



FOR IMMEDIATE RELEASE

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Bank of Idaho Holding Company Reports Second Quarter 2023 Financial Results

IDAHO FALLS, ID (July 25, 2023) – Bank of Idaho Holding Company (the "Company") (OTCQX:BOID), the holding company for Bank of Idaho (the "Bank"), today announced its unaudited financial results for the quarter ended June 30, 2023. The Company reported consolidated net income of \$2,274,000, or \$0.51 per diluted share, for the second quarter of 2023. This compares to \$1,589,000, or \$0.36 per diluted share, for the first quarter of 2023, and \$1,106,000 or \$0.30 per diluted share, for the second quarter of 2022.

"Bank of Idaho's commitment to sound financial management and outstanding customer service has propelled us to remarkable achievements in Q2 2023," said Jeff Newgard, Chairman, President, and CEO of Bank of Idaho. "We are encouraged to report our long-term, diversified deposit relationships remain loyal customers while our debt-free and liquid balance sheet continues to be a source of strength and stability. We are proud to show favorable growth in earnings, total deposits, and total loans through Q2 2023 compared to Q1 2023 despite continued NIM pressures and a tightening liquidity landscape. We continue to benefit from strong asset quality and remain committed to our established fundamentals as we move through the rest of the year."

Quarterly Summary

- Loans held for investment grew \$38.5 million, or 5.2%, in Q2 2023 and increased \$243.7 million, or 45.3%, from Q2 2022. The size of the increase from the prior year was impacted by the acquisition of five HomeStreet Bank branches in the third quarter of 2022 and further boosted by continued loan growth.
- Total deposits increased \$46.3 million, or 5.5%, in Q2 2023 and were up \$213.8 million, or 31.4%, from Q2 2022. The deposit increase was also favorably impacted by the HomeStreet branch purchases in Q3 2022.
- Pre-tax, pre-provision ("PTPP") net income was \$3.66 million in Q2 2023, compared to \$3.17 million in Q1 2023 and \$1.52 million in Q2 2022.
- Tangible book value ("TBV") per share decreased to \$23.06, or 1.2%, from \$23.33 at Q1 2023, and was down 5.1% from \$24.31 at Q2 2022. The decrease in TBV is primarily attributable to unrealized losses within our securities portfolio.

Operating Results

Net income for the second quarter of 2023 was \$2,274,000, or \$0.51 per diluted share, compared to net income of \$1,589,000, or \$0.36 per diluted share, for Q1 2023, and \$1,106,000, or \$0.30 per

diluted share, for the same quarter last year. The increase from the prior quarter was the result of an increase in net interest income of \$231,000, combined with decreases in provision for loan loss of \$370,000 and non-interest expense of \$320,000.

Net interest income for Q2 2023 was \$11.8 million, an increase of \$231,000, or 2.0%, over the prior quarter as new loan production marginally outpaced the increases in interest expense. The effect of higher rates on deposits continues to be impactful due to sustained higher short-term rates amplified by the Federal Reserve's continued tightening policy. When interest rates were near zero, depositors were not rewarded sufficiently to move excess funds to higher-earning deposit categories. In the current rate environment, customers are motivated to find higher rates and manage their excess funds more diligently, which has made the rate increases even more pronounced for deposit interest expense.

Net interest margin for the second quarter of 2023 was 4.81% compared to 4.84% in the previous quarter. Although the cost of deposits outpaced the change in floating rate loan yields, current quarter loan fundings at current market rates more than offset the increase in funding costs. Relative to the second quarter of 2022, the consolidated net interest margin increased from approximately 3.88%, 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 Q2 2023 was \$1,090,000, a decrease of \$64,000, or 5.5%, from \$1,154,000 in Q1 2023. The decrease was attributable to gains on securities sales of \$125,000 in Q1 2023 offset by an increase in mortgage revenue of \$62,000 in the current quarter. Relative to the second quarter of 2022, noninterest income declined \$261,000, or 19.3%, due to lower mortgage banking income as higher interest rates drove declines in both refinance and purchase volume.

Noninterest expense of \$9.2 million in Q2 2023 was a decrease of \$320,000, or 3.3%, from \$9.6 million in Q1 2023 and a \$1.7 million, or 22.8%, increase from \$7.5 million in Q2 2022. The Q2 2023 decrease was attributable to compensation expenses, which decreased \$394,000, or 6.5%, from Q1 2023. Market salary pressures persist, and compensation has increased to allow the Company to continue to retain and attract employees. Commissions related to loans held for investment decreased in the current quarter, reflecting the Bank's slowing mortgage loan origination. The \$1.7mm increase from Q2 2022, includes the addition of the offices and staff added with the purchase of five HomeStreet branches in the third quarter of 2022, plus the addition of branches in Pasco, Washington and Boise, Idaho. The Company's efficiency ratio was 71.6% for Q2 2023, compared to 75.1% for Q1 2023, and 83.2% for Q2 2022.

