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CONTACT:

Jeff Newgard
President and CEO – Bank of Idaho
208.528.3035, j.newgard@bankofidaho.net

Bank of Idaho Holding Company Reports Third Quarter 2022 Financial Results

IDAHO FALLS, ID – October 2X, 2022– Bank of Idaho Holding Company (the “Company”) (OTCQX: BOID), the holding company for Bank of Idaho (the “Bank”), today announced its unaudited financial results for the third quarter ended September 30, 2022. The Company reported consolidated net income of \$678,000, or \$0.15 per diluted share, for the third quarter of 2022. This compares to \$1,106,000, or \$0.30 per diluted share, for the second quarter of 2022, and \$1,254,000, or \$0.49 per diluted share, for the third quarter of 2021.

Jeff Newgard, President and CEO of the Bank, commented, “The Bank had an eventful quarter with the July 29th closing of its acquisition of five HomeStreet Bank branches in Spokane, Yakima, Dayton, Kennewick, and Sunnyside, Washington. The acquisition and conversion went very well, and we are delighted to welcome these customers and colleagues to the Bank of Idaho. This addition fits so well with our ability to meet customer and community needs. While the acquisition resulted in elevated expense for the quarter, the addition of these locations has increased the Bank’s growth opportunities and long-term earnings power.”

Quarterly Summary

- Loans held for investment, excluding SBA Paycheck Protection Program (“PPP”) loans, grew \$100.6 million (18.7%) in Q3 2022, and increased \$239.0 million (59.9%) from Q3 2021.
 - September 30, 2022 balances from the July 2022 branch acquisition totaled \$33.0 million, net of mark-to-market adjustments, and are included in these growth totals.
- Total deposits increased \$173.6 million (25.5%) in Q3 2022 and were up \$227.9 million (36.4%) from Q3 2021.
 - September 30, 2022 balances from the branch acquisition totaled \$182.5 million and are included in these growth totals.
- Pre-tax, pre-provision net income of \$1.29 million in Q3 2022, compared to \$1.52 million in Q2 2022 and \$1.89 million in Q3 2021.
- Tangible book value per share decreased to \$21.46, or 11.7%, from \$24.31 as of Q2 2022, and was down 9.4% from \$23.69 as of Q3 2021.

Operating Results

Net income for the third quarter of 2022 was \$678,000, or \$0.15 per diluted share, compared to net income of \$1,106,000, or \$0.30 per diluted share, for Q2 2022, and \$1,254,000, or \$0.49 per diluted share, for the same quarter last year. The decrease over the prior quarter was primarily the result of approximately \$964,000 of one-time acquisition-related expense and \$95,000 of amortization expense related to the core deposit intangible asset recorded in the acquisition. The second quarter of 2022 included approximately \$227,000 of acquisition-related expense. The decrease from the same quarter last year was also primarily the result of acquisition expense.

Net interest income for Q3 2022 was \$9.8 million, an increase of \$2.1 million (27.4%), over the prior quarter. The increase was due to higher earning asset balances and an increase in net interest margin. Relative to Q3 2021, net interest income

increased \$3.6 million (57.9%). The year-over-year increase in net interest income was due to an increase in net interest margin attributable to the higher interest rate environment and an increase in average interest-earning assets. The second quarter of 2022 included \$19,000 of PPP fee and interest income, compared to \$155,000 in Q2 2022 and \$627,000 in Q3 2021.

Net interest margin (consolidated) for the third quarter of 2022 increased 34bps to 4.25% from 3.91% in the second quarter of 2022, primarily due to higher yields on interest-earning assets and stable funding costs. The yield on interest-earning assets increased to 4.43% in the third quarter 2022 from 4.10% in the second quarter of 2022 and the cost of interest-bearing funding was 0.34% in both the third quarter and second quarter of 2022. Relative to the third quarter of 2021, the consolidated net interest margin increased from approximately 3.72%, primarily due to increased asset yields attributable to the rising interest rate environment and higher average loan and securities balances.

Noninterest income including net gains and losses for Q3 2022 was \$971,000, a decrease of \$380,000 (28.1%) from \$1.35 million in Q2 2022. This was primarily due to a \$311,000 decrease in mortgage banking income driven by lower volume and a \$107,000 loss on the abandonment of leasehold improvements at a closed branch. Relative to the third quarter of 2021, noninterest income declined \$1.25 million (56.3%), primarily due to lower mortgage banking income as higher interest rates drove declines in both refinance and purchase volume.

