

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 Oct. 2, 2023, for Q3 2023 compared to \$0.10 per share dividend paid in Q2 2023 and \$0.10 in Q3 2022.

Essential to an Elite Economy

In early October, the University of Utah's Kem C. Gardner Policy Institute released a report titled "The New Utah: Keepers of the Flame," shedding light on demographic and economic transformations that have reshaped our state. Notably, Utah's economy has soared from a position of strength to a coveted status among the nation's elite economies, with job growth consistently ranking at or near the top of states. This remarkable ascent has not gone unnoticed, with respected organizations such as Forbes and the U.S. Chamber of Commerce recognizing Utah as one of the best states in which to do business.

The Beehive State is undeniably thriving. Strong community banks play a vital role in maintaining this excellence, providing the financial resources and support that empower businesses and individuals to succeed. At Bank of Utah, we're deeply committed to our part in Utah's flourishing landscape. We don't merely observe; we actively contribute to the well-being of our community. We help businesses expand, create jobs and drive economic growth, and we offer innovative services that empower individuals to build a brighter financial future.

As Utah's economy continues to progress, Bank of Utah is dedicated to making sound financial decisions that serve the growing state and its residents. The results of our third quarter, marked by increases in commercial lending and deposits, underscore that commitment. Highlights include:

- **Period end loans**, net of unearned income, totaled \$2.1 billion, representing a 4.1 percent increase over the previous quarter and a 28.8 percent increase over the third quarter of 2022.
- **Average deposits** were \$2.0 billion, a 5.2 percent increase from the previous quarter and a 7.9 percent increase from the third quarter 2022.
- **Consolidated net income** for Q3 2023 was \$9.7 million compared to \$10.2 million for Q2 2023 and \$8.6 million for Q3 2022, a decrease of 5.1 percent and an increase of 12.7 percent, respectively. For the nine months ended Sept. 30, 2023, consolidated net income was \$31.0 million compared to \$23.9 million for the same period in 2022 — a significant 29.5 percent increase.

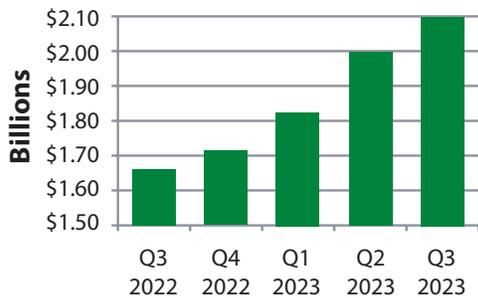
In conclusion, an elite economy is not just about numbers and statistics; it's about the people, the community and the values we share. Bank of Utah is proud to be a partner in Utah's success. We are committed to providing the financial resources and support that our customers need to achieve their goals and dreams, and we are equally committed to giving back to the community that we serve because ...Together, we are Utah.

Q3 2023 FINANCIAL ANALYSIS

Lending

Commercial lending continues to be a key driver of growth for the Bank. Period end loans totaled \$2.1 billion in Q3 2023, representing a 4.1 percent quarter-over-quarter increase and a 28.8 percent year-over-year increase. Interest and fees on loans was \$3.1 million this quarter, up from the previous quarter's \$2.8 million. Loan quality remained excellent, with nonperforming and delinquent loans at 0.0 percent. This sustained upward trajectory underscores the need for financing within the local business community and our commercial lenders' effective response to meet the demand.

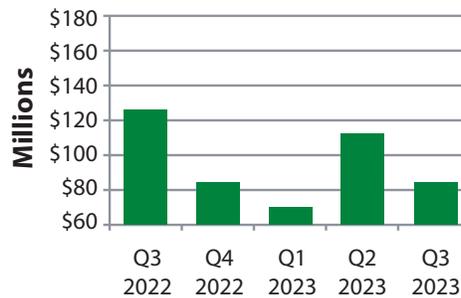
Period End Loans, Net of Unearned Income



Mortgage Production

Home loan applications experienced a notable decline, both in Utah and nationally, due to the challenges posed by increasing interest rates. Consequently, mortgage production decreased by 24.3 percent quarter over quarter and 33.7 percent year over year, dropping to \$83.5 million. The Bank has been proactive in adapting its services in this ever-evolving market. In addition to a two-time closing option, the Bank now offers a one-time close for construction and permanent residential financing. This offers customers increased flexibility and a better chance at securing favorable interest rates.

