

July 25, 2019

Dear Shareholder,

The momentum we saw during the first quarter continued in the second. Total loans grew 5.6% for the quarter and were 8.2% above this time last year. Sixty percent of the quarterly growth occurred in eastern Idaho and the balance came from the Treasure Valley. Deposits increased 9.0% and 9.1%, with 80% of the quarterly growth coming from eastern Idaho and 20% from the Treasure Valley.

Growth is exciting, of course, but there is a cost. We entered the Boise market with the commitment to provide the same excellent customer service that is our hallmark at home. Rapid growth in Boise meant accelerated hiring, additional equipment and additional facility costs to accommodate the larger than anticipated staff. Total non-interest expense was \$643 thousand higher than the first quarter. While net interest income and noninterest income were higher as well, expenses must lead revenue to ensure we serve our customers effectively. As a result, *pre-tax income* for the quarter was \$225 thousand compared to the previous quarter of \$657 thousand and the second quarter of 2018 of \$954 thousand. Year-to-date *after-tax income* was \$1.01 per share on a diluted basis compared to \$0.95 per share for the same period last year. Note that in 2018 the Bank was a Subchapter-S organization and reported no taxes on our books. In 2019, the Company became a C-Corporation and part of that change involved a one-time, \$1.2 million tax credit, which was recorded in the first quarter.

We expected this result when we built the budget for 2019 based on our expansion to Boise. Our net interest income and noninterest expenses came in within a few percent of budget. We missed our budgets for income from the mortgage and trust departments by 15%. This business is growing, but more slowly than expected. We have high hopes to make up the shortfall in the second half of the year. At June 30, 2019, all the Bank's leverage ratios were within internal policy and regulatory guidelines. The Bank's liquidity remains strong with ample deposits to fund growth.

As mentioned in our letter to you last quarter, the expansion to Boise would require additional capital. There were two stockholder meetings held during the second quarter to approve amendments to the Articles of Incorporation in connection with this capital campaign. Following approval of these amendments, the Bank successfully completed the \$15 million capital raise on July 17, 2019. (See the attached letter sent to all shareholders with the details of this transaction.)

Asset quality as measured by the level of nonaccrual loans (those which we have some doubt about repayment in full) to total loans dropped to 2.11% from last quarter's level of 2.33%. (We prefer to look at this ratio differently: at least 97.89% of our borrowers will repay their loans in full!) As mentioned last quarter, 90% of the Bank's nonaccrual loans are agriculture loans and low commodity prices continue to hinder improvement in the ag sector. We continue to work with our borrowers suffering with these low but stable prices.

Apart from Ag, economic conditions in our market area remain very healthy. Unemployment rates in all our market areas are hovering around 2%. This level of unemployment is certainly favorable for the work force but presents challenges to employers. Interest rates, which increased during 2018, have dropped measurably the first six months of this year. Our mortgage origination business typically benefits from lower interest rates as the refinance side of the business increases. These low rates have accelerated the mortgage refinancing activity. Single family residential permits have more than doubled in Idaho Falls during the first half of 2019, promising some relief to the tight supply of homes for sale in our area.

A special thanks to our staff for their work in both generating and managing all the new business this quarter. Also, thank you to our shareholders for their continued support, particularly with respect to the approvals required in connection with the capital raise.

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."

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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

June 30, 2019



BANKof IDAHO
HOLDING COMPANY

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

CONSOLIDATED BALANCE SHEETS
(Unaudited)

	Jun 30, 2019	Mar 31, 2019	Jun 30, 2018
ASSETS			
Cash and cash equivalents	\$6,724,854	\$8,922,723	\$7,837,955
Interest bearing deposits	24,173,503	15,724,225	15,961,787
Certificates of deposit	288,600	288,600	288,600
Investments	83,024,183	78,345,510	83,977,431
Mortgage loans held for sale	10,380,683	6,157,297	6,574,363
Loans	228,074,942	215,919,085	210,869,152
Allowance for loan losses	(3,876,558)	(4,116,485)	(3,567,850)
Loans after allowance	224,198,384	211,802,600	207,301,302
Premises and equipment	6,031,500	5,832,874	5,511,969
Other real estate owned	3,086,021	3,124,413	136,689
Accrued interest and other assets	2,681,296	2,942,785	1,829,829
TOTAL ASSETS	\$360,589,024	\$333,141,027	\$329,419,925
LIABILITIES			
Noninterest-bearing demand	\$128,494,009	\$110,468,698	\$108,838,535
Interest-bearing demand	180,301,081	171,600,383	171,212,963
Time certificates of deposits	13,939,313	14,086,001	15,852,298
Total deposits	322,734,403	296,155,082	295,903,796
Borrowings	-	-	-
Other liabilities	2,218,892	2,316,475	2,143,575
Total Liabilities	324,953,295	298,471,557	298,047,371
STOCKHOLDERS' EQUITY	35,635,729	34,669,470	31,372,554
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$360,589,024	\$333,141,027	\$329,419,925

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

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	QUARTERLY			YEAR-TO-DATE	
	Jun 30, 2019	Mar 31, 2019	Jun 30, 2018	Jun 30, 2019	Jun 30, 2018
Net Interest Income					
Interest income	\$4,128,552	\$4,089,299	\$3,696,581	\$8,217,851	\$7,202,303
Interest expense	64,927	59,855	58,360	124,782	116,922
Net interest income	4,063,625	4,029,444	3,638,221	8,093,069	7,085,381
Provision for loan losses	120,000	60,000	160,000	180,000	210,000
Net interest income after provision	3,943,625	3,969,444	3,478,221	7,913,069	6,875,381
Noninterest Income					
Service charges on deposit accounts	138,797	143,603	145,042	282,400	279,996
Gain on sale of mortgage loans	657,480	387,354	611,553	1,044,834	1,084,910
Trust fees	344,826	317,887	368,295	662,713	689,795
Other noninterest income	29,321	84,490	26,264	113,811	46,525
Total noninterest income	1,170,424	933,334	1,151,154	2,103,758	2,101,226
Noninterest Expense					
Salaries, wages & benefits	2,959,326	2,643,923	2,374,848	5,603,249	4,757,909
Net occupancy	511,825	462,980	402,589	974,805	813,890
General and administrative	1,417,816	1,138,916	898,380	2,556,732	1,712,863
Total noninterest expense	4,888,967	4,245,819	3,675,817	9,134,786	7,284,662
Income before Income Taxes	225,082	656,959	953,558	882,041	1,691,945
Income tax expense (benefit)	70,992	(996,258)	-	(925,266)	20
Net Income	\$154,090	\$1,653,217	\$953,558	\$1,807,307	\$1,691,925
Basic earnings per share	\$0.09	\$0.93	\$0.54	\$1.02	\$0.95
Diluted earnings per share	\$0.09	\$0.92	\$0.53	\$1.01	\$0.95
PERFORMANCE RATIOS					
Return on average assets	0.18%	2.00%	1.20%	1.07%	1.07%
Return on average equity	1.78%	19.45%	12.47%	10.52%	10.84%
LEVERAGE (Bank of Idaho)					
Tangible common equity	9.82%	10.38%	9.50%		
Total capital ratio	13.95%	14.65%	14.40%		
ASSET QUALITY					
Nonaccrual loans/loans	2.11%	2.33%	2.45%		
Allowance for loan losses/loans	1.70%	1.91%	1.94%		