

SOURCE: Idaho Bancorp



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Idaho Bancorp Reports Third-Quarter Results

BOISE, ID--(Marketwire - October 16, 2008) - Today Idaho Bancorp (OTCBB: **IDBC**) reported net income for the first nine months of 2008 of \$159,000 or \$0.09/diluted share, compared to \$1,060,000 or \$0.57/diluted share for the same time period in 2007. The largest contributing factors responsible for these results included a decline in the net interest margin between 2008 and 2007, expenses related to management changes at Idaho Banking Company and an increased provision for loan losses due to a weakening economy.

The tax equivalent net interest margin for the first nine months of 2008 and 2007 was 3.88% and 4.28%, respectively. The reduced net interest margin caused net income to decline from the 2007 level by approximately \$418,000. Expenses related to management changes earlier in the year caused net income to decrease during 2008 by approximately \$340,000.

Due to the weakening economy, the Company has increased its allowance for loan losses to 1.51% of outstanding loans from 1.38% at December 31, 2007. This increase, combined with net charge-offs of \$204,000, reduced net income during 2008 by approximately \$273,000. The annualized year-to-date net charge-offs to loans ratio is only 0.14%. Nonperforming loans consist of six accounts totaling \$2,158,000, or 1.08% of loans outstanding as of September 30, 2008 compared to no nonperforming loans at the end of the third quarter 2007. The Company believes it has an adequate reserve for these loans.

Net income for the third quarter 2008 was \$169,000 compared to a loss of \$139,000 during the second quarter 2008. The largest contributing factor to this improvement was a \$399,000 decrease in noninterest expense due to Idaho Banking Company management change expenses recognized in the second quarter. The Company's tax equivalent net interest margin improved by 20 basis points to 3.99% for the third quarter 2008 compared to 3.79% for the second quarter 2008. The Company is focused on continued improvement in its tax equivalent net interest margin with the introduction of its Perfectly Free Business Checking product during the most recent quarter.

Idaho Banking Company President and CEO James C. Latta commented, "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 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 Safe Harbor

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 nine months ended September 30:	2008	2007	\$ Change	% Change
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Net interest income	\$ 6,486	\$ 6,755	\$ (269)	-4%
Provision for loan losses	605	185	420	227%
Mortgage banking income	543	518	25	5%
Other noninterest income	391	409	(18)	-4%
Noninterest expense	6,621	5,906	715	12%
Net income before taxes	194	1,591	(1,397)	-88%
Income taxes	35	531	(496)	-93%
Net income	159	1,060	(901)	-85%
 Earnings per share				
Basic	0.09	0.58	(0.49)	-84%
Diluted	0.09	0.57	(0.48)	-84%
 At September 30:	2008	2007	\$ Change	% Change
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Loans	\$ 199,788	\$ 187,828	\$ 11,960	6%
Allowance for loan losses	3,024	2,589	435	17%
Assets	239,051	232,867	6,184	3%
Deposits	181,288	190,488	(9,200)	-5%
Shareholders' equity	17,724	17,051	673	4%
Nonperforming loans	2,158	0	2,158	N/A
Other real estate owned *	336	0	336	N/A
 Book value per share	9.63	9.37	0.26	3%
Shares of common stock outstanding	1,839,860	1,820,172	19,688	1%
 Allowance to loan ratio	1.51%	1.38%		
Allowance to nonperforming loans	140%	N/A		
Nonperforming loans to total loans	1.08%	0.00%		
 Averages for the nine months ended September 30:	2008	2007	\$ Change	% Change
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Loans	\$ 193,672	\$ 177,451	\$ 16,221	9%
Earning assets	226,537	214,281	12,256	6%
Assets	236,730	226,259	10,471	5%
Deposits	182,445	185,028	(2,583)	-1%
Shareholders' equity	17,763	16,609	1,154	7%
 For the nine months ended September 30:				
Return on average assets	0.09%	0.63%		
Return on average equity	1.20%	8.53%		
Average loans to deposits	106.15%	95.90%		
Net interest margin - tax equivalent	3.88%	4.28%		
Net loan charge-offs				

(recoveries)	204	15
Net charge-offs (recoveries) to loans (annualized)	0.14%	0.01%

* Includes only retaken property.

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

	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3
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Net interest income	\$ 2,250	\$ 2,122	\$ 2,114	\$ 2,325	\$ 2,280
Provision for loan losses	260	200	145	125	145
Mortgage banking income	168	161	214	197	185
Other noninterest income	135	123	133	217	145
Noninterest expense	2,044	2,443	2,134	1,955	1,986
Net income before taxes	249	(237)	182	659	479
Income taxes	80	(98)	53	278	157
Net income	169	(139)	129	381	322
Earnings per share					
Basic	0.09	(0.08)	0.07	0.21	0.18
Diluted	0.09	(0.08)	0.07	0.21	0.17
Average loans	197,948	193,323	189,698	194,381	182,808
Average earning assets	227,730	228,614	223,253	227,257	220,128
Average assets	238,021	238,248	233,908	238,798	232,011
Average deposits	176,924	185,846	184,627	191,565	189,402
Average shareholders' equity	17,763	17,985	17,541	17,439	16,989
Return on average assets	0.28%	-0.23%	0.22%	0.63%	0.55%
Return on average equity	3.78%	-3.11%	2.96%	8.67%	7.52%
Average loans to deposits	111.88%	104.02%	102.75%	101.47%	96.52%
Net interest margin - tax equivalent	3.99%	3.79%	3.87%	4.13%	4.18%
Nonperforming loans - period end	\$ 2,158	\$ 60	\$ 316	\$ 911	\$ -
Other real estate owned - period end *	336	206	-	-	-
Loans - period end	199,788	196,894	189,284	190,366	187,828
Allowance for loan losses - period end	3,024	2,868	2,662	2,623	2,589
Net charge-offs (recoveries) - quarterly	104	(6)	106	91	12
Allowance to loans	1.51%	1.46%	1.41%	1.38%	1.38%
Allowance to nonperforming loans	140%	4,780%	842%	288%	N/A
Nonperforming loans to total loans	1.08%	0.03%	0.17%	0.48%	0.00%
Net charge-offs to loans - annualized	0.21%	-0.01%	0.22%	0.19%	0.03%

* Includes only retaken property.

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