



# PRESS RELEASE

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**FOR IMMEDIATE RELEASE**

**July 13, 2017**

**IDAHO INDEPENDENT BANK ANNOUNCES  
2017 SECOND QUARTER and YEAR-TO-DATE RESULTS**

**Coeur d'Alene, Idaho** – Jack W. Gustavel, Chairman and Chief Executive Officer of Idaho Independent Bank (“IIB” or the “Bank”) (OTC Pink: IIBK), announced IIB’s unaudited, consolidated financial results for the second quarter and year-to-date ending June 30, 2017.

Pre-tax income for the second quarter was \$1.9 million, an increase of 58% over the \$1.2 million earned in the second quarter of 2016. Net income after taxes for 2017 was \$1.2 million, or \$0.15 per diluted share, compared to \$1.1 million, or \$0.13 per diluted share, for the second quarter of 2016. “Pre-tax income was helped by strong loan and deposit growth and an increase in the Bank’s net interest margin,” Mr. Gustavel said. Income tax expense for the 2016 quarter included a \$294,000 benefit related to a reversal of the Bank’s deferred tax valuation allowance, while there was no reversal in 2017. After-tax income for the six months ended June 30, 2017, was \$2.0 million, or \$0.25 per diluted share, compared to \$1.8 million, or \$0.23 per diluted share, for 2016. The 2016 income tax expense was reduced by a valuation allowance reversal that totaled \$513,000, while there was no reversal in 2017.

At June 30, 2017, the Bank's total assets were \$661.4 million, an increase of \$70.6 million, or 11.9%, when compared to June 30, 2016. Total loans, including loans held-for-sale, increased \$42.0 million, or 13.5%, to \$354.0 million; while deposits and repurchase agreements increased \$66.7 million, or 13.0%, to \$578.2 million over the same timeframe. As of June 30, 2017, the allowance for loan and lease losses was \$6.3 million, or 1.8% of total loans, excluding loans held-for-sale, and nonperforming assets were less than 0.2% of total assets.

As of quarter end, the Bank’s stockholders' equity to average total assets was 10.0%, and its capital ratios exceeded the regulatory thresholds required to be considered “Well-Capitalized.” During the quarter, the Bank purchased 70,617 shares of its common stock at a cost of \$684,293. IIB may still purchase shares worth up to \$1.4 million under its current buyback approval.

IIB will file its Consolidated Report of Condition and Income for the quarter ended June 30, 2017, (“Call Report”) with the Federal Deposit Insurance Corporation by July 30, 2017. The Call Report will be posted on the Federal Financial Institutions Examinations Council website at <http://cdr.ffiec.gov/public/>.

## **About IIB**

IIB was established in 1993 as an Idaho state-chartered, commercial bank that operates branches in Boise (3), Caldwell, Coeur d'Alene, Hayden, Meridian, Mountain Home, Nampa, Star, and Sun Valley/Ketchum, Idaho. IIB earned honorable mention as one of the Best Places to Work in Idaho through a survey conducted by Populus in 2016 & 2017, was named to DepositAccounts.com's Top 200 Healthiest Banks in America in 2015 & 2016, and was named among the top 1% most extraordinary banks in the U.S. by The Institute for Extraordinary Banking™ in 2016. The Bank has approximately 200 employees throughout the State of Idaho. To learn more about IIB, visit us online at [www.theidahobank.com](http://www.theidahobank.com).

*Statements contained herein concerning future performance, developments or events, expectations for earnings, growth and market forecasts, and similar statements that are not historical facts are intended to be "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995, and as such, are subject to a number of risks and uncertainties that may cause actual results to differ materially from expectations or our stated objectives. Factors that could cause actual results to differ materially, include, but are not limited to, declines in regional and general economic conditions; changes in interest rates, deposit flows, demand for loans, real estate values, competition, and/or loan delinquency rates; changes in accounting principles, practices, policies, or guidelines; changes in legislation or regulations; changes in the regulatory environment; changes in monetary policy of the Federal Reserve Bank; changes in fiscal policy of the Federal government and the State of Idaho; changes in other economic, competitive, governmental, regulatory, and technological factors affecting operations, pricing, products, and services; material unforeseen changes in the liquidity, results of operations, or financial condition of the Bank's customers. Accordingly, these factors should be considered in evaluating forward-looking statements, and there should not be undue reliance placed on such statements. The Bank undertakes no responsibility to update or revise any forward-looking statements.*

**Idaho Independent Bank**  
**Financial Highlights (unaudited)**  
(dollars in thousands, except share data)

| CONDENSED STATEMENT OF OPERATIONS                   | Three Months Ended |          | Six Months Ended |          |
|---|--------------------|----------|------------------|----------|
|   | June 30,           |          | June 30,         |          |
|   | 2017               | 2016     | 2017             | 2016     |
| Net interest income                                 | \$ 5,515           | \$ 4,519 | \$ 10,486        | \$ 8,829 |
| Provision for loan losses                           | -                  | -        | -                | -        |
| Net interest income after provision for loan losses | 5,515              | 4,519    | 10,486           | 8,829    |
| Noninterest income                                  | 1,792              | 2,130    | 3,567            | 3,277    |
| Noninterest expense                                 | 5,433              | 5,438    | 10,946           | 10,060   |
| Income before income tax expense (benefit)          | 1,874              | 1,211    | 3,107            | 2,046    |
| Income tax expense (benefit)                        | 684                | 139      | 1,134            | 202      |
| Net income  | \$ 1,190           | \$ 1,072 | \$ 1,973         | \$ 1,844 |

Earnings per share:

|         |         |         |         |         |
|---------|---------|---------|---------|---------|
| Basic   | \$ 0.16 | \$ 0.13 | \$ 0.26 | \$ 0.23 |
| Diluted | \$ 0.15 | \$ 0.13 | \$ 0.25 | \$ 0.23 |

**SELECTED BALANCE SHEET ACCOUNTS**

|  | June 30,<br>2017 | June 30,<br>2016 |
|--|------------------|------------------|
| Loans held for sale                      | \$ 4,903         | \$ 9,016         |
| Loans receivable                         | 349,058          | 303,023          |
| Gross loans                              | 353,961          | 312,039          |
| Allowance for loan losses                | 6,290            | 6,293            |
| Total assets                             | 661,431          | 590,806          |
| Deposits                                 | 553,527          | 489,792          |
| Customer repurchase agreements           | 24,691           | 21,660           |
| Total deposits and repurchase agreements | 578,218          | 511,452          |
| Stockholders' equity                     | 65,594           | 65,036           |

**PER SHARE DATA**

|                           |           |           |
|---------------------------|-----------|-----------|
| Common shares outstanding | 7,564,886 | 7,998,222 |
| Book value per share      | \$ 8.67   | \$ 8.13   |

| PERFORMANCE RATIOS (annualized) | Three Months Ended |        | Six Months Ended |        |
|---------------------------------|--------------------|--------|------------------|--------|
|                                 | June 30,           |        | June 30,         |        |
|                                 | 2017               | 2016   | 2017             | 2016   |
| Return on average assets        | 0.73%              | 0.75%  | 0.61%            | 0.67%  |
| Return on average equity        | 7.26%              | 6.64%  | 6.11%            | 6.06%  |
| Efficiency ratio                | 74.35%             | 81.79% | 77.89%           | 83.10% |
| Net interest margin             | 3.63%              | 3.46%  | 3.52%            | 3.42%  |