

May 6, 2019

Dear Shareholder,

The first quarter of 2019 may prove to be the most consequential since we were founded in 1985. Here are the major projects that were rolled out or completed during the first quarter:

- Effective January 1, 2019, Bank of Idaho Holding Company returned to C-corporation status from a Subchapter S organization.
- Began a campaign to raise additional capital to support our expansion in other markets. This campaign is expected to be completed before the end of the second quarter. The stock price for the capital raise has not been finalized.
- Began the process of hiring a Stock Transfer Agent which is the first step in trading shares over-the-counter (OTC).
- Opened a new branch in Boise. Grand opening will be May 13, 2019 at our offices in the One Capital Center.
- Updated our core data processing to a more robust system that improves operational efficiency.
- Launched a new website.
- Launched a new mobile business banking solution.
- Moved administration and trust department to new offices to the Broadway complex in front of the Capital Branch.

It is hard to explain how challenging the preparation and coordination of these projects were for the Bank of Idaho leadership team. They worked many hours to ensure seamless transition for our customers and little disruption for our staff. They earned our respect and gratitude for their tremendous work.

As a result, these important projects did not distract us from our core business. Growth in commercial operating lines and commercial real estate loans resulted in an increase of 3.2% in total loans for the quarter and 9.2% over the past twelve months. Deposits were flat for the first quarter but up 6.1% over the same period last year.

Pre-tax net income for the first quarter was \$657 thousand compared to \$738 thousand for the first quarter of 2018 and \$971 thousand in the fourth quarter of 2018. First quarter *pre-tax earnings* were down from the previous quarter principally due to higher expenses associated with the new Boise office. However, *after-tax earnings* benefitted from a one-time, \$1.2 million tax credit arising from the change from an S-corporation to a C-corporation. This credit resulted in net income for the first quarter of \$1.7 million or \$0.92 per share (fully diluted) compared to the prior quarter of \$0.54 and \$0.41 for the first quarter of 2018.

Asset quality as measured by the level of nonaccrual loans/loans improved slightly in the first quarter. While over 97% of our loans are performing well, 2.33% of our loans are classified as nonaccrual. These are loans which the Bank has doubts about the collectability of the total principal and interest owed. Over 90% of the Bank's nonaccrual loans are agriculture loans. Things are looking a bit better on this front however, as the percentage of nonaccrual loans declined from 2.99% at year-end 2018. As we've noted previously, the ag economy has been adversely impacted by several years of low prices. Commodity and cattle prices have stabilized but at low levels.

Our mortgage origination business continues to be a challenge. It is not the lack of qualified buyers, but the lack of inventory in our market areas which has put a damper on home sales. The recent decline in mortgage rates and the coming spring and summer seasons will help near-term production. Additionally, the mortgage department has taken steps to lower their breakeven point and has added two originators to improve profitability.

We continue to be optimistic about 2019. Our reception in Boise has exceeded expectations and we believe that market has the potential to add a great deal to our existing business. We're pleased to announce that Doug Oppenheimer from Boise will join the Bank of Idaho Board of Directors in May. Doug is President of Oppenheimer Companies, Inc., is involved at a high level in many civic and charitable organizations and will be a valuable addition to our Board.

As we continue to execute on the bank's strategic plan, we want to thank you for your continued support.

Park Price, Chairman
Bank of Idaho Holding Company

Jeff Newgard, President & CEO
Bank of Idaho

"All qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, disability or veteran status."

BANK OF IDAHO

Branches

399 North Capital • Idaho Falls, ID 83402
(208) 524-5500

1800 Channing Way • Idaho Falls, ID 83404
(208) 524-5500

1230 Yellowstone Avenue • Pocatello, ID 83201
(208) 232-1700

2300 Via Caporatti • Pocatello, ID 83204
(208) 232-1700

600 Main Street • Ashton, ID 83420
(208) 652-3599

3976 US Highway 20 • Island Park, ID 83429
(208) 558-0226

135 North Bridge Street • St. Anthony, ID 83445
(208) 624-4900

999 W. Main, Suite 101 • Boise, ID 83702
(208) 985-4462

Administration Offices

350 Memorial, Suite 200 • Idaho Falls, ID 83402
(208) 524-5500

Mortgage Loan Offices

1800 Channing Way • Idaho Falls, ID 83404
(208) 524-5580

1655 Elk Creek Drive, Suite 200, Idaho Falls, ID 83404
(208) 528-9999

1230 Yellowstone, 2nd Floor • Pocatello, ID 83201
(208) 232-5242

804 E. Center, Pocatello, ID 83201
(208) 239-7748

1411 Falls Ave Suite 115, Twin Falls, Idaho 83330
(208)-733-8800

Trust Department

350 Memorial, Suite 200 • Idaho Falls, ID 83402
(208) 524-5545 Toll-Free 888-262-1367

This statement has not been reviewed or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation, nor has it been reviewed or confirmed for accuracy by the Federal Reserve System.