Total assets were \$1,037.0 million at June 30, 2023, an increase of \$44.9 million, or 4.5%, from \$992.1 million at March 31, 2023. Second quarter 2023 balance sheet activity was characterized by \$41.5 million, or 5.6%, growth in loans funded by \$46.3 million, or 5.5%, increase in deposits, \$11.5 million, or 7.4%, decrease in available for sale securities, and \$17.0 million, or 49.4%, increase in cash and cash equivalents.

Loans held for investment were \$781.6 million as of June 30, 2023, an increase of \$38.5 million, or 5.2%, from \$743.1 million as of March 31, 2023, and an increase of \$243.7 million, or 45.3%, from \$538.0 million as of June 30, 2022. The increase in total loans held for investment from March 31, 2023 was attributable to loan growth distributed amongst all loan categories, with the largest increase in the Bank's commercial and commercial real estate portfolios. The increase in total loans held for investment from June 30, 2022 was attributable to loan growth distributed amongst all loan segments

with the largest increase in commercial real estate. Growth from Q2 2022 was driven by the Bank's expansion into the Boise, Idaho metropolitan area as well as the Washington branch acquisition.

Deposits were \$893.6 million as of June 30, 2023, up \$46.3 million, or 5.5%, from the first quarter of the year. Relative to the second quarter of 2022, total deposits increased \$213.8 million, or 31.4%, from \$679.8 million as of June 30, 2022, driven by deposits acquired with the Washington branch purchase and organic deposit growth. Noninterest bearing deposits represented 36% of total deposits as of June 30, 2023, compared to 38% at March 31, 2023 and 41% at June 30, 2022.

Borrowings of \$24.9 million as of June 30, 2023, primarily consisted of \$24.6 million of Company subordinated debentures and were consistent with the March 31, 2023, and June 30, 2022, balances of \$24.9 million and \$24.9 million, respectively. Operating lease liabilities decreased \$217,000, or 3.8%, in Q2 2023 to \$5.4 million and are up \$1.5 million, or 38.7%, compared to June 30, 2022.

Asset quality measures remained low in Q2 2023. Nonaccrual loans totaled \$522,000, or 0.07% of loans, as of June 30, 2023, compared to \$621,000, or 0.08% of loans, at March 31, 2023 and \$1.3 million, or 0.24% of loans, at June 30, 2022. The Company had no other real estate owned for Q2 2023, Q1 2023, or Q2 2022.

The Allowance for Credit Losses ("ACL") totaled \$9.7 million, or 1.24% of loans held for investment, as of June 30, 2023. The Company recorded \$520,000 in provision for loan loss expense in the second quarter of 2023 compared to \$890,000 in provision expense in the first quarter of 2023, and no provision in the second quarter of 2022.

Capital ratios of the Company and Bank continue to exceed the "well-capitalized" capital levels set by their respective regulators. At June 30, 2023 the Bank's Tier 1 leverage ratio was 12.85% and the total risk-based capital ratio was 15.33%. At June 30, 2023 the Company had tangible common equity (total stockholders' equity less intangible assets) of \$102.2 million and tangible book value per share of \$23.06. Tangible common equity decreased \$1.1 million in Q2 2023 due to a \$3.8 million decrease in accumulated other comprehensive income ("AOCI") on investment values offset by current quarter earnings. The Company's tangible common equity to tangible assets ratio was 9.93% as of June 30, 2023, down from 10.49% at the prior quarter-end. The Company nor the Bank paid dividends during Q2 2023.

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About Bank of Idaho Holding Company

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

Non-GAAP Financial Measures

Some of the financial measures included in this press release are not measures of financial performance recognized in accordance with generally accepted accounting principles in the United

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

Forward-Looking Statements

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

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

BANK OF IDAHO HOLDING COMPANY
CONSOLIDATED BALANCE SHEET (unaudited)

