



IDAHO FIRST BANK

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Idaho First Bank Announces 2nd Quarter 2020 Results

McCall, Idaho – August 5, 2020 – Today Idaho First Bank (the “Bank”) (OTC: IDFB) announced unaudited financial results for the second quarter of 2020. Greg Lovell, CEO, stated “The results for this quarter are heavily influenced by the Bank’s participation in the Paycheck Protection Program (PPP) under the CARES Act.” He further stated that “Our participation was based upon our priority to help our clients withstand continuous adverse economic environments due to the COVID 19 pandemic. The Bank plans to use the income generated to bolster our reserves against economic turmoil, build deeper and wider client relationships and show why a strong community bank is key to small businesses. Additionally, we gained a substantial number of new Idaho business relationships with the goal of accelerating our growth and expansion in Southwest Idaho.”

Chairman Mark Miller said, “The board was highly involved in the oversight of this program and supported the Bank’s effort to fully engage with our clients. While we also helped non-Idaho businesses, we believe that we accomplished the intended goal of the CARES Act, which was to help keep people employed and businesses viable.”

While participation in the Paycheck Protection Program accelerated growth, the program implemented certain safety provisions for participating banks. These included: providing for low cost funding through the Paycheck Protection Program Liquidity Facility (**PPPLF**) through the Federal Reserve Bank, adjusting the calculation of regulatory capital ratios to reflect the SBA guaranteed status of the PPP loans, and assurance that banks could rely on the SBA and Clients’ representations. Chief Credit Officer Shannon Stoeger stated, “The structure of the program allowed for ease of application for small businesses and allowed the Bank to lend in far greater amounts which helps boost the economic viability of our business clients.” She continued, “As an SBA Preferred Lender, we recognize the SBA programs provide substantial assistance in

meeting the credit needs of small business and we are honored to have been a major participant in this program.”

To further support the initial program’s objectives and to react efficiently to unprecedented customer demand, the Bank collaborated with a local fintech company to streamline the application and loan documentation process. This arrangement provided efficiencies which allowed the Bank to originate additional PPP loans. Total PPP loans outstanding were \$618 million at June 30, 2020. The Bank continues to work with the fintech partner to support the Paycheck Protection Program, including the forgiveness process as mandated by the CARES Act.

Idaho First Bank’s participation in the program generated a considerable amount of positive market impact, noted in numerous comments shared by clients such as this one:

“Outstanding is a word I would use to describe Idaho First Bank. When I called about the PPP loan program on the day that the program was announced, Bob Buersmeyer was really, really good at figuring out the process and documents. Bob helped me get the documents together and submitted the next day, Friday. With a lot of work by Idaho First Bank over the weekend, the loan was approved and funded within 10 days. Bob was outstanding and they all put in an amazing effort to help get the job done. I've known Greg Lovell for years too and I can't thank him and Idaho First Bank enough for all they have done for my business.” – J.M.

CEO Greg Lovell observed, “These comments reflect the work of our team throughout this process, and act as a testament to our goal of being an entrepreneurial leader in community banking. Bank team members worked many extra hours, including working 24 hours a day to meet the needs of our clients and the unique demands of the program. I couldn’t be prouder of our teams’ efforts as they took on this challenge and exceeded expectations.”

At June 30, 2020, the Bank’s total assets were \$917 million, an increase of \$707 million, or 338% over June 30, 2019. Total loans at June 30th showed a 426% increase from 2019, to \$809 million in outstanding balances as a result of the PPP loan activity. Deposits increased year over year by \$98 million or 53% at June 30th. The Bank used the Federal Reserve Bank’s PPPLF program funding to support the increase in loans.

The Bank has complied with FAS91 requirement to amortize the service fees received from the SBA for originating the PPP loans over the anticipated maturity of the notes. The Bank amortized net origination fees and costs of \$1.4 million through interest income during the second quarter. The Bank held net unamortized origination fees and costs for PPP loans of \$8.9

million at June 30, 2020 and anticipates the balance will be recognized through interest income over the course of the PPP loan forgiveness process.

The Bank's loan portfolio continues to perform during the unique economic environment. Management has completed a review of the loan portfolio to provide an early warning process for loans that may be negatively impacted by the economic conditions. Based on this review, the Bank cautiously believes the current status of the loan portfolio remains strong. The Bank will continue to regularly review the loan portfolio for any signs of deterioration.

To further support our clients in their response to the unique economic issues, the Bank worked with the regulatory agencies to implement loan payment deferrals that comply with safe and sound banking principles as formulated by the regulatory agencies. With 74 loan payment deferrals completed since March, the Bank continues to review COVID response plans and their potential impact on borrowers' financial condition. These deferral arrangements will provide needed assistance to maintain the client credit performance.

While our current reviews support continued financial performance, the uncertain economic impact of COVID and ongoing regulatory and legislature actions make any forecasts of strong performance uncertain. Bank management, in conjunction with its board, continues to be active in oversight of efforts to help business clients through this economic upheaval.

