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Bank of Idaho Holding Company Reports Results for the Second Quarter of 2020

IDAHO FALLS, ID - (07/24/2020) – Bank of Idaho Holding Company (OTCQX: BOID), the holding company for Bank of Idaho, today announced results (unaudited) for the second quarter ended June 30, 2020.

The Company's net income for the second quarter was \$1,087,000 or \$0.43 per diluted share compared to \$371,000 or \$0.15 per diluted share in the previous quarter. For the three months, ended June 2019, net income was \$154,000 or \$0.09 per diluted share. The Company's year-to-date net income was \$1.5 million or \$0.57 per diluted share compared to \$1.8 million or \$1.01 per diluted share for the same period last year. 2019 year-to-date net income included a tax credit of \$1.2 million arising from the Company's conversion from an S-Corporation to a C-Corporation. Year-to-date, pre-tax income was \$2.1 million compared to \$0.9 million for the same period last year.

"Improved mortgage originations and sales combined with strong loan growth resulted in a marked improvement in earnings and balance sheet growth. Organic loan growth has surpassed expectations so far this year and the Bank's participation in the SBA's Paycheck Protection Program (PPP) has added over \$90 million in outstandings," said Jeff Newgard, President and CEO of Bank of Idaho.

Financial Highlights:

- Loans increased 35% or \$105 million in the second quarter and were 76% higher than the prior year. PPP loans totaled \$92 million at quarter-end. Agriculture loan totals dropped slightly for the quarter, but that decline was more than offset with growth in commercial real estate credit.
- Deposits grew 33% for the quarter and were 40% higher than the same period last year. Many PPP loan proceeds were deposited in borrowers' accounts at the Bank contributing significantly to this growth. As these funds are used to pay the salaries and selected operating expenses of the PPP borrowers, deposits will decline. While most PPP loans have maturities of two years, we expect the majority of the loans to be forgiven by year-end under the terms of the PPP loan agreement. All PPP loans are guaranteed by the SBA, thus there is no risk of loss to the Bank.
- The Bank's Tier 1 capital to average assets dropped from 12.32% last quarter-end to 10.16%. The increase in leverage was attributed to the addition of the PPP loans and related deposits. As noted, both the loans and deposits are expected to be short-term in nature and as the PPP loan and deposit totals fall, we expect an improvement in this ratio. The Bank's Total Capital Ratio was less impacted because PPP loans are 100% guaranteed and therefore, are excluded from this capital calculation. The Bank's Total Capital Ratio at quarter-end was 14.71% compared to 15.38% last quarter.
- The Company's period-end book value per share increased to \$21.55 from \$20.58 last quarter. Book value per share one year ago was \$20.06.
- Nonaccrual loans totaled \$9.1 million on June 30, 2020, up from last quarter's \$5.8 million. The increase was attributable to two large agriculture credits. Agriculture production and agriculture real estate credits comprise almost 90% of the Bank's nonaccrual loans. The growth in PPP loans caused the Bank's Allowance for Loan and Lease Losses (ALLL) as a percent of Loans to drop from 1.52% to 1.34%. PPP loans are 100% guaranteed and present no loss potential to the Bank. The ALLL as a percent of Loans excluding PPP loans was 1.74%.

"The Bank has been very active responding to the pandemic. We have put processes in place to protect our customers and staff, which allow us to quickly adapt to changing conditions. We are exceptionally proud of our participation in the Paycheck Protection Program. Through June we had made just over 1,000 PPP loans totaling \$92.6 million. We have been approved to participate in the Federal Reserve's Main Street Lending Program. We worked to support a wide variety of community and charitable events, where those events can be undertaken in compliance with state and municipal COVID-19 guidance. The economic outlook remains uncertain, but most economists expect higher credit losses due to the effects of the pandemic. Steps we have taken in anticipation of deteriorating credit conditions include enhanced analysis, more frequent contacts with selected borrowers, stress testing, balance sheet adjustments and a review of our internal processes. Finally, on a more positive note, the Bank's Nampa LPO became a full branch in April, joining our two other Treasure Valley branches and our seven eastern Idaho branches," said Jeff Newgard.

BANK OF IDAHO HOLDING COMPANY
CONSOLIDATED BALANCE SHEETS (unaudited)