Noninterest expense of \$9.47 million in Q3 2022 was a \$1.95 million (26.0%) increase from \$7.52 million in Q2 2022 and a \$2.94 million (45.1%) increase from \$6.53 million in Q3 2021. A portion of the increase over the prior quarter was due to \$964,000 of acquisition expenses and \$95,000 of core deposit intangible amortization expense, compared to approximately \$227,000 of acquisition expense and no intangible amortization expense in Q2 2022. The remainder of the increase over Q2 2022 was due to increased personnel and occupancy expense related to the Bank's new branches in Pasco, Washington and Boise, Idaho, as well as the effect of two months' expense related to the five acquired branches. The year-over-year increase in quarterly noninterest expense reflects the acquisition expenses previously discussed, as well as increased occupancy, IT, and personnel expense from the Bank's branch platform growth. The Bank had sixteen branches and 206 full-time equivalent employees ("FTEs") at September 30, 2022, compared to ten branches and 153 FTEs at September 30, 2021. The Company's efficiency ratio, including acquisition expenses, was 88.0% for Q3 2022, compared to 83.2% in Q2 2022 and 77.5% in Q3 2021.

Total assets were \$990.5 million at September 30, 2022, an increase of \$168.7 million (20.5%) from \$821.8 million at June 30, 2022. During the third quarter 2022 investment securities increased \$34.9 million (20.7%), despite an \$8.0 million decrease in the available-for-sale mark-to-market, and total loans held for investment increased \$100.2 million (18.6%). Interest-bearing deposits in banks grew \$16.6 million (19.8%) during the quarter to \$100.1 million and intangible assets of \$7.7 million were recognized from the Washington branch acquisition. The quarterly growth in assets can be attributed to the acquisition and subsequent deployment of acquired cash into loans and investments. Total assets increased \$272.6 million (38.0%) over the same quarter last year, primarily as a result of increases in investments and core loans, partially offset by decreases in PPP loans and interest-bearing deposits in banks.

Loans held for investment were \$638.2 million as of September 30, 2022, an increase of \$100.2 million (18.6%) from \$538.0 million as of June 30, 2022, and an increase of \$217.0 million (51.5%) from \$421.1 million as of September 30, 2021. The increase in total loans held for investment from June 30, 2022 was attributable to loan growth distributed amongst all loan portfolios, with the largest increase in the Bank's commercial real estate portfolio. \$33.0 million of the Q3 2022 growth is attributed to the acquired eastern Washington loan portfolio, net of mark-to-market adjustments. The increase in total loans held for investment from September 30, 2021 was also attributable to loan growth distributed amongst all loan segments and driven by the Bank's expansion into the Boise, Idaho metropolitan area and increased non-PPP SBA lending. PPP loans ended Q3 2022 at \$58,000, compared to \$467,000 and \$22.0 million as of June 30, 2022 and September 2021, respectively.

Deposits were \$853.4 million as of September 30, 2022, up \$173.6 million (25.5%) for the third quarter of 2022. \$182.5 million of the September 30, 2022 total deposits are from the five acquired Washington branches. Relative to the third quarter of 2021, total deposits increased \$227.9 million (36.4%) from \$625.5 million as of September 30, 2021, driven by deposits added through the Washington acquisition and organic deposit growth. Noninterest bearing deposits

represented 44% of total deposits as of September 30, 2022, compared to 41% at June 30, 2022 and 43% at September 30, 2021.

Borrowings of \$24.9 million as of September 30, 2022 primarily consisted of \$24.5 million of Company subordinated debentures and were consistent with the June 30, 2022 and September 30, 2021 balances of \$24.9 million and \$25.0 million, respectively. Operating lease liabilities increased \$2.2 million (56.4%) in Q3 2022 to \$6.1 million following the Washington branch acquisition and are up \$3.1 million (100.6%) when compared to September 30, 2021.

Asset quality measures were stable to improving in Q3 2022. Nonaccrual loans totaled \$1.6 million, or 0.24% of loans, as of September 30, 2022, compared to \$1.3 million (0.24% of loans) at June 30, 2022 and \$3.0 million (0.71% of loans) at September 30, 2021. None of the loans acquired in the Washington branch acquisition were deemed impaired. The Company had no other real estate owned for Q3 2022, Q2 2022, or Q3 2021.

The allowance for loan and lease losses (“ALLL”) totaled \$7.7 million, or 1.20% of loans held for investment, as of September 30, 2022. As of September 30, 2022 the Company also had approximately \$1.2 million of purchase discounts on loans acquired in the Washington acquisition. When combined, the purchase discounts and ALLL represent 1.39% of loans held for investment. The Company recorded no provision for loan loss expense in the third quarter of 2022 or the second quarter of 2022, and \$150,000 in the third quarter of 2021.

