

## P R E S I D E N T ' S M E S S A G E



**Branden P Hansen**  
President

### SHAREHOLDER DIVIDEND

*A dividend of \$0.10 per share was paid on March 28, 2023, for Q1 2023, compared to \$0.10 per share dividend paid in Q4 2022 and \$0.10 in Q1 2022. A special dividend of \$2.00 Issued on December 13, 2022.*

### The Bank of Utah Difference: Diverse Products, Careful Investing, Local Ties

To say the first quarter of 2023 was eventful for the banking industry is an understatement. On March 10, Silicon Valley Bank collapsed. Two days later, Signature Bank fell. Within 48 hours, the U.S. had seen the second and third largest bank failures in the nation's history, with the Federal Reserve stepping in to secure deposits. This sent shock waves throughout the banking industry, and by March 15, the Federal Reserve had needed to fund a record \$153 billion in emergency liquidity to many of the country's banks.

The tumultuous events in March emphasize how important it is to have a strategy in place to serve customers and communities in any circumstance, and to assure them their bank is financially healthy. For over 70 years, Bank of Utah has employed careful and conservative risk management practices, featuring diverse products, thoughtful investing and traditional, high-touch community banking. In turn, the Bank has established a strong capital position, with over three times the amount required by federal regulators, a solid balance sheet and an ever-growing, loyal customer base.

This strategy sets Bank of Utah apart and makes the Bank a leader in the industry. We continue to increase capital every quarter, and for the first quarter of 2023, we achieved incredible results despite nationwide banking challenges.

- **Consolidated net income** for the first quarter of 2023 was \$11.2 million compared to \$9.7 million for the fourth quarter of 2022 and \$7.9 million for the first quarter of 2022, an increase of 15.2 percent and 40.7 percent, respectively.
- **Total stockholders' equity** increased to \$352.8 million in Q1 2023, up from \$348.0 million in Q4 2022 and \$248.2 million in Q1 2022. This represents an increase of 1.4 percent and 42.1 percent, respectively, and indicates robust levels of capital.
- **Total interest and fee income** was \$28.1 million for the first quarter of 2023 compared to \$25.8 million in the previous quarter and \$17.6 million in the first quarter of 2022, an 8.7 percent quarter-over-quarter increase and a 59.7 percent year-over-year increase.

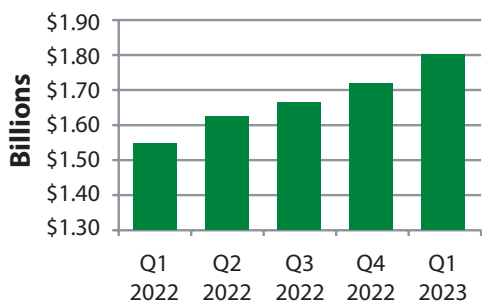
Closing out another successful quarter, I would like to say thank you for your support of Bank of Utah. We are committed to being a responsible financial advocate and honored to be the bank of choice for our valued customers.

# Q1 2023 FINANCIAL ANALYSIS

## Lending

With healthy loan pipelines, loan production remained strong. The portfolio balance totaled \$1.8 billion at the end of the first quarter, representing a 7.5 percent quarter-over-quarter increase and a 22 percent year-over-year increase. In addition, net interest margin rose to 4.51 percent from 4.38 percent in Q4 2022 and 3.33 percent in Q1 2022. As a result, interest and fees on loans increased by \$2.2 million from Q4 2022. Loan quality remains excellent with nonperforming and delinquent loans to capital plus reserves at 0.4 percent — well below industry averages.

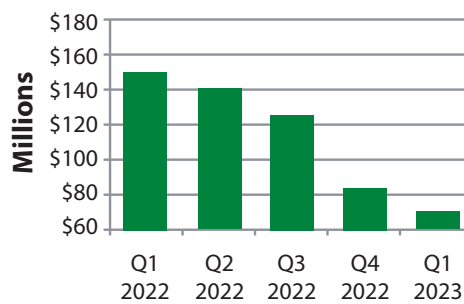
Period End Loans, Net of Unearned Income



## Mortgage Production

Mortgage loan production was \$66.1 million, a 22.4 percent quarter-over-quarter decrease and a 55.9 percent year-over-year decrease. Gain on sale of loans increased 15.5 percent from Q4 2022 and decreased 73.7 percent from Q1 2022. The combination of increasing mortgage rates, general economic uncertainty and seasonal downturns contributed to a reduction in home sales and the decline in mortgage volumes. With inflation cooling, mortgage rates are expected to decline by the end of 2023, and as Utah's weather improves, home-buying should somewhat resume, which is reason to be optimistic for the year ahead.

