453**	61,222	61,222
Finance lease borrowing	**338,171**	**338,171**	443,112	443,112

NOTE 14 - 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:

	2023	2022
Unfunded commitments under lines of credit	**$ 232,061,000**	$204,600,000
Letters of credit	**5,853,000**	2,443,000
	$ 237,914,000	$207,043,000

(continued on next page)

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 $9,819,175 and $15,422,937 as of December 31, 2023 and 2022, 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 $6,099,406 and $1,036,699 in 2023 and 2022, 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 15 - 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.

(continued on next page)

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, 2023, and 2022, management believes the Bank met all capital adequacy requirements to which it is subject. As of December 31, 2023, 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.

(continued on next page)

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, 2023						
Common Equity Tier 1 Ratio						
Bank of Idaho	$ 135,433,000	13.78%	$ 44,241,930	4.50%	$ 63,905,010	6.50%
Tier 1 Capital to Risk Weighted Assets						
Bank of Idaho	$ 135,433,000	13.78%	$ 58,989,240	6.00%	$ 78,652,320	8.00%
Total Risk Based Capital to Risk Weighted Assets						
Bank of Idaho	$ 147,314,000	14.98%	$ 78,652,320	8.00%	$ 98,315,400	10.00%
Tier 1 Capital to Average Assets						
Bank of Idaho	$ 135,433,000	12.32%	$ 43,987,320	4.00%	$ 54,984,150	5.00%

	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	15.44%	$ 36,440,190	4.50%	$ 52,635,830	6.50%
Tier 1 Capital to Risk Weighted Assets						
Bank of Idaho	$ 124,993,000	15.44%	$ 48,586,920	6.00%	$ 64,782,560	8.00%
Total Risk Based Capital to Risk Weighted Assets						
Bank of Idaho	$ 133,693,000	16.51%	$ 64,782,560	8.00%	$ 80,978,200	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%

(continued on next page)

NOTE 16 – INCOME TAXES

The provision for income taxes charged to income for the years ended December 31, 2023 and 2022, consists of the following:

	2023	2022
Current tax expense		
Federal	**$ 2,849,802**	$ 1,669,141
State	**874,232**	603,911
Deferred tax expense (benefit)		
Federal	**(339,163)**	259,751
State	**(128,386)**	2,005
Income tax expense (benefit)	**$ 3,256,485**	$ 2,534,808

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, 2023 and 2022:

Deferred Income Tax Assets	**2023**	2022
Allowance for loss reserves	**$ 2,205,280**	$ 1,654,280
Allowance for unfunded commitment	**289,900**	172,644
Deferred lease costs	**37,805**	27,873
Deferred incentive payments	**275,236**	292,420
Net unrealized loss on available for sale securities	**3,573,600**	3,612,549
Other	**15,194**	4,469
Total deferred income tax assets	**6,397,015**	5,764,235
Deferred Income Tax Liabilities		
Accumulated depreciation	**(867,427)**	(758,957)
Deferred loan fees	**(621,618)**	(410,794)
Other	**(62,479)**	(49,207)
Total deferred income tax liabilities	**(1,551,524)**	(1,218,958)
Net deferred tax asset	**$ 4,845,491**	$ 4,545,277

(continued on next page)

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

	2023	2022
Federal income tax expense at statutory rates	**$ 2,353,223**	$ 1,801,586
Effect of permanent differences	**285,802**	70,456
Effect of state income taxes, net of federal benefit	**617,460**	662,766
Income tax expense	**$ 3,256,485**	$ 2,534,808

NOTE 17 – 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, 2023 and 2022, follow:

	2023	2022
Net income available to common stockholders	**$ 8,511,652**	$ 6,044,174
Basic EPS:		
Weighted average number of common shares outstanding	**4,429,482**	3,772,527
Earnings per common share	**$ 1.92**	$ 1.60
Diluted EPS:		
Weighted average number of common shares outstanding	**4,429,482**	3,772,527
Common share equivalents - stock options	**23,383**	40,935
Weighted average number of common shares and common share equivalents	**4,452,865**	3,813,462
Earnings per common share	**$ 1.91**	$ 1.58

Options outstanding of 257,180 and 150,667 at a weighted average price of $29.61 and $30.00 at the periods ended December 31, 2023 and 2022, 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.

