

SOURCE: Idaho Bancorp



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Idaho Bancorp Reports Final Annual Results for 2008

BOISE, ID--(Marketwire - March 4, 2009) - Today Idaho Bancorp (the "Bank") (OTCBB: IDBC) reported a net loss for the year ended December 31, 2008 of (\$1,981,000) or (\$1.08)/share, compared to net income of \$1,441,000 or \$0.78/diluted share for 2007. Idaho Bancorp continues to be well capitalized with a total risk-based capital ratio of 10.88% at December 31, 2008. Events subsequent to December 31, 2008 and our earlier press release dated January 23, 2009, which showed a net loss of (\$232,000) for 2008, had a direct impact on Idaho Bancorp's audited results for 2008. The Bank also received an additional \$6,900,000 of capital on January 16, 2009 by issuing preferred stock to the U.S. Treasury in connection with participating in the voluntary Capital Purchase Program under the Troubled Asset Relief Program.

The primary difference in reported income between our January 23, 2009 press release results and the audited financial statements is the recognition of an additional \$2,864,000 in loan loss provisions and additional associated tax benefits of \$1,143,000 on the income statement. The increase in loan loss provisions is primarily attributable to six loans, five of which were previously recognized as being on nonaccrual status as of December 31, 2008. The sixth loan was changed to nonaccrual status in February 2009. Included in the additional recognized provisions was \$1,096,000 from appraisals received in February 2009 on real estate associated with two of the loans. The Bank recognized an additional \$1,577,000 in provisions for the other four commercial non-real estate loans.

Factors contributing to the final results for 2008 included a decline in the net interest margin between 2008 and 2007, an increased provision for loan losses due to a weakening economy, expenses related to management changes at Idaho Banking Company, and a favorable tax expense variance.

Since the Federal Open Market Committee lowered the fed funds rate by 400 basis points during 2008, the Company's average tax equivalent net interest margin decreased only 42 basis points from the 2007 level to 3.82% for 2008. As a result, a 2008 unfavorable net interest income rate variance of approximately \$947,000 was recognized compared to 2007. Average earning assets increased during 2008 by 4.74% or \$10,310,000, which led to a favorable net interest income volume variance of approximately \$437,000, offsetting the unfavorable rate variance.

Due to the weakening economy, the Bank has increased its allowance for loan losses to 2.17% of outstanding loans from 1.38% at December 31, 2007. This increase, combined with net charge-offs of \$2,779,000, led to a loan loss provision in the income statement of \$4,709,000, an increase of \$4,399,000 compared to 2007. The annualized year-to-date net charge-offs to loans ratio is 1.42%. Nonperforming loans consist of twenty-one accounts totaling \$10,907,000, or 5.20% of loans outstanding as of December 31, 2008 compared to \$911,000 in nonperforming loans at the end 2007.

Noninterest expenses increased by \$478,000 or 6% compared to 2007 levels, largely due to one time charges of approximately \$453,000 due to changes in management personnel. Idaho Banking Company, the primary subsidiary of Idaho Bancorp, continues to look for ways to become more efficient and to reduce its noninterest expenses in relation to its operating revenue.

Idaho Bancorp President and CEO James C. Latta commented, "2008 was a turbulent year for all banks in the Treasure Valley. The Bank is very fortunate to have employees dedicated to providing lasting impressions of trust and service, while building strong loan and deposit 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 (www.idahobankingco.com) 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 Bank 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
(Dollars in thousands, except per share)

For the year ended December 31:	2008	2007	\$ Change	% Change
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Net interest income	\$ 8,570	\$ 9,080	\$ (510)	-6%
Provision for loan losses	4,709	310	4,399	1419%
Mortgage banking income	643	715	(72)	-10%
Other noninterest income	509	625	(116)	-19%
Noninterest expense	8,339	7,860	479	6%
Net income (loss) before taxes	(3,326)	2,250	(5,576)	-248%
Income taxes	(1,345)	809	(2,154)	-266%
Net income (loss)	(1,981)	1,441	(3,422)	-237%
Earnings per share				
Basic	(1.08)	0.79	(1.87)	-237%
Diluted	(1.08)	0.78	(1.86)	-238%
At December 31:	2008	2007	\$ Change	% Change
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Loans	\$ 209,648	\$ 190,366	\$ 19,282	10%
Allowance for loan losses	4,553	2,623	1,930	74%
Assets	247,330	234,502	12,828	5%
Deposits	185,310	189,226	(3,916)	-2%
Shareholders' equity	14,994	17,438	(2,444)	-14%
Nonperforming loans	10,907	911	9,996	1097%
Other real estate owned *	380	0	380	N/A
Book value per share	8.15	9.61	(1.46)	-15%
Shares of common stock outstanding	1,839,860	1,814,222	25,638	1%
Allowance to loan ratio	2.17%	1.38%		
Allowance to nonperforming loans	42%	288%		
Nonperforming loans to total loans	5.20%	0.48%		
Averages for the year ended December 31:	2008	2007	\$ Change	% Change
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Loans	\$ 195,994	\$ 181,719	\$ 14,275	8%
Earning assets	227,862	217,553	10,309	5%
Assets	238,063	229,412	8,651	4%
Deposits	182,004	186,789	(4,785)	-3%
Shareholders' equity	17,748	16,779	969	6%
For the year ended December 31:				
Return on average assets	-0.83%	0.63%		

Return on average equity	-11.16%	8.59%
Average loans to deposits	107.69%	97.29%
Net interest margin - tax equivalent	3.82%	4.24%
Net loan charge-offs (recoveries)	2,779	106
Net charge-offs (recoveries) to loans (annualized)	1.42%	0.06%

* Includes only retaken property.

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