Capital ratios of the Company and Bank continue to exceed the “well-capitalized” capital levels set by their respective regulators. At September 30, 2022 the Bank’s Tier 1 leverage ratio was 12.79% and the total risk -based capital ratio was 17.58%. During the third quarter 2022, the Company down streamed \$50.0 million of capital to the Bank to support the Washington acquisition. At September 30, 2022 the Company had tangible common equity (total stockholders’ equity less intangible assets) of \$94.9 million and tangible book value per share of \$21.46. Tangible common equity declined \$12.6 million in Q3 2022 due to a \$5.8 million decrease in accumulated other comprehensive income (“AOCI”) driven by declines in investment values and the recognition of \$7.7 million of intangible assets in the Washington acquisition. Compared to the same quarter prior year, tangible common equity increased \$33.9 million (55%), due to a \$52.6 million increase in paid-in capital and \$4.2 million increase in retained earnings, partially offset by a \$15.2 million decrease in AOCI. The Company’s tangible common equity to tangible assets ratio was 9.66% as of September 30, 2022. The Company and the Bank paid no dividends during Q3 2022.

About Bank of Idaho Holding Company

Bank of Idaho Holding Company is a bank holding company headquartered in Idaho Falls, Idaho. The Company’s subsidiary, Bank of Idaho, is an independent commercial bank providing a range of business, personal, and mortgage banking products and services, as well as trust and wealth management services, to customers in Idaho and eastern Washington. The Company’s common stock is traded on the OTCQX exchange under the symbol “BOID.”

Non-GAAP Financial Measures

Some of the financial measures included in this press release are not measures of financial performance recognized in accordance with generally accepted accounting principles in the United States (“GAAP”). These non-GAAP financial measures include “efficiency ratio,” “tangible common equity,” “tangible common equity to tangible assets,” “tangible book value per share,” and “pre-tax pre-provision net income.” Efficiency ratio is computed by dividing total noninterest expense, including intangible expense, by the sum of net interest income and noninterest income, including gains and losses. Tangible common equity is computed by subtracting goodwill and core deposit intangibles from total stockholders’ equity. Tangible common equity to tangible assets is computed by dividing total assets, less goodwill and core deposit intangibles, by tangible common equity. Tangible book value per share is computed by dividing tangible common equity by common shares outstanding. Pre-tax pre-provision net income is computed by adding provision for loan loss expense and income tax expense to net income. The Company believes these non-GAAP financial measures provide both management and investors a more complete understanding of the Company’s financial position and performance. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. Not all companies use the same calculation of these measures; therefore, this presentation may not be comparable to other similarly titled measures as presented by other companies.

Forward-Looking Statements

This press release contains, among other things, certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements preceded by, followed by, or that include the words “may,” “could,” “should,” “would,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “projects,” “outlook” or similar expressions. These statements are based upon the current belief and expectations of the Company’s management team and are subject to significant risks and uncertainties that are subject to change based on various factors (many of which are beyond the Company’s control). Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, the Company can give no assurance that the results contemplated in the forward-looking statements will be realized. The inclusion of this forward-looking information should not be construed as a representation by the Company or any other person that the future events, plans, or expectations contemplated by the Company will be achieved.

All subsequent written and oral forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above. The Company does not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made, except as required by law.

BANK OF IDAHO HOLDING COMPANY
CONSOLIDATED BALANCE SHEET (unaudited)

