



PRESS RELEASE

CONTACT:

Jack W. Gustavel
IDAHO INDEPENDENT BANK
1260 W. Riverstone Drive
Coeur d'Alene, Idaho 83814
(208) 292-1902

FOR IMMEDIATE RELEASE

July 12, 2016

**IDAHO INDEPENDENT BANK ANNOUNCES
2016 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 BB: IIBK), announced IIB’s unaudited, consolidated financial results for the second quarter and six months ended June 30, 2016.

“A strong economy helped contribute to solid loan and deposit growth in the second quarter of 2016,” Mr. Gustavel said. Net income for the quarter was \$1.1 million, or \$0.13 per diluted share, compared to \$1.2 million, or \$0.15 per diluted share, for the second quarter a year ago. Net income for the six months ended June 30, 2016, was \$1.8 million, or \$0.23 per diluted share, compared to \$1.6 million, or \$0.19 per diluted share, for the first six months of 2015. Revenue for the second quarter of 2015 included a \$0.8 million non-recurring interest recovery on a problem credit. Income tax expense for each period included reversals from the Bank’s deferred tax valuation allowance sufficient to offset some or all of the income tax expense. As of June 30, 2016, IIB was still carrying a tax valuation allowance of approximately \$0.6 million that may be used to reduce future income tax expense.

At June 30, 2016, the Bank's total assets were \$590.8 million, an increase of \$35.4 million, or 6.4%, when compared to June 30, 2015. Total loans, including loans held-for-sale, increased \$33.8 million, or 12.1%, to \$312.0 million; while deposits and repurchase agreements increased \$30.7 million, or 6.4%, to \$511.5 million over the same timeframe. At June 30, 2016, the allowance for loan and lease losses totaled \$6.3 million, or 2.1% of total loans, excluding loans held-for-sale. Nonperforming assets were 0.2% of total assets at June 30, 2016.

As of June 30, 2016, the Bank’s Stockholders' Equity to Average Total Assets Ratio was 11.4%, and its capital ratios exceeded the regulatory thresholds required to be considered “Well-Capitalized.” During the quarter, the Bank purchased 65,443 shares of its common stock at a total cost of \$537,100. As of June 30, 2016, IIB could purchase \$3.2 million worth of additional shares under its revised and extended stock buyback plan.

IIB will file its Consolidated Report of Condition and Income for the quarter ended June 30, 2016, (“Call Report”) with the Federal Deposit Insurance Corporation by July 30, 2016. It will be available 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 and currently operates branches in Boise (3), Caldwell, Coeur d'Alene, Hayden, Meridian, Mountain Home, Nampa, Star, and Sun Valley/Ketchum, Idaho. IIB has been named to DepositAccounts.com's Top 200 Healthiest Banks in America for the second straight year and received honorable mention from Populus for being one of the 2016 Best Places to Work in Idaho. The Bank has approximately 200 employees throughout the State of Idaho. To learn more about IIB, visit us online at 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,	
	2016	2015	2016	2015
Net interest income	\$ 4,519	\$ 4,851	\$ 8,829	\$ 8,623
Provision for loan losses	-	-	-	-
Net interest income after provision for loan losses	4,519	4,851	8,829	8,623
Noninterest income	2,130	1,642	3,277	3,046
Noninterest expense	5,438	5,249	10,060	10,067
Net income before taxes	1,211	1,244	2,046	1,602
Income tax expense	139	-	202	-
Net income	\$ 1,072	\$ 1,244	\$ 1,844	\$ 1,602

Earnings per share:

Basic	\$ 0.13	\$ 0.15	\$ 0.23	\$ 0.20
Diluted	\$ 0.13	\$ 0.15	\$ 0.23	\$ 0.19

SELECTED BALANCE SHEET ACCOUNTS

	June 30,	June 30,
	2016	2015
Loans held for sale	\$ 9,016	\$ 7,290
Loans receivable	303,023	270,938
Gross loans	312,039	278,228
Allowance for loan losses	6,293	6,433
Total assets	590,806	555,439
Deposits	489,792	458,427
Customer repurchase agreements	21,660	22,414
Total deposits and repurchase agreements	511,452	480,841
Stockholders' equity	65,036	61,055

PER SHARE DATA

Common shares outstanding	7,998,222	8,186,450
Book value per share	\$ 8.13	\$ 7.46

PERFORMANCE RATIOS (annualized)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Return on average assets	0.75%	0.91%	0.67%	0.59%
Return on average equity	6.64%	8.20%	6.06%	5.36%
Efficiency ratio	81.79%	80.84%	83.10%	86.27%
Net interest margin	3.46%	3.86%	3.42%	3.46%