I do hereby attest that this disclosure statement has been prepared in conformance with the instructions issued by appropriate Federal Regulatory Authority and is true and correct to the best of my knowledge and belief.

Jeff Manser *Chief Financial Officer

Quarterly Report

March 31, 2019



BANKof**IDAHO**
HOLDING COMPANY

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www.bankofidaho.com



**BANK OF IDAHO HOLDING COMPANY
FIRST QUARTER 2019**

**CONSOLIDATED BALANCE SHEETS
(Unaudited)**

	Mar 31, 2019	Dec 31, 2018	Mar 31, 2018
ASSETS			
Cash and cash equivalents	\$8,922,723	\$7,322,475	\$5,074,215
Interest bearing deposits	15,724,225	17,586,340	12,320,670
Certificates of deposit	288,600	288,600	288,600
Investments	78,345,510	89,000,613	85,567,320
Mortgage loans held for sale	6,157,297	3,780,015	5,941,546
Loans	215,919,085	209,308,363	197,770,107
Allowance for loan losses	(4,116,485)	(4,082,720)	(3,408,864)
Loans after allowance	211,802,600	205,225,643	194,361,243
Premises and equipment	5,832,874	5,610,114	5,614,288
Other real estate owned	3,124,413	3,139,605	485,832
Accrued interest and other assets	2,942,785	1,992,630	1,893,739
TOTAL ASSETS	\$333,141,027	\$333,946,035	\$311,547,453
LIABILITIES			
Noninterest-bearing demand	\$110,468,698	\$112,891,006	\$96,632,410
Interest-bearing demand	171,600,383	169,011,852	165,540,324
Time certificates of deposits	14,086,001	15,095,991	16,854,469
Total deposits	296,155,082	296,998,849	279,027,203
Borrowings	-	-	-
Other liabilities	2,316,475	3,156,095	2,045,811
Total Liabilities	298,471,557	300,154,944	281,073,014
STOCKHOLDERS' EQUITY	34,669,470	33,791,091	30,474,439
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$333,141,027	\$333,946,035	\$311,547,453

**BANK OF IDAHO HOLDING COMPANY
FIRST QUARTER 2019**

**CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)**

	QUARTERLY			YEAR-TO-DATE	
	Mar 31, 2019	Dec 31, 2018	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
Net Interest Income					
Interest income	\$4,089,299	\$3,928,621	\$3,505,724	\$4,089,299	\$3,505,724
Interest expense	59,855	60,604	58,562	59,855	58,562
Net interest income	4,029,444	3,868,017	3,447,162	4,029,444	3,447,162
Provision for loan losses	60,000	325,000	50,000	60,000	50,000
Net interest income after provision	3,969,444	3,543,017	3,397,162	3,969,444	3,397,162
Noninterest Income					
Service charges on deposit accounts	143,603	156,243	134,954	143,603	134,954
Gain on sale of mortgage loans	387,354	521,541	473,357	387,354	473,357
Trust fees	317,887	310,508	321,500	317,887	321,500
Other noninterest income	84,490	8,082	18,644	84,490	18,644
Total noninterest income	933,334	996,374	948,455	933,334	948,455
Noninterest Expense					
Salaries, wages & benefits	2,643,923	2,274,251	2,383,061	2,643,923	2,383,061
Net occupancy	462,980	416,741	411,301	462,980	411,301
General and administrative	1,138,916	876,982	812,868	1,138,916	812,868
Total noninterest expense	4,245,819	3,567,974	3,607,230	4,245,819	3,607,230
Income before Income Taxes	656,959	971,417	738,387	656,959	738,387
Income tax expense (benefit)	(996,258)	-	20	(996,258)	20
Net Income	\$1,653,217	\$971,417	\$738,367	\$1,653,217	\$738,367
Basic earnings per share	\$0.93	\$0.55	\$0.42	\$0.93	\$0.42
Diluted earnings per share	\$0.92	\$0.54	\$0.41	\$0.92	\$0.41
PERFORMANCE RATIOS					
Return on average assets	2.00%	1.17%	0.94%	2.00%	0.94%
Return on average equity	19.45%	12.05%	9.27%	19.45%	9.27%
LEVERAGE (Bank of Idaho)					
Tangible common equity	10.38%	10.10%	9.76%		
Total capital ratio	14.65%	15.21%	14.88%		
ASSET QUALITY					
Nonaccrual loans/loans	2.33%	2.99%	2.42%		
Allowance for loan losses/loans	1.91%	1.95%	1.94%		