(\$000's)	9/30/2022	6/30/2022	9/30/2021
ASSETS			
Cash and due from banks	\$ 15,631	\$ 14,716	\$ 11,168
Interest bearing deposits with Federal Reserve and other banks	100,093	83,541	129,407
Federal funds sold and securities purchased under agreements to resell	-	-	-
Cash and cash equivalents	115,724	98,257	140,575
Time deposits at other banks	744	783	1,033
Held-to-maturity securities, at cost	30,307	30,613	-
Available-for-sale securities, at fair value	172,791	137,604	134,986
Equity securities, at fair value	38	38	42
Federal Home Loan Bank stock	885	885	690
Mortgage loans held for sale, at fair value	3,546	3,957	12,570
Loans held for investment	638,179	537,984	421,147
Allowance for loan losses	(7,668)	(7,507)	(7,187)
Loans, net of allowance	630,511	530,477	413,960
Accrued interest and dividends receivable	3,872	2,776	2,302
Premises and equipment, net	16,678	10,287	9,393
Other real estate owned	-	-	-
Intangible assets	7,704	-	-
Deferred tax asset, net	6,427	4,671	1,252
Other assets	1,243	1,434	1,083
TOTAL ASSETS	\$ 990,470	\$ 821,782	\$ 717,886
LIABILITIES			
Noninterest bearing deposits	\$ 371,555	\$ 278,805	\$ 269,291
Interest bearing deposits	481,836	401,036	356,199
Total deposits	853,391	679,841	625,490
Federal funds purchased and securities sold under agreements to repurchase	-	-	-
Accrued expenses and other liabilities	3,400	5,544	3,292
Operating lease liabilities	6,121	3,914	3,051
Finance lease borrowings	407	420	455
FHLB advances and other borrowings	-	-	-
Subordinated notes & debentures	24,530	24,516	24,533
Total Liabilities	887,849	714,235	656,821
SHAREHOLDERS' EQUITY			
Common stock and additional paid-in capital; no par; authorized - 6,000,000 shares; issued and outstanding - 4,423,436, 4,423,436, and 2,577,373 shares	80,224	80,000	27,654
Retained earnings	36,160	35,481	32,009
Accumulated other comprehensive income (loss)	(13,763)	(7,934)	1,402
Total Shareholders' Equity	102,621	107,547	61,065
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 990,470	\$ 821,782	\$ 717,886
Book Value per Share	\$ 23.20	\$ 24.31	\$ 23.69
Tangible Book Value per Share	\$ 21.46	\$ 24.31	\$ 23.69
Nonaccrual loans / loans held for investment	0.24%	0.24%	0.71%
Allowance for loan losses / loans held for investment	1.20%	1.40%	1.71%
Tier 1 Leverage ratio - Bank of Idaho	12.79%	9.67%	9.93%
Tier 1 Capital ratio - Bank of Idaho	16.44%	12.52%	15.13%
Total Capital ratio - Bank of Idaho	17.58%	13.77%	16.39%

BANK OF IDAHO HOLDING COMPANY
CONSOLIDATED INCOME STATEMENT (unaudited)

(\$000's)	Three Months Ended			Year-to-Date	
	9/30/2022	6/30/2022	9/30/2021	9/30/2022	9/30/2021
Interest and dividend income					
Interest and fees on loans	\$ 8,301	\$ 6,913	\$ 5,735	\$ 21,524	\$ 17,007
Interest on securities	1,224	933	681	2,973	1,970
FHLB and other stock dividends	7	5	6	18	21
Other interest income	687	204	41	932	75
Total interest and dividend income	10,219	8,055	6,463	25,447	19,073
Interest expense					
Interest expense on deposits	137	81	83	295	241
FHLB advances and other borrowings	-	-	-	-	1
Subordinated notes & debentures	284	284	173	852	475
Other interest expense	3	2	3	8	48
Total interest expense	424	367	259	1,155	765
Net interest income	9,795	7,688	6,204	24,292	18,308
Provision for loan loss	-	-	150	-	370
Net interest income after provision for loan loss	9,795	7,688	6,054	24,292	17,938
Noninterest income					
Service charges on deposit accounts	139	126	135	375	307
Trust department revenue	431	483	467	1,413	1,476
Net gains (losses) on sales of loans & leases	233	544	1,359	1,597	5,832
Net gains (losses) on sales of other real estate owned	-	-	-	-	53
Net gains (losses) on sale of securities	-	-	-	-	69
Other noninterest income	168	198	259	593	828
Total noninterest income	971	1,351	2,220	3,978	8,565
Noninterest expense					
Compensation and benefits	4,767	4,152	4,164	12,798	12,865
Occupancy and equipment	1,020	708	545	2,385	1,581
Marketing and business development	537	554	403	1,374	952
Data processing, IT and telephone	1,027	941	587	2,602	1,705
Audit, FDIC, and supervisory	171	168	146	504	450
Legal, accounting and consulting	793	267	70	1,150	225
Intangible expense	95	-	-	95	-
Other noninterest expense	1,062	729	613	2,217	1,460
Total noninterest expense	9,472	7,519	6,528	23,124	19,238
Income before income taxes	1,294	1,520	1,746	5,146	7,264
Provision for income taxes	616	414	492	1,696	1,960
Net income	\$ 678	\$ 1,106	\$ 1,254	\$ 3,450	\$ 5,305
Basic earnings per share	\$ 0.15	\$ 0.30	\$ 0.49	\$ 0.97	\$ 2.06
Diluted earnings per share	\$ 0.15	\$ 0.30	\$ 0.49	\$ 0.96	\$ 2.06
	Quarter-to-Date			Year-to-Date	
	9/30/2022	6/30/2022	9/30/2021	9/30/2022	9/30/2021
Return on average assets	0.27%	0.55%	0.71%	0.53%	1.07%
Return on average equity	2.55%	4.88%	8.15%	5.40%	11.92%