



PRESS RELEASE

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**IDAHO INDEPENDENT BANK ANNOUNCES
2017 FOURTH QUARTER and YEAR-END RESULTS**

Coeur d'Alene, Idaho – Jack W. Gustavel, Executive Chairman of Idaho Independent Bank (“IIB” or the “Bank”) (OTC Pink: IIBK), announced IIB’s unaudited, consolidated financial results for the fourth quarter and year ended December 31, 2017. Pre-tax income for 2017 was \$7.5 million, an increase of \$2.6 million, or 53.0%, over the \$4.9 million earned in 2016. “The improvement was primarily due to strong loan and deposit growth and an increase in the Bank’s net interest margin,” Chairman Gustavel stated.

Gustavel noted that when the Tax Cuts and Jobs Act (the “TCJA”) was signed into law on December 22, 2017, IIB revalued its deferred tax assets and liabilities to account for the future impact of lower corporate tax rates. Consequently, income tax expense for the Bank’s fourth quarter of 2017 was increased by a one-time, noncash charge of \$1.7 million. Because of the \$1.7 million revaluation, IIB posted an after-tax loss of \$.3 million for the fourth quarter, or a loss of \$0.04 per diluted share, compared to after-tax income of \$1.2 million, or \$0.15 per diluted share, for the fourth quarter of 2016. After-tax income for the full year, including the revaluation, was \$3.1 million, or \$0.39 per diluted share, compared to \$4.1 million, or \$0.51 per diluted share, for 2016. Mr. Gustavel said that “The new law will be good for IIB over the long-term, as the Bank will benefit from the top corporate tax rate being lowered from 35% to 21%.”

At December 31, 2017, the Bank's total assets were \$692.9 million, an increase of \$74.1 million, or 12.0%, when compared to December 31, 2016. Total loans, including loans held-for-sale, increased \$41.3 million, or 12.7%, to \$365.9 million; while deposits and repurchase agreements increased \$69.4 million, or 12.9%, to \$608.3 million over the same timeframe. As of December 31, 2017, the allowance for loan and lease losses was \$6.5 million, or 1.8% of total loans, excluding loans held-for-sale, and nonperforming assets continued to be less than 0.2% of total assets.

As of quarter end, the Bank’s stockholders' equity to average total assets was 9.7%, and IIB’s capital ratios exceeded the regulatory thresholds required to be considered “Well-Capitalized.” During the fourth quarter, the Bank purchased 43,949 shares of its common stock at a cost of \$495,469. IIB may still purchase shares worth up to \$820,000 under its current buyback approval.

IIB filed its Consolidated Report of Condition and Income for the quarter ended December 31, 2017, (“Call Report”) with the Federal Deposit Insurance Corporation on January 29, 2018, and is 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 that operates branches in Boise (3), Caldwell, Coeur d'Alene, Hayden, Meridian, Mountain Home, Nampa, Star, and Ketchum/Sun Valley, Idaho. IIB earned honorable mention as one of the Best Places to Work in Idaho through a survey conducted by Populus in 2016 & 2017, has been named to DepositAccounts.com's Top 200 Healthiest Banks in America, 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.

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		Year Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Net interest income	\$ 6,131	\$ 4,932	\$ 22,567	\$ 18,651
Provision for loan losses	-	-	-	-
Net interest income after provision for loan losses	6,131	4,932	22,567	18,651
Noninterest income	1,969	1,823	7,489	7,229
Noninterest expense	5,936	5,255	22,534	20,965
Income before income tax expense	2,164	1,500	7,522	4,915
Income tax expense	2,490	339	4,468	779
Net income (loss)	\$ (326)	\$ 1,161	\$ 3,054	\$ 4,136

Earnings (loss) per share:

Basic	\$ (0.04)	\$ 0.15	\$ 0.40	\$ 0.52
Diluted	\$ (0.04)	\$ 0.15	\$ 0.39	\$ 0.51

SELECTED BALANCE SHEET ACCOUNTS

	December 31,	December 31,
	2017	2016
Loans held for sale	\$ 4,585	\$ 4,723
Loans receivable	361,352	319,912
Gross loans	365,937	324,635
Allowance for loan losses	6,522	6,124
Total assets	692,855	618,794
Deposits	578,406	512,426
Customer repurchase agreements	29,906	26,464
Total deposits and repurchase agreements	608,312	538,890
Stockholders' equity	65,968	64,079

PER SHARE DATA

Common shares outstanding	7,512,367	7,633,918
Book value per share	\$ 8.78	\$ 8.39

PERFORMANCE RATIOS (annualized)	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Return on average assets	-0.19%	0.75%	0.46%	0.70%
Return on average equity	-1.91%	7.13%	4.62%	6.38%
Efficiency ratio	73.28%	77.79%	74.97%	81.01%
Net interest margin	3.82%	3.44%	3.67%	3.45%