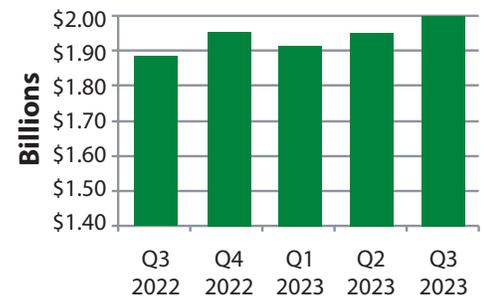
Mortgage Production



Deposits

Trust in the Bank, coupled with a concerted effort to attract deposits from lending and trust customers, led to an upswing in deposits. Average deposits for the quarter totaled \$2.0 billion, marking a 5.2 percent increase from Q2 2023 and a 7.9 percent increase from Q3 2022. The Bank has maintained enhanced core deposit pricing to remain competitive. With a larger pool of deposits at more favorable rates for consumers, total interest expense rose to \$10.3 million from the previous quarter's \$7.1 million. The return on investment, however, is customer loyalty, deposit growth and expanded lending operations.

Average Deposits



Corporate Trust

Both the aircraft and life settlement lines of business remained strong in Q3 2023. The quarter saw increased activity, with payments and deposits moving at an improved pace. As a result, fee revenue exhibited steady, moderate growth over Q3 2022. Growth projections and deposits are in line with the department's expectations. The number of accounts and aircrafts held in trust continued to rise. Demand is strong for new aircraft, while used aircraft continued to be traded and moved. Moderate growth in this market is expected.

Personal Trust

The stock market's fluctuations, among other economic conditions, contributed to ebbs and flows in personal trust assets under management, which stayed flat quarter over quarter at \$717.2 million but increased 13.8 percent year over year. The Bank is committed to providing comprehensive and dependable trust services to our clients. In times of market volatility, experienced trust and investment officers work to manage investments, and in the best interest of their clients.

COMPANY NOTABLE POINTS

The Bank's Q3 tier 1 leverage ratio was 13.90 percent compared to 14.37 percent in Q2 2023. This remains well above the regulatory minimum, reaffirming the Bank's strong financial position.

The Bank reduced its loan loss provision from \$2.0 million to \$1.0 million in Q3. This strategic decision underscores the Bank's excellent loan quality and prudent risk management. It also aligns with expected market conditions and loan growth.

In Q3, the Bank's efficiency ratio rose to 56.11 percent from 51.57 percent in Q2 2023, primarily due to higher staff costs and equipment expenses for improved security. Despite the uptick, it remains within benchmark, indicating sound cost management.

Net Income and Book Value



	Q3 2023	Q2 2023	Q3 2022
Return on Average Assets	1.44%	1.61%	1.52%
Return on Average Equity	10.52%	11.35%	13.42%
Net Income	\$9.7MM	\$10.2MM	\$8.6MM
Net Interest Margin (FTE)	3.90%	4.20%	3.99%
Net Interest Income (FTE)	\$24.8MM	\$25.1MM	\$21.3MM
Noninterest Income	\$5.3MM	\$5.8MM	\$5.0MM
Earnings Per Share	\$0.42	\$0.44	\$0.51
Dividend Per Share	\$0.10	\$0.10	\$0.10
Equity	\$362.0MM	\$358.5MM	\$249.1MM
Total Assets	\$2.84B	\$2.68B	\$2.32B