

IDAHO INDEPENDENT BANK
1260 W. Riverstone Drive
Coeur d'Alene, Idaho 83814
(208) 765-3619

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on April 26, 2016

NOTICE is hereby given that the Annual Meeting of Shareholders of IDAHO INDEPENDENT BANK ("IIB" or the "Bank") will be held at the corporate office of the Bank, 1260 W. Riverstone Drive, Coeur d'Alene, Idaho on April 26, 2016, at 10:00 a.m. Pacific Daylight Time ("PDT") for the following purposes as further described in the enclosed Proxy Statement.

1. To fix the number of directors at six (6) for the ensuing year in accordance with the Bylaws and Articles of Incorporation.
2. To elect directors to serve until the next Annual Meeting or until their successors are duly elected and qualified.
3. To ratify the appointment of Moss Adams LLP as the independent registered public accounting firm for the Bank for the fiscal year ending December 31, 2016.
4. To vote upon the proposal to approve the adoption of the Idaho Independent Bank 2016 Long-Term Equity Incentive Plan.
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

Nominees for directors to be elected at the Annual Meeting are set forth in the enclosed Proxy Statement. Broker discretionary voting is not permitted on certain proposals. This means that if your shares are held by a broker, your broker cannot vote your shares for the election of directors or approval of the Idaho Independent Bank 2016 Long-Term Equity Incentive Plan unless you provide instructions. **Therefore, as soon as possible, please complete the forms your broker may provide to you with instructions on how to vote your shares.**

Whether or not you attend the Annual Meeting, it is very important that your shares be represented. We urge you to read the enclosed Proxy Statement and either: (1) complete, sign, date, and return the Proxy Card in the enclosed envelope; or (2) vote via the Internet or by telephone pursuant to the instructions provided in the Proxy Card or form of proxy card you may receive from your broker. If you decide to attend the Annual Meeting, you will be able to vote in person even if you previously submitted your Proxy. If your shares are held by a broker, you may vote in person only if you bring the Proxy you received to the Annual Meeting.

The Board of Directors has fixed the close of business on March 9, 2016, as the record date for the determination of shareholders entitled to notice of, and to vote at, such meeting and any adjournment thereof.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read 'Jack W. Gustavel', is written over two horizontal lines that serve as a signature line.

Jack W. Gustavel
Chairman and Chief Executive Officer

Coeur d'Alene, Idaho
March 16, 2016

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ALL SHAREHOLDERS ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. WHETHER OR NOT YOU PLAN TO ATTEND IN PERSON, YOU ARE URGED TO EITHER: (1) VOTE VIA THE INTERNET OR BY TELEPHONE PURSUANT TO THE INSTRUCTIONS PROVIDED IN THE PROXY CARD OR FORM OF PROXY CARD YOU MAY RECEIVE FROM YOUR BROKER; OR (2) COMPLETE, SIGN, DATE, AND RETURN THE PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE. AT ANY TIME PRIOR TO ITS EXERCISE, YOUR PROXY WILL BE REVOCABLE EITHER IN WRITING OR BY VOTING IN PERSON AT THE ANNUAL MEETING. THE GIVING OF THE PROXY DOES NOT AFFECT YOUR RIGHT TO VOTE IN PERSON SHOULD YOU ATTEND THE MEETING.

IDAHO INDEPENDENT BANK

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Coeur d'Alene, Idaho 83814
(208) 765-3619

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS
To be held on April 26, 2016

Time and Place of Annual Meeting

The Annual Meeting of Shareholders (the "Annual Meeting") will be held on Tuesday, April 26, 2016, at 10:00 a.m. PDT at the corporate office of the Bank located at 1260 W. Riverstone Drive, Coeur d'Alene, Idaho.

Record Date

The Board of Directors of the Bank ("Board of Directors" or the "Board") has fixed the close of business on March 9, 2016, as the Record Date for the determination of shareholders of the Bank who are entitled to receive notice of, and to vote at, the Annual Meeting.

Persons Making the Solicitation

The accompanying proxy (the "Proxy") is solicited by the Board of Directors of Idaho Independent Bank ("IIB" or the "Bank"), an Idaho state-chartered banking corporation, in connection with the Annual Meeting of Shareholders to be held on April 26, 2016 (the "Annual Meeting"), including any adjournment or postponement thereof. The 2015 Annual Report to Shareholders was mailed to shareholders prior to, or together with, the mailing of this Proxy Statement. The cost of preparing, assembling, and mailing this Proxy Statement, the accompanying Notice of Annual Meeting of Shareholders (the "Notice of Meeting"), and each accompanying Proxy shall be borne by the Bank. Upon request, the Bank may reimburse the transfer agent, brokerage houses, and other persons representing beneficial owners of shares for their expenses in forwarding proxy material to such beneficial owners. If it becomes necessary to make a second distribution of Proxies and reminder notices to shareholders and/or brokers and nominees of shareholders, there will be additional expenses that will be paid by the Bank. Without additional cost to the Bank, directors, officers, and employees of the Bank may solicit Proxies personally or by telephone, facsimile, or other type of communication from some shareholders. The approximate date on which this Proxy Statement and accompanying Proxy are first being sent to shareholders is March 16, 2016.

