

SOURCE: Idaho Bancorp



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Idaho Bancorp Reports Mid-Year Results

BOISE, ID--(Marketwire - July 15, 2008) - Today Idaho Bancorp (OTCBB: **IDBC**) announced that one time charges associated with severance and other employment issues relating to a change in management was the largest contributing factor in the Bank's net loss of \$10,000 for the first six months of 2008 compared to income of \$738,000 for the same time period in 2007. The loss resulted in diluted earnings per share of $-\$0.01$ compared to the $\$0.40$ per share reported in the first half of last year. Compression of the Bank's net interest margin and increasing the allowance for loan losses due to a softened local economy also contributed to the Bank's results for the first half of 2008.

Due to recent changes in executive management, the Bank decided to recognize the full potential expense relating to employment agreements, rather than recognizing future monthly expenses as payments are made to satisfy the terms of the employment agreements. These charges, along with other recruiting expenses, totaled approximately \$522,000.

The Bank has seen an improvement in its monthly net interest margin over recent months, with a low of 3.63% in March to 3.94% in June 2008. The Bank's year-to-date net interest margin through June 2008 was 3.83%, compared to 4.34% for the same time period last year. This reduction of 51 basis points reduced 2008 pretax income by approximately \$555,000. However, a 7% increase in earning assets for 2008 over 2007 helped offset the unfavorable net interest margin variance with a favorable earning assets volume variance of \$316,000. Continued improvement in the net interest margin during the current rate environment will be dependent on the Bank's ability to attract low-cost deposits, particularly business checking and savings.

Credit quality remains sound with an annualized year-to-date charge-off ratio of 0.11%. The Bank had net recoveries of \$6,000 during the second quarter of 2008, reducing the net charge-offs of \$106,000 recognized during the first quarter 2008. Due to uncertainty in the economy, the Bank has prudently increased its allowance for loan losses as a percent of outstanding loans at June 30, 2008 to 1.46% from 1.38% at June 30, 2007 and December 31, 2007. The result of this activity has led to a \$305,000 increase in the Bank's provision for loan losses when comparing the first six months of 2008 to the same period in 2007.

Idaho Banking Company President and CEO James C. Latta commented, "The second half of 2008 will continue to be challenging given the state of the economy. The Bank is very fortunate to have employees dedicated to providing lasting impressions of trust and service, while building partner-relationships with businesses and individuals within our market area. Our employees' genuine concern for the success of the Bank's customers will reap rewards for the Bank's shareholders."

Idaho Bancorp is the holding company of Idaho Banking Company. Idaho Banking Company, a state-chartered commercial bank and member of the Federal Reserve, was organized in 1996 and operates four branch offices, and a construction & mortgage home loan center. The Bank serves clients throughout southwestern Idaho.

Idaho Bancorp and Subsidiary
Consolidated Financial Highlights (unaudited)
(Dollars in thousands, except per share)

For the six months ended				
June 30:				
	2008	2007	\$ Change	% Change
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Net interest income	\$ 4,236	\$ 4,475	\$ (239)	-5%
Provision for loan losses	345	40	305	763%
Mortgage banking income	375	333	42	13%
Other noninterest income	256	264	(8)	-3%
Noninterest expense	4,577	3,920	657	17%
Net income before taxes	(55)	1,112	(1,167)	-105%
Income taxes	(45)	374	(419)	-112%
Net income	(10)	738	(748)	-101%
Earnings per share				
Basic	(0.01)	0.41	(0.42)	-102%
Diluted	(0.01)	0.40	(0.41)	-103%
At June 30:				
	2008	2007	\$ Change	% Change
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Loans	\$ 196,894	\$ 177,890	\$ 19,004	11%
Allowance for loan losses	2,868	2,456	412	17%
Assets	238,664	231,650	7,014	3%
Deposits	177,416	188,581	(11,165)	-6%
Shareholders' equity	17,586	16,683	903	5%
Nonperforming loans	60	0	60	N/A
Other real estate owned	206	0	206	N/A
Book value per share	9.56	9.15	0.41	4%
Shares of common stock outstanding	1,839,610	1,823,722	15,888	1%
Allowance to loan ratio	1.46%	1.38%		
Allowance to nonperforming loans	4780%	N/A		
Nonperforming loans to total loans	0.03%	0.00%		
Averages for the six months ended June 30:				
	2008	2007	\$ Change	% Change
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Loans	\$ 191,511	\$ 174,727	\$ 16,784	10%
Earning assets	225,933	211,309	14,624	7%
Assets	236,078	223,334	12,744	6%
Deposits	185,237	182,806	2,431	1%
Shareholders' equity	17,763	16,415	1,348	8%
For the six months ended June 30:				
Return on average assets	-0.01%	0.67%		
Return on average equity	-0.11%	9.07%		
Average loans to deposits	103.39%	95.58%		
Net interest margin - tax equivalent	3.83%	4.34%		
Net loan charge-offs (recoveries)	100	3		
Net charge-offs (recoveries) to loans (annualized)	0.11%	0.00%		

Idaho Bancorp and Subsidiary
Quarterly Consolidated Financial Highlights (unaudited)
(Dollars in thousands, except per share)

	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2
Net interest income	\$ 2,122	\$ 2,114	\$ 2,325	\$ 2,280	\$ 2,277
Provision for loan losses	200	145	125	145	30
Mortgage banking income	161	214	197	185	136
Other noninterest income	123	133	217	145	131
Noninterest expense	2,443	2,134	1,955	1,986	1,995
Net income before taxes	(237)	182	659	479	519
Income taxes	(98)	53	278	157	174
Net income	(139)	129	381	322	345
Earnings per share					
Basic	(0.08)	0.07	0.21	0.18	0.19
Diluted	(0.08)	0.07	0.21	0.17	0.19
Average loans	193,323	189,698	194,381	182,808	177,699
Average earning assets	228,614	223,253	227,257	220,128	216,409
Average assets	238,248	233,908	238,798	232,011	228,472
Average deposits	185,846	184,627	191,565	189,402	188,822
Average shareholders' equity	17,985	17,541	17,439	16,989	16,632
Return on average assets	-0.23%	0.22%	0.63%	0.55%	0.61%
Return on average equity	-3.11%	2.96%	8.67%	7.52%	8.32%
Average loans to deposits	104.02%	102.75%	101.47%	96.52%	94.11%
Net interest margin - tax equivalent	3.79%	3.87%	4.13%	4.18%	4.28%
Nonperforming loans - period end					
	\$ 60	\$ 316	\$ 911	\$ -	\$ -
Other real estate owned - period end	206	-	-	-	-
Loans - period end	196,894	189,284	190,366	187,828	177,890
Allowance for loan losses - period end	2,868	2,662	2,623	2,589	2,456
Net charge-offs (recoveries) - quarterly	(6)	106	91	12	9
Allowance to loans	1.46%	1.41%	1.38%	1.38%	1.38%
Allowance to nonperforming loans	4780%	842%	288%	N/A	N/A
Nonperforming loans to total loans	0.03%	0.17%	0.48%	0.00%	0.00%
Net charge-offs to loans - annualized	-0.01%	0.22%	0.19%	0.03%	0.02%

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