



PRESS RELEASE

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FOR IMMEDIATE RELEASE

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**IDAHO INDEPENDENT BANK ANNOUNCES
2016 THIRD 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 third quarter and nine months ended September 30, 2016.

“The Bank had strong year-over-year loan and deposit growth and improved profitability during the third quarter of 2016,” Mr. Gustavel said. Net income for the quarter was \$1.1 million, or \$0.14 per diluted share, compared to \$.9 million, or \$0.11 per diluted share, for the third quarter a year ago. Net income for the nine months ended September 30, 2016, was \$3.0 million, or \$0.37 per diluted share, compared to \$2.5 million, or \$0.31 per diluted share, for the first nine months of 2015. Revenue during the nine months of 2015 included \$.8 million of non-recurring interest income related to resolving a problem loan. Income tax expense for each period included reversals of the Bank’s deferred tax valuation allowance sufficient to offset some or all of the income tax expense. As of September 30, 2016, IIB had set aside \$.4 million as a provision for 2016’s income tax liability and was still carrying a tax valuation allowance of approximately \$.3 million that may be used to reduce future income tax expense.

At September 30, 2016, the Bank's total assets were \$616.3 million, an increase of \$57.2 million, or 10.2%, when compared to September 30, 2015. Total loans, including loans held-for-sale, increased \$21.0 million, or 7.2%, to \$310.9 million; while deposits and repurchase agreements increased \$52.6 million, or 10.9%, to \$536.1 million over the same timeframe. At September 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 September 30, 2016.

As of September 30, 2016, the Bank’s Stockholders' Equity to Average Total Assets Ratio was 10.8%, and its capital ratios exceeded the regulatory thresholds required to be considered “Well-Capitalized.” During the quarter, the Bank purchased 142,670 shares of its common stock at a total cost of \$1.2 million. As of September 30, 2016, IIB could still purchase \$2.0 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 September 30, 2016, (“Call Report”) with the Federal Deposit Insurance Corporation by October 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		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net interest income	\$ 4,890	\$ 4,153	\$ 13,719	\$ 12,776
Provision for loan losses	-	-	-	-
Net interest income after provision for loan losses	4,890	4,153	13,719	12,776
Noninterest income	2,129	1,511	5,406	4,557
Noninterest expense	5,650	4,732	15,710	14,799
Net income before taxes	1,369	932	3,415	2,534
Income tax expense	238	-	440	-
Net income	\$ 1,131	\$ 932	\$ 2,975	\$ 2,534

Earnings per share:

Basic	\$ 0.14	\$ 0.11	\$ 0.37	\$ 0.31
Diluted	\$ 0.14	\$ 0.11	\$ 0.37	\$ 0.31

SELECTED BALANCE SHEET ACCOUNTS

	September 30,	September 30,
	2016	2015
Loans held for sale	\$ 4,460	\$ 4,849
Loans receivable	306,429	285,051
Gross loans	310,889	289,900
Allowance for loan losses	6,331	6,019
Total assets	616,280	559,122
Deposits	511,977	460,062
Customer repurchase agreements	24,131	23,445
Total deposits and repurchase agreements	536,108	483,507
Stockholders' equity	64,923	61,671

PER SHARE DATA

Common shares outstanding	7,855,592	8,150,330
Book value per share	\$ 8.26	\$ 7.57

PERFORMANCE RATIOS (annualized)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Return on average assets	0.75%	0.66%	0.69%	0.62%
Return on average equity	6.92%	6.01%	6.13%	5.58%
Efficiency ratio	80.50%	83.55%	82.14%	85.38%
Net interest margin	3.52%	3.86%	3.46%	3.37%