

SOURCE: Idaho Bancorp



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## Idaho Bancorp Reports Mid-Year Results

BOISE, ID--(Marketwire - July 31, 2009) - Today Idaho Bancorp (the "Company") (OTCBB: IDBC) reported that its wholly owned subsidiary, Idaho Banking Company, continues to be "well capitalized" with total risk based capital of 11.53%, well above the 10.00% regulatory standard for such designation, notwithstanding a write down of \$3,870,000 in loan losses and an increase in allowance for loan losses of \$3,030,000 resulting in a net loss for the Company of \$5,969,000 for the six months ended June 30, 2009 compared to a net loss of \$10,000 for the six months ended June 30, 2008. The reported loss represents (\$3.24) per share compared to a net loss of (\$0.01) per share for the first six months of 2008. The book value per share was \$5.03 and \$9.56 as of June 30, 2009 and 2008, respectively.

In light of continued economic weakness, the Company increased its allowance for loan losses to 3.86% of outstanding loans at June 30, 2009 compared to 1.46% and 2.17% as of June 30, 2008 and December 31, 2008, respectively. The Company's nonperforming assets were \$15,945,000 and \$11,287,000 at June 30, 2009 and December 31, 2008, respectively. The Company's loans considered to be more than thirty days past due and still on accrual status were \$6,786,000, or 3.46% of outstanding loans, at June 30, 2009 compared to \$491,000 at December 31, 2008. There were no loans more than ninety days past due and still accruing interest as of June 30, 2009 or December 31, 2008.

The net interest margin for the six-month period ended June 30, 2009 was 3.64% compared to 3.83% for the same time period in 2008. Net interest income was reduced by approximately \$271,000 due to the reversal of earned interest and lost potential interest income resulting from non-accrual loans. This lost interest income accounts for 24 basis points in the reduction of the year-to-date net interest margin for 2009. Excluding the impact of non-accrual loans, the net interest margin would have improved 5 basis points. That improvement in the net interest margin is partially due to the Company's continued focus on growing lower costing core deposits with products like the Perfectly Free Non-Interest Business Checking product. The Company's in-market core deposits, excluding certificates of deposit, increased \$12,269,000, or 18.1% when comparing balances at June 30, 2009 to balances at June 30, 2008.

The Company has had significant improvements in its 2009 non-interest income compared to 2008. The Company's Home Loan Center, through the origination of held-for-sale residential mortgage loans, has increased its noninterest income by \$248,000, or 66%, when comparing the six-month periods ended June 30, 2009 to 2008, respectively. The Company's Home Loan Center continues to be very active in providing funds for individuals and families looking to buy or refinance homes in the Idaho market.

The Company continues to focus on reducing its non-interest expenses. The Company has reduced its full time equivalent employees to 82 as of June 30, 2009 from 86 at June 30, 2008. Salaries, excluding mortgage commissions and 2008 one time charges, have declined by approximately \$194,000. The Company has cut year-to-date costs for travel and entertainment, supplies, postage and freight and various other costs. However, due to increased FDIC fee assessments for all insured banks, the Company's 2009 year-to-date FDIC insurance costs have increased by \$76,000, or 121% from the costs recognized in 2008 for the same time period. Idaho Banking Company President and CEO James C. Latta commented, "Although the second half of 2009 will continue to be challenging given the state of the economy, the Company will take advantage of every opportunity to return to profitability and provide greater service to its clients." Mr. Latta continued by saying, "The recent successful conversion to new core application software will allow the Company to better serve the needs of clients and potential clients throughout the Idaho market."

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

This release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform

Act of 1995 ("PSLRA"). Such forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those projected, including but not limited to the following: the concentration of loans of the company's banking subsidiary, particularly with respect to commercial and residential real estate lending; a continued decline in the housing and real estate market, changes in the regulatory environment and increases in associated costs, particularly ongoing compliance expenses and resource allocation needs in response to regulatory rules and guidelines; vendor quality and efficiency; employee recruitment and retention; the company's ability to control risks associated with rapidly changing technology both from an internal perspective as well as for external providers; increased competition among financial institutions; fluctuating interest rate environments; a tightening of available credit, and similar matters. Readers are cautioned not to place undue reliance on the forward-looking statements. Idaho Bancorp undertakes no obligation to publicly revise or update the forward-looking statements to reflect events or circumstances that arise after the date of this release. This statement is included for the express purpose of invoking PSLRA's safe harbor provisions.