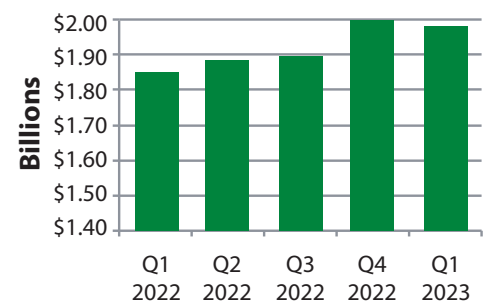
Mortgage Production



## Deposits

Average deposits for the first quarter declined slightly, from \$2.0 billion in Q4 2022 to \$1.9 billion, but increased 3.1 percent year over year. Nationally, deposits are shrinking at a much higher rate. Bank of Utah's commitment to service and exceptional outreach to personal and business customers keep the deposits base strong and stable. In addition, enhanced technology and deposits-specific marketing campaigns will help bolster the Bank's average deposits throughout the coming year.

Average Deposits



## Corporate Trust

Corporate Trust experienced comparable new business in Q1 2023 to Q1 2022, ending the first quarter with more than 3,000 primary accounts of various types, representing a 1.3 percent quarter-over-quarter increase and a 5.8 percent year-over-year increase. With traveling opening up, the department has actively visited customers and scheduled meetings with key contacts, which helps maintain strong relationships with existing customers and increases market share in some products. 2023 is expected to be a strong year, as many trust accounts involve aircraft and the markets are seeing increased demand for travel.

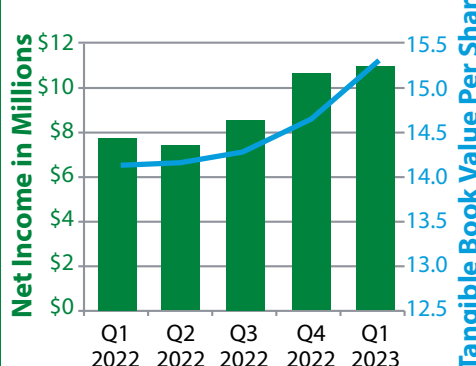
## Personal Trust

Personal Trust assets for Q1 2022 rebounded to \$709.9 million, a 2.3 percent increase from the previous quarter and a 5.5 percent increase from the first quarter of 2022. While the portfolio balance is tied closely to the stock market and fluctuations in balances are normal, trust officers work diligently to increase the number of quality accounts and clients. This results in balances increasing over time.

## COMPANY NOTABLE POINTS

- The Bank remains well leveraged based on its capital and assets, with a tier 1 leverage ratio of 14.86 percent in the first quarter of 2023.
- The Bank boosted its loan loss provision to \$1.8 million this quarter due to loan growth.
- Total interest expense increased from \$900 thousand in Q4 2022 to \$3.6 million in Q1 2023.
- The Bank's efficiency ratio for Q1 2023 was 48.58 percent compared to 55.82 percent in the previous quarter and 59.93 percent in Q1 2022.

Net Income and Book Value



	Q1 2023	Q4 2022	Q1 2022
Return on Average Assets	1.89%	1.64%	1.47%
Return on Average Equity	12.93%	13.94%	12.76%
Net Income	\$11.2MM	\$9.7MM	\$7.9MM
Net Interest Margin (FTE)	4.51%	4.38%	3.33%
Net Interest Income (FTE)	\$25.3MM	\$24.5MM	\$17.1MM
Noninterest Income	\$5.8MM	\$5.0MM	\$7.4MM
Earnings Per Share	\$0.48	\$0.53	\$0.48
Dividend Per Share	\$0.10	\$0.10	\$0.10
Equity	\$352.8MM	\$348.0MM	\$248.2MM
Total Assets	\$2.54B	\$2.41B	\$2.25B