	(\$000's)	6/30/2023	3/31/2023	6/30/2022
ASSETS				
Cash and due from banks		\$ 25,044	\$ 13,325	\$ 14,716
Interest bearing deposits with Federal Reserve and other banks		26,244	21,009	83,541
Federal funds sold and securities purchased under agreements to resell		-	-	-
Cash and cash equivalents		51,288	34,334	98,257
Time deposits at other banks		744	744	783
Held-to-maturity securities, at cost		27,093	29,836	30,613
Available-for-sale securities, at fair value		143,805	155,341	137,604
Equity securities, at fair value		51	47	38
Federal Home Loan Bank stock		1,176	1,176	885
Mortgage loans held for sale, at fair value		4,473	1,509	3,957
Loans held for investment		781,644	743,142	537,984
Allowance for loan losses		(9,728)	(9,222)	(7,507)
Loans, net of allowance		771,916	733,920	530,477
Accrued interest and dividends receivable		4,678	4,567	2,776
Premises and equipment, net		16,092	16,489	10,287
Other real estate owned		-	-	-
Intangible assets		7,276	7,418	-
Deferred tax asset, net		6,733	5,158	4,671
Other assets		1,625	1,557	1,434
TOTAL ASSETS		\$ 1,036,950	\$ 992,096	\$ 821,782
LIABILITIES				
Noninterest bearing deposits		\$ 320,833	\$ 321,712	\$ 278,806
Interest bearing deposits		572,813	525,633	401,036
Total deposits		893,646	847,345	679,842
Federal funds purchased and securities sold under agreements to repurchase		-	-	-
Accrued expenses and other liabilities		3,439	3,438	5,543
Operating lease liabilities		5,430	5,647	3,914
Finance lease borrowings		366	379	420
FHLB advances and other borrowings		-	-	-
Subordinated notes & debentures		24,571	24,557	24,516
Total Liabilities		927,452	881,366	714,235
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		80,996	80,735	80,000
Retained earnings		42,783	40,510	35,481
Accumulated other comprehensive income (loss)		(14,281)	(10,515)	(7,934)
Total Shareholders' Equity		109,498	110,730	107,547
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 1,036,950	\$ 992,096	\$ 821,782
Book Value per Share		\$ 24.71	\$ 25.01	\$ 24.31
Tangible Book Value per Share		\$ 23.06	\$ 23.33	\$ 24.31
Nonaccrual loans / loans held for investment		0.07%	0.08%	0.24%
Allowance for loan losses / loans held for investment		1.24%	1.24%	1.40%
Tier 1 Leverage ratio - Bank of Idaho		12.85%	12.85%	9.67%
Tier 1 Capital ratio - Bank of Idaho		14.24%	15.07%	12.52%
Total Capital ratio - Bank of Idaho		15.33%	16.19%	13.77%

BANK OF IDAHO HOLDING COMPANY
CONSOLIDATED INCOME STATEMENT (unaudited)

	Three Months Ended			Year-to-Date				
	(\$000's)	6/30/2023	3/31/2023	6/30/2022	6/30/2023	6/30/2022		
Interest and dividend income								
Interest and fees on loans	\$	12,397	\$	11,509	\$	23,906	\$	13,223
Interest on securities		1,444		1,468		2,912		1,749
FHLB and other stock dividends		7		7		14		11
Other interest income		356		229		585		245
Total interest and dividend income		14,204		13,213		27,417		15,228
Interest expense								
Interest expense on deposits		2,113		1,345		3,458		158
FHLB advances and other borrowings		-		-		-		-
Subordinated notes & debentures		284		284		568		568
Other interest expense		2		10		12		5
Total interest expense		2,399		1,639		4,038		731
Net interest income		11,805		11,574		23,379		14,497
Provision for loan loss		520		890		1,410		-
Net interest income after provision for loan loss		11,285		10,684		21,969		14,497
Noninterest income								
Service charges on deposit accounts		154		148		302		236
Trust department revenue		487		471		958		982
Net gains (losses) on sales of loans & leases		192		130		322		1,364
Net gains (losses) on sales of other real estate owned		-		-		-		-
Net gains (losses) on sale of securities		(8)		125		117		-
Other noninterest income		265		280		545		425
Total noninterest income		1,090		1,154		2,244		3,007
Noninterest expense								
Compensation and benefits		5,636		6,031		11,667		8,031
Occupancy and equipment		814		1,013		1,827		1,365
Marketing and business development		457		322		779		837
Data processing, IT and telephone		1,093		1,042		2,135		1,575
Audit, FDIC, and supervisory		174		172		346		333
Legal, accounting and consulting		172		150		322		357
Intangible expense		142		143		285		-
Other noninterest expense		748		684		1,432		1,154
Total noninterest expense		9,236		9,556		18,793		13,653
Income before income taxes		3,139		2,281		5,420		3,852
Provision for income taxes		865		692		1,556		1,080
Net income	\$	2,274	\$	1,589	\$	3,863	\$	2,772
Basic earnings per share	\$	0.51	\$	0.36	\$	0.87	\$	0.89
Diluted earnings per share	\$	0.51	\$	0.36	\$	0.87	\$	0.89
		Quarter-to-Date			Year-to-Date			
		6/30/2023	3/31/2023	6/30/2022	6/30/2023	6/30/2022		
Return on average assets		0.89%	0.65%	0.55%	0.77%	0.71%		
Return on average equity		8.21%	5.78%	4.88%	7.00%	7.43%		