(continued on next page)

NOTE 18 – 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 $68,549 and $71,557 of interchange income which is within the scope of ASC 606 for the years ended December 31, 2023 and 2022, respectively, Service charges on deposit accounts in the amount of $685,838 and $629,191for the years ended December 31, 2023 and 2022, respectively, and Trust fee income of $1,876,592 and $1,806,949 for the years ended December 31, 2023 and 2022, respectively; the remaining balance of $903,425 and $696,371 represents other miscellaneous income for the years ended December 31, 2023 and 2022, 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 19 – 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 are reported within various expense categories in the consolidated statements of income.

(continued on next page)

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:

	December 31, 2023		
	Cost	Accumulated Amortization	Net
Depositor relationship/core deposit deposit intangible	$ 3,997,000	$ (808,917)	$ 3,188,083

	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 was $571,100 and $237,917 for the years ended December 31, 2023 and 2022, respectively.

(continued on next page)

Estimated future amortization expense related to these intangible assets is as follows:

Years Ending December 31,	Amount
2024	$ 571,000
2025	571,000
2026	571,000
2027	571,000
2028	571,000
Thereafter	333,083
	$ 3,188,083

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 20 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 28, 2024, which is the date the audited consolidated financial statements were available to be issued.

(continued on next page)

SUPPLEMENTARY INFORMATION

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2023

(in thousands)	Bank of Idaho	Bank of Idaho Holding Company	Eliminations	Consolidated
ASSETS				
Cash	$ 16,571	$ 10,130	$ (10,130)	$ 16,571
Interest bearing deposits in banks	25,545	-	-	25,545
Certificates of deposit	744	-	-	744
Securities available for sale, at fair value	146,927	-	-	146,927
Securities held to maturity, at cost	32,925	-	-	32,925
Federal Home Loan Bank stock, at cost	2,280	-	-	2,280
Mortgage loans held for sale	3,038	-	-	3,038
Loans, net	872,341	-	-	872,341
Investment in subsidiary, at cost, plus equity in net income	-	130,043	(130,043)	-
Accrued interest receivable	5,605	-	-	5,605
Premises and equipment, net	11,242	-	-	11,242
Right of use asset operating leases	4,859	-	-	4,859
Right of use asset financing leases	310	-	-	310
Goodwill	3,802	-	-	3,802
Core deposit intangible	3,188	-	-	3,188
Other assets	8,139	322	(322)	8,139
	$ 1,137,516	$ 140,495	$ (140,495)	$ 1,137,516

BANK OF IDAHO HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET CONTINUED
DECEMBER 31, 2023

	Bank of Idaho	Bank of Idaho Holding Company	Eliminations	Consolidated
LIABILITIES AND STOCKHOLDERS' EQUITY				
DEPOSITS				
Noninterest-bearing, demand	$ 323,115	$ -	$ (9,555)	$ 313,560
Interest-bearing				
NOW demand	159,373	-	-	159,373
Savings	95,477	-	-	95,477
Money market	217,820	-	(575)	217,245
Time certificates of deposit	163,140	-	-	163,140
Total deposits	958,925	-	(10,130)	948,795
Accrued interest payable	704	-	-	704
Accounts payable and accrued liabilities	4,691	200	(322)	4,569
Operating lease liabilities	4,996	-	-	4,996
Stock appreciation rights	219	-	-	219
Federal funds purchased	37,600	-	-	37,600
FHLB advances and other borrowings	-	24,598	-	24,598
Finance lease borrowings	338	-	-	338
Total liabilities	1,007,473	24,798	(10,452)	1,021,819
STOCKHOLDERS' EQUITY				
Common stock	95,314	81,324	(95,314)	81,324
Retained earnings	47,110	46,754	(47,110)	46,754
Accumulated other comprehensive loss	(12,381)	(12,381)	12,381	(12,381)
Total stockholders' equity	130,043	115,697	(130,043)	115,697
	$ 1,137,516	$ 140,495	$ (140,495)	$ 1,137,516

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
Federal funds sold	-	-	-	-
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 real estate owned	-	-	-	-
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 STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2023