	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019
ASSETS			
Cash	\$ 9,865,939	\$ 7,771,812	\$ 6,724,854
Interest bearing deposits in bank	9,461,715	672,259	24,173,503
Certificates of deposit	288,600	288,600	288,600
Securities available for sale	94,598,386	88,816,180	82,622,983
Federal Home Loan Bank stock, at cost	1,686,400	1,314,500	401,200
Mortgage loans held for sale	22,578,510	13,555,445	10,380,683
Loans	402,158,353	297,137,736	228,074,942
Allowance for loan losses	(5,373,244)	(4,518,484)	(3,876,558)
Loans net of allowance	396,785,109	292,619,252	224,198,384
Accrued interest receivable	2,530,191	1,576,203	1,574,632
Premises and equipment, net	12,072,457	12,143,636	6,031,500
Other real estate owned	831,900	847,092	3,086,021
Other assets	624,492	1,319,671	1,106,664
TOTAL ASSETS	\$ 551,323,699	\$ 420,924,650	\$ 360,589,024
LIABILITIES			
Noninterest-bearing demand	\$ 201,254,593	\$ 131,981,600	\$ 128,494,009
Interest-bearing demand	234,126,854	187,433,686	180,301,081
Time certificates of deposits	14,897,339	20,215,355	13,939,313
Total deposits	450,278,786	339,630,641	322,734,403
Accrued interest payable	16,782	20,608	\$13,726
Accounts payable and accrued liabilities	5,886,365	2,586,207	1,970,178
Operating lease liabilities	2,114,761	2,244,481	-
Stock appreciation rights	214,517	212,292	234,988
FHLB advances and other borrowings	34,224,100	20,702,500	-
Finance lease borrowings	3,501,021	3,543,230	-
Total liabilities	496,236,332	368,939,959	324,953,295
STOCKHOLDERS' EQUITY			
Common stock, no par value, 4,000,000 shares authorized, 2,556,085 issued and outstanding at June 30, 2020 and 2,526,085 at December 31, 2019; 3,000,000 authorized and 1,776,085 issued and outstanding at June 30, 2019.	27,067,149	26,720,509	12,505,209
Retained earnings	24,901,508	23,814,277	22,413,881
Accumulated other comprehensive income (loss)	3,118,710	1,449,905	716,639
Total stockholders' equity	55,087,367	51,984,691	35,635,729
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 551,323,699	\$ 420,924,650	\$ 360,589,024
Book value per share	\$21.55	\$20.58	\$20.06

BANK OF IDAHO HOLDING COMPANY
CONSOLIDATED STATEMENTS OF INCOME *(unaudited)*

	QUARTERLY			YEAR-TO-DATE	
	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
Interest and Dividend Income					
Loans, including fees	\$ 4,898,153	\$ 4,197,661	\$ 3,444,358	\$ 9,095,814	\$ 6,827,834
Securities, available for sale	589,618	544,426	565,429	1,134,044	1,165,931
Interest on interest bearing deposits and certificates of deposit	9,485	15,369	118,765	24,854	224,085
Total interest and dividend income	5,497,256	4,757,456	4,128,552	10,254,712	8,217,850
Interest Expense					
NOW demand and savings	50,482	44,308	43,834	94,790	86,651
Money market	8,233	7,095	4,642	15,328	8,023
Time certificates of deposit	77,176	34,855	16,451	112,031	30,108
FHLB advances and other borrowings	61,837	61,755	-	123,592	-
Total interest expense	197,728	148,013	64,927	345,741	124,782
Net interest income before provision for loan losses	5,299,528	4,609,443	4,063,625	9,908,971	8,093,068
Provision for loan losses	890,000	275,000	120,000	1,165,000	180,000
Net interest income after provision for loan losses	4,409,528	4,334,443	3,943,625	8,743,971	7,913,068
Noninterest Income					
Service charges on deposit accounts	101,797	144,366	138,797	246,163	282,400
Gain on sale of mortgage loans held for sale	1,341,974	907,320	657,480	2,249,294	1,044,834
Merchant card income	6,826	5,909	14,390	12,735	16,307
Trust fee income	417,263	389,088	344,826	806,351	662,713
Gain on sale of securities	279,983	113,032	-	393,015	59,819
Gain on sale of other real estate owned	879	880	5,879	1,759	6,759
Other noninterest income	19,206	18,347	8,171	37,553	29,167
Total noninterest income	2,167,922	1,578,942	1,169,543	3,746,864	2,101,999
Noninterest Expense					
Salaries, wages & benefits	3,305,531	3,513,250	2,959,326	6,818,781	5,603,249
Net occupancy expense	564,077	595,071	511,825	1,159,148	974,805
Advertising and business development	212,964	233,627	266,928	446,591	470,057
Accounting and consulting	98,848	99,769	96,993	198,617	183,450
Bankcard and merchant services	34	(936)	(125)	(902)	(1,277)
Data processing	366,262	377,639	344,679	743,901	598,217
Legal	53,655	53,517	84,941	107,172	137,929
Telephone, postage and courier	80,164	65,539	58,723	145,703	122,823
Other real estate owned expense	(4,223)	(2,761)	(1,524)	(6,984)	(20,585)
Loss on sale of other real estate owned	-	-	-	-	-
Office supplies	45,646	34,037	34,083	79,683	68,925
FDIC assessment	33,381	33,381	29,433	66,762	58,866
General and administrative	304,622	366,858	502,804	671,480	936,567
Total noninterest expense	5,060,961	5,368,991	4,888,086	10,429,952	9,133,026
Income before income taxes	1,516,489	544,394	225,082	2,060,883	882,041
Income tax expense (benefit)	429,257	173,175	70,992	602,432	(925,266)
Net Income	\$ 1,087,232	\$ 371,219	\$ 154,090	\$ 1,458,451	\$ 1,807,307
Basic earnings per share	\$0.43	\$0.15	\$0.09	\$0.58	\$1.02
Diluted earnings per share	\$0.43	\$0.15	\$0.09	\$0.57	\$1.01

	QUARTERLY			YEAR-TO-DATE	
	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
PERFORMANCE RATIOS					
Return on average assets	0.81%	0.36%	0.18%	0.62%	1.07%
Return on average equity	8.08%	2.92%	1.78%	5.53%	10.52%

LEVERAGE (Bank of Idaho)

Tier 1 Leverage ratio	10.16%	12.32%	10.47%
Total Capital ratio	14.71%	15.38%	13.95%

ASSET QUALITY

Nonaccrual loans/loans	2.26%	1.95%	2.11%
Allowance for loan losses/loans	1.34%	1.52%	1.70%