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

For the six months ended June 30:

	2009	2008	\$ Change	% Change
Net interest income	\$ 4,063	\$ 4,236	\$ (173)	-4%
Provision for loan losses	6,900	345	6,555	1900%
Mortgage banking income	623	375	248	66%
Other noninterest income	270	256	14	5%
Noninterest expense	4,486	4,577	(91)	-2%
Net loss before taxes	(6,430)	(55)	(6,375)	11591%
Income taxes	(461)	(45)	(416)	924%
Net loss	(5,969)	(10)	(5,959)	59590%
Loss per share				
Basic	(3.24)	(0.01)	(3.23)	32300%
Diluted	(3.24)	(0.01)	(3.23)	32300%

At June 30:

	2009	2008	\$ Change	% Change
Loans	\$ 196,341	\$ 196,894	\$ (553)	0%
Allowance for loan losses	7,583	2,868	4,715	164%
Assets	233,230	238,664	(5,434)	-2%
Deposits	190,776	177,416	13,360	8%
Shareholders' equity	16,189	17,586	(1,397)	-8%
Nonperforming loans	14,508	60	14,448	N/A
Other real estate owned *	1,437	206	1,231	N/A
Book value per share	5.03	9.56	(4.53)	-47%
Shares of common stock outstanding	1,841,128	1,839,610	1,518	0%
Allowance to loan ratio	3.86%	1.46%		
Allowance to nonperforming loans	52%	4780%		
Nonperforming loans to total loans	7.39%	0.03%		

Averages for the six months ended June 30:

	2009	2008	\$ Change	% Change
Loans	\$ 200,078	\$ 191,511	\$ 8,567	4%
Earning assets	228,484	225,933	2,551	1%
Assets	238,524	236,078	2,446	1%
Deposits	182,842	185,237	(2,395)	-1%
Shareholders' equity	21,988	17,763	4,225	24%

For the six months ended June 30:

Return on average assets	-5.05%	-0.01%		
Return on average equity	-54.74%	-0.11%		
Average loans to deposits	109.43%	103.39%		
Net interest margin - tax equivalent	3.64%	3.83%		
Net loan charge-offs (recoveries)	3,870	100		
Net charge-offs (recoveries) to loans (annualized)	3.90%	0.11%		

\* Includes only retaken property.

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

	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2
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Net interest income	\$ 1,943	\$ 2,120	\$ 2,084	\$ 2,250	\$ 2,122
Provision for loan losses	6,200	700	4,104	260	200
Mortgage banking income	281	342	100	168	161
Other noninterest income	135	135	118	135	123
Noninterest expense	2,314	2,172	1,718	2,044	2,443
Net income / (loss) before taxes	(6,155)	(275)	(3,520)	249	(237)
Income tax expense / (benefit)	(335)	(126)	(237)	80	(98)
Net income / (loss)	(5,820)	(149)	(3,283)	169	(139)
Earnings / (loss) per share					
Basic	(3.16)	(0.08)	(1.16)	0.09	(0.08)
Diluted	(3.16)	(0.08)	(1.16)	0.09	(0.08)
Average loans	196,244	204,018	202,910	197,948	193,323
Average earning assets	224,179	232,901	231,809	227,730	228,614
Average assets	234,648	242,591	242,032	238,021	238,248
Average deposits	181,921	183,895	180,689	176,924	185,846
Average shareholders' equity	21,896	22,081	17,703	17,763	17,985
Return on average assets	-9.95%	-0.25%	-5.40%	0.28%	-0.23%
Return on average equity	-106.61%	-2.74%	-73.78%	3.78%	-3.11%
Average loans to deposits	107.87%	110.94%	112.30%	111.88%	104.02%
Net interest margin - tax equivalent	3.53%	3.75%	3.63%	3.99%	3.79%
Nonperforming loans - period end	\$ 14,508	\$ 7,637	\$ 10,907	\$ 2,158	\$ 60
Other real estate owned - period end *	1,437	1,155	380	336	206
Loans - period end	196,341	193,404	209,648	199,788	196,894
Allowance for loan losses - period end	7,583	4,118	4,553	3,024	2,868
Net charge-offs (recoveries) - quarterly	2,735	1,135	2,575	104	(6)
Allowance to loans	3.86%	2.13%	2.17%	1.51%	1.46%
Allowance to nonperforming loans	52%	54%	42%	140%	4780%
Nonperforming loans to total loans	7.39%	3.95%	5.20%	1.08%	0.03%
Net charge-offs to loans - annualized	5.59%	2.26%	5.05%	0.21%	-0.01%

\* Includes only retaken property.

Contacts:

James C. Latta  
President and CEO  
208-472-4702

Bruce W. Barfuss  
Executive Vice President and CFO  
208-947-1873

Mary E. Brimson  
Senior Vice President, Shareholder Relations  
208-472-4705