(in thousands)	Bank of Idaho	Bank of Idaho Holding Company	Eliminations	Consolidated
INTEREST AND DIVIDEND INCOME				
Loans, including fees	$ 52,398	$ -	$ -	$ 52,398
Debt securities	5,609	-	-	5,609
Interest on interest bearing deposits and CDs	988	10	(10)	988
Total interest and dividend income	58,995	10	(10)	58,995
INTEREST EXPENSE				
NOW demand and savings	950	-	-	950
Money market	5,096	-	(10)	5,086
Time certificates of deposit	3,550	-	-	3,550
Federal Home Loan Bank advances and other borrowings	336	1,136	-	1,472
Total interest expense	9,932	1,136	(10)	11,058
NET INTEREST INCOME	49,063	(1,126)	-	47,937
Provision for credit losses	3,726	-	-	3,726
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	45,337	(1,126)	-	44,211
NONINTEREST INCOME				
Service charges on deposit accounts	686	-	-	686
Gain on sale of mortgage loans held for sale	669	-	-	669
Merchant card income	69	-	-	69
Trust fee income	1,877	-	-	1,877
Equity in net income of subsidiary	-	9,457	(9,457)	-
Loss on sale of securities	118	-	-	118
Gain on sale of loans	247	-	-	247
Gain on sale of other real estate owned	-	-	-	-
Other	903	-	-	903
Total noninterest income	4,569	9,457	(9,457)	4,569
NONINTEREST EXPENSE				
Salaries, wages and benefits	22,437	118	-	22,555
Net occupancy expense	3,481	-	-	3,481
Advertising and business development	1,726	-	-	1,726
Accounting and consulting	855	-	-	855
Data processing	4,063	-	-	4,063
Legal	156	1	-	157
Telephone, postage and courier	370	-	-	370
Other real estate owned expenses	-	-	-	-
Office supplies	138	-	-	138
FDIC insurance	412	-	-	412
General and administrative	3,231	24	-	3,255
Total noninterest expense	36,869	143	-	37,012
INCOME BEFORE INCOME TAXES	13,037	8,188	(9,457)	11,768
Income tax expense (benefit)	3,580	(324)	-	3,256
NET INCOME	$ 9,457	$ 8,512	$ (9,457)	$ 8,512

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 COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2023

(in thousands)	Bank of Idaho	Bank of Idaho Holding Company	Eliminations	Consolidated
Net Income	$ 9,457	$ 8,512	$ (9,457)	$ 8,512
Unrealized gains (losses) on securities				
Unrealized holding gains arising during period, net of tax	1,752	-	-	1,752
Holding loss on transfer of AFS to HTM	(1,545)	-	-	(1,545)
Less: reclassification adjustment for gains included in net income, net of tax	(77)	-	-	(77)
Other Comprehensive Income	130	-	-	130
Comprehensive Income	$ 9,587	$ 8,512	$ (9,457)	$ 8,642

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 CHANGES IN STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2023

(in thousands)	Bank of Idaho	Bank of Idaho Holding Company	Eliminations	Consolidated
COMPONENTS OF STOCKHOLDERS' EQUITY:				
Common Stock, Beginning	$ 94,361	$ 80,480	$ (94,361)	$ 80,480
Issuance of common stock	-	43	-	43
Equity compensation expense	955	955	(955)	955
Shares repurchased	-	(152)	-	(152)
Common Stock, Ending	95,316	81,326	(95,316)	81,326
Retained Earnings, Beginning	38,165	38,754	(38,165)	38,754
Effect of adopting ASU 2016-03	(513)	-	-	(513)
Net income	9,457	8,512	(9,457)	8,512
Cash distributions paid on common stock	-	-	-	-
Cash dividends	-	-	-	-
Retained Earnings, Ending	47,109	47,266	(47,622)	46,753
Accumulated Other Comprehensive Income (Loss), Beginning	(12,512)	(12,512)	12,512	(12,512)
Net changes in unrealized gain (loss) on securities available for sale, net of tax	130	130	(130)	130
Accumulated Other Comprehensive Income (Loss), Ending	(12,382)	(12,382)	12,382	(12,382)
Total equity	$ 130,043	$ 116,210	$ (130,556)	$ 115,697

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

BOARD OF DIRECTORS

Jeff Newgard
Chairman & President
Bank of Idaho Holding Co.

Park Price
Chairman Emeritus and Lead Director
Audit Committee Chair

Steven E. Carr
Executive Loan Committee Chair

Denise L. Stephens
Personnel Committee Chair

Doug Oppenheimer
Trust Committee Chair

Chris Reinke
Governance Committee Chair

Dana Kirkham
Risk Committee Chair

David Volk

Kevin Ahern

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
509.382.9380

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
208.715.9445

Idaho Falls - Channing
1800 Channing Way
Idaho Falls, ID 83404
208.715.9447

Idaho Falls - Mortgage
1800 Channing Way #8028
Idaho Falls, ID 83404
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
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
520 North 2300 East
St. Anthony, ID 83445
208.624.4900

Sunnyside
2690 Yakima Valley Highway
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