

SOURCE: Idaho Bancorp



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## Idaho Bancorp Reports Third Quarter Results

BOISE, ID--(Marketwire - October 30, 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 10.87%, based on the 10.00% regulatory standard for such designation.

In light of continued economic weakness, the Company increased its allowance for loan losses by \$3,952,000 and charged off \$4,548,000 in net loan losses, resulting in a reserve of 4.33% of outstanding loans at September 30, 2009 compared to 1.51% and 2.17% as of September 30, 2008 and December 31, 2008, respectively. These actions resulted in a net loss for the Company of \$7,438,000 for the nine months ended September 30, 2009 compared to a net income of \$159,000 for the nine months ended September 30, 2008. The reported loss represents (\$4.04) per share compared to a net income of \$0.09 per share for the first nine months of 2008. The book value per share was \$4.43 and \$9.63 as of September 30, 2009 and 2008, respectively.

### Highlights

- The Company's Home Loan Center increased non-interest income by \$284,000, or 52%, when comparing the nine-month periods ended September 30, 2009 and 2008, respectively
- The Company's in-market core deposits, excluding certificates of deposit, increased \$17,958,000, or 25.9% when comparing balances at September 30, 2009 to balances at September 30, 2008

The Company's nonperforming assets were \$19,823,000 and \$11,287,000 at September 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 \$5,451,000, or 2.77% of outstanding loans, at September 30, 2009 compared to \$491,000 at December 31, 2008. Included above for September 30, 2009 is \$1,395,000 in one loan ninety days or more past due and still accruing interest. There were no loans more than ninety days past due and still accruing interest as of December 31, 2008.

The net interest margin for the nine-month period ended September 30, 2009 was 3.56% compared to 3.88% for the same time period in 2008. Net interest income was reduced by approximately \$596,000 due to the reversal of earned interest and lost potential interest income resulting from non-accrual loans. This lost interest income accounts for 35 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 3 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 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 non-interest income by \$284,000, or 52%, when comparing the nine-month periods ended September 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 80 as of September 30, 2009 from 86 at September 30, 2008. The 2009 year-to-date salaries, excluding mortgage commissions and 2008 one time charges, have declined by approximately \$211,000 from the same time period in 2008. 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 \$284,000, or 301% from the costs recognized in 2008 for the same time period.

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 nine months ended  
September 30:

	2009	2008	\$ Change	% Change
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Net interest income	\$ 5,977	\$ 6,486	\$ (509)	-8%
Provision for loan losses	8,500	605	7,895	1305%
Mortgage banking income	827	543	284	52%
Other non-interest income	401	391	10	3%
Non-interest expense	6,604	6,621	(17)	0%
Net income / (loss) before taxes	(7,899)	194	(8,093)	-4172%
Income taxes	(461)	35	(496)	-1417%
Net income / (loss)	(7,438)	159	(7,597)	-4778%
Income / (loss) per share				
Basic	(4.04)	0.09	(4.13)	-4589%
Diluted	(4.04)	0.09	(4.13)	-4589%

At September 30:

	2009	2008	\$ Change	% Change
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Loans	\$ 196,606	\$ 199,788	\$ (3,182)	-2%
Allowance for loan losses	8,505	3,024	5,481	181%
Assets	239,567	239,051	516	0%
Deposits	198,240	181,288	16,952	9%
Shareholders' equity	15,110	17,724	(2,614)	-15%
Nonperforming loans	18,153	2,158	15,995	N/A
Other real estate owned *	1,670	336	1,334	N/A
Book value per share	4.43	9.63	(5.20)	-54%
Shares of common stock outstanding	1,841,128	1,839,860	1,268	0%
Allowance to loan ratio	4.33%	1.51%		
Allowance to nonperforming loans	47%	140%		
Nonperforming loans to total loans	9.23%	1.08%		

Averages for the nine months

ended September 30:	2009	2008	\$ Change	% Change
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Loans	\$ 199,297	\$ 193,672	\$ 5,625	3%
Earning assets	228,188	226,537	1,651	1%
Assets	237,354	236,730	624	0%
Deposits	185,878	182,445	3,433	2%
Shareholders' equity	20,002	17,763	2,239	13%

For the nine months ended  
September 30:

Return on average assets	-4.19%	0.09%
Return on average equity	-49.72%	1.20%
Average loans to deposits	107.22%	106.15%
Net interest margin - tax equivalent	3.56%	3.88%
Net loan charge-offs (recoveries)	4,548	204
Net charge-offs (recoveries) to loans (annualized)	3.05%	0.14%

\* Includes only retaken property.

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

	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
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Net interest income	\$ 1,914	\$ 1,943	\$ 2,120	\$ 2,084	\$ 2,250
Provision for loan losses	1,600	6,200	700	4,104	260
Mortgage banking income	204	281	342	100	168
Other non-interest income	131	135	135	118	135
Non-interest expense	2,118	2,314	2,172	1,718	2,044
Net income / (loss) before taxes	(1,469)	(6,155)	(275)	(3,520)	249
Income tax expense / (benefit)	0	(335)	(126)	(237)	80
Net income / (loss)	(1,469)	(5,820)	(149)	(3,283)	169
Earnings / (loss) per share					
Basic	(0.80)	(3.16)	(0.08)	(1.16)	0.09
Diluted	(0.80)	(3.16)	(0.08)	(1.16)	0.09
Average loans	197,760	196,244	204,018	202,910	197,948
Average earning assets	227,605	224,179	232,901	231,809	227,730
Average assets	235,053	234,648	242,591	242,032	238,021
Average deposits	191,850	181,921	183,895	180,689	176,924
Average shareholders' equity	16,095	21,896	22,081	17,703	17,763
Return on average assets	-2.48%	-9.95%	-0.25%	-5.40%	0.28%
Return on average equity	-36.21%	-106.61%	-2.74%	-73.78%	3.78%
Average loans to deposits	103.08%	107.87%	110.94%	112.30%	111.88%
Net interest margin - tax equivalent	3.39%	3.53%	3.75%	3.63%	3.99%
Nonperforming loans - period end	\$ 18,153	\$ 14,508	\$ 7,637	\$ 10,907	\$ 2,158
Other real estate owned - period end *	1,670	1,437	1,155	380	336
Loans - period end	196,606	196,341	193,404	209,648	199,788
Allowance for loan losses - period end	8,505	7,583	4,118	4,553	3,024
Net charge-offs (recoveries) - quarterly	678	2,735	1,135	2,575	104
Allowance to loans	4.33%	3.86%	2.13%	2.17%	1.51%
Allowance to nonperforming loans	47%	52%	54%	42%	140%
Nonperforming loans to total loans	9.23%	7.39%	3.95%	5.20%	1.08%
Net charge-offs to loans - annualized	1.36%	5.59%	2.26%	5.05%	0.21%

\* Includes only retaken property.

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