The allowance for loan losses was funded at \$2,668 million, or 1.37% of loans (minus 100% US guaranteed loans) at June 30, 2020. Total non-performing assets increased, while remaining low at \$413 thousand, but were all balances guaranteed by the United States Department of Agriculture (USDA) loan guarantees, at June 30, 2020. The Bank has no other real estate owned. The Bank recognized \$500 thousand in provision to the allowance for loan losses due to the overall economic conditions and will continue to monitor the portfolio and economic environment to ensure that the allowance for loan losses remains adequately funded.

Shareholders' equity at June 30, 2020, was \$29.3 million, an increase of \$10 million from June 30, 2019, as a result of the stock raise late in 2019 and the profitability of the bank's operations. Book value per share improved from \$6.06 at June 30, 2019, to \$6.41 at June 30, 2020. CFO Steve Speidel commented, "The Bank's enthusiastic participation in PPP was a unique opportunity for the Bank to administer government relief to our customers while at the same time benefiting the Bank; both in the form of a boost to net income from recognition of fees received from the SBA, as well as from the goodwill earned with existing and new customers."

[About Idaho First Bank](#)

Idaho First Bank is a full service state-chartered community bank established in October 2005 and headquartered in McCall, Idaho. The Bank serves the greater southwest Idaho communities with four additional branches located in New Meadows, Ketchum, Eagle and Boise and a loan production office in Nampa. Idaho First Bank is a member of the FDIC and an Equal Housing Lender. For more information visit www.idahofirstbank.com

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. These risks and uncertainties include, but are not limited to, economic conditions, the regulatory environment, loan concentrations, vendors, employees, technology, competition, and interest rates. Readers are cautioned not to place undue reliance on the forward-looking statements. Idaho First Bank has no obligation to publicly update forward-looking statements after the date of this release. This statement is included for the express purpose of invoking PSLRA’s safe harbor provisions.

Idaho First Bank
Financial Highlights (unaudited)
(Dollars in thousands, except per share)

For the six months ended June 30:	2020	2019	Change	
Net interest income	\$6,008	\$3,977	\$2,031	51%
Provision for loan losses	570	185	385	208%
Mortgage banking income	123	555	(432)	-78%
Other noninterest income	270	278	(9)	-3%
Noninterest expenses	4,620	4,005	615	15%
Net income before taxes	1,211	620	591	95%
Tax provision	328	175	153	87%
Net income	\$883	\$445	\$438	98%
At June 30:	2020	2019	Change	
Loans	\$809,009	\$153,673	\$655,336	426%
Allowance for loan losses	2,668	2,004	664	33%
Assets	916,686	209,503	707,183	338%
Deposits	283,074	185,186	97,888	53%
Stockholders' equity	29,322	19,355	9,966	51%
Nonaccrual loans	413	149	264	177%
Accruing loans more than 90 days past due	-	-	-	
Other real estate owned	-	-	-	
Total nonperforming assets	413	149	264	177%
Book value per share	6.41	6.06	0.35	6%
Shares outstanding	4,574,161	3,195,180	1,378,981	43%
Allowance to loans	0.33%	1.30%		
Allowance to nonperforming loans	645%	1342%		
Nonperforming loans to total loans	0.05%	0.10%		
Averages for the six months ended June 30:	2020	2019	Change	
Loans	\$398,000	\$162,246	\$235,754	145%
Earning assets	475,708	199,045	276,663	139%
Assets	488,254	208,301	279,953	134%
Deposits	241,087	183,805	57,283	31%
Stockholders' equity	28,040	18,612	9,428	51%
Loans to deposits	165%	88%		
Net interest margin	2.54%	4.03%		

Idaho First Bank
Quarterly Financial Highlights (unaudited)
(Dollars in thousands)

Income Statement	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net interest income	\$ 4,054	\$ 1,954	\$ 1,962	\$ 1,936	\$ 1,964
Provision for loan losses	500	70	105	-	-
Mortgage banking income	45	78	107	101	322
Other noninterest income	134	135	150	160	145
Noninterest expenses	2,540	2,080	1,784	1,761	2,031
Net income before taxes	1,193	18	330	435	400
Tax provision	319	9	88	119	107
Net income	\$ 874	\$ 9	\$ 242	\$ 316	\$ 293
Period End Information	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Loans	\$809,009	\$180,579	\$174,246	\$157,134	\$ 153,673
Allowance for loan losses	2,668	2,167	2,096	1,990	2,004
Nonperforming loans	413	570	153	158	149
Other real estate owned	-	-	-	-	-
Quarterly net charge-offs (recoveries)	(1)	(1)	(1)	13	(1)
Allowance to loans	0.33%	1.20%	1.20%	1.27%	1.30%
Allowance to nonperforming loans	645%	380%	1370%	1260%	1342%
Nonperforming loans to loans	0.05%	0.32%	0.09%	0.10%	0.10%
Average Balance Information	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Loans	\$620,647	\$175,354	\$161,850	\$153,738	\$ 159,624
Earning assets	730,194	221,222	207,979	204,516	198,127
Assets	743,522	232,986	218,964	213,835	207,273
Deposits	285,689	196,486	188,089	188,512	182,588
Stockholders' equity	28,126	27,953	23,213	20,032	18,769
Loans to deposits	217%	89%	86%	82%	87%
Net interest margin	2.23%	3.55%	3.74%	3.76%	3.98%