Voting Securities, Quorum, Abstentions

As of the Record Date, there were 8,088,720 shares of the Bank's \$5.00 per share par value common stock (the "Common Stock") issued and outstanding. Each share of the Bank's Common Stock outstanding on the Record Date is entitled to one vote on each matter properly submitted at the Annual Meeting. Shareholders may not vote cumulatively for the election of directors. Shares of Common Stock can be voted only if the owner of record is present in person to vote or is represented by Proxy at the Annual Meeting.

The Idaho Business Corporation Act provides that shareholder action at a meeting requires a quorum to exist with respect to that action. A quorum for the actions to be taken at the Annual Meeting will consist of a majority of all of the outstanding shares of Common Stock that are entitled to vote at the Annual Meeting. Shareholders of record who are present at the Annual Meeting in person or by Proxy and who abstain are considered shareholders who are present and entitled to vote and will count toward the establishment of a quorum. Assuming a quorum is present in person or represented by Proxy with respect to each matter to be acted upon, you will be asked to consider and vote upon each of the following proposals at the Annual Meeting:

- (i) Proposal 1 - Fixing Number of Directors. The proposal to fix the number of directors at six (6) will be approved if the number of votes cast in favor of the proposal exceeds the number of votes cast against the proposal.
- (ii) Proposal 2 - Election of Directors. Those nominees for election as directors receiving the greatest number of votes cast by the shares entitled to vote in the election of directors will be elected as directors up to the maximum number of directors to be chosen at the Annual Meeting.
- (iii) Proposal 3 - Ratification of Appointment of Independent Registered Public Accounting Firm. The proposal to ratify the appointment of Moss Adams LLP as the independent registered public accounting firm for the Bank will be approved if the number of votes cast in favor of the proposal exceeds the number of votes cast against the proposal.
- (iv) Proposal 4 - Adoption of the Idaho Independent Bank 2016 Long-Term Equity Incentive Plan (the "2016 Incentive Plan"). The proposal to approve the adoption of the 2016 Incentive Plan requires approval by the affirmative vote of the holders of a majority of the shares of Common Stock present, or represented by proxy, and entitled to vote at the Annual Meeting.

Effect of Not Casting Your Vote

In the past, if beneficial owners of shares held in street name did not indicate how the shares should be voted, the bank or broker was allowed to vote those shares on the beneficial owner's behalf in the election of directors as they felt appropriate. Regulatory changes have since taken away the ability of a bank or broker to vote uninstructed shares in the election of directors as well as certain other matters that have been deemed to be non-discretionary. Therefore, shares held in street name without voting instructions from the beneficial owner will not be cast for the election of directors or approval of the 2016 Incentive Plan.

Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a nominee holds shares for a beneficial owner, also known as holding the shares in "street name," and the nominee does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. For this reason, if shares are held in street name, it is critical for the beneficial owners to cast their vote to be counted with respect to Proposals 2 or 4 of this Proxy Statement.

Solicitation of Proxies

The Bank will bear the cost of the solicitation of Proxies. Upon request, the Bank will reimburse persons holding stock for others for their reasonable expenses in sending proxy materials to their principals and obtaining their Proxies. In

addition to solicitation by mail, Proxies may be solicited in person or by telephone, fax, or other types of communications by directors, officers, employees of the Bank, and others without additional compensation.

Voting and Revocability of Proxies

Proxies properly signed and returned in time for the Annual Meeting, unless subsequently revoked, will be voted in accordance with the instructions thereon. Persons named in the Proxy to represent shareholders at the Annual Meeting are Jerald J. Jaeger and Roy L. Eiguren. If a Proxy is signed and returned without indicating any voting instructions, the Proxy will be voted "FOR" the proposal to fix the number of directors at six (6), "FOR" all of the nominees for election to the Board of Directors named in this Proxy Statement, "FOR" the ratification of the selection of Moss Adams LLP as the independent registered public accounting firm for the Bank, and "FOR" the approval of the adoption of the 2016 Incentive Plan.

Any Proxy given pursuant to this solicitation may be revoked by the person giving it at any time prior to the commencement of the Annual Meeting by filing with the Secretary of the Bank a written notice of revocation or by duly executing and delivering a Proxy bearing a later date. All such Proxies and notices of revocation should be addressed to the Secretary of the Bank, 8882 N. Government Way, Post Office Box 2950, Hayden, Idaho 83835-2950 and delivered not less than four business days prior to the date of the Annual Meeting. After that time, all such Proxies and notices of revocation should be personally delivered to the Secretary of the Bank in the meeting room on the day of the Annual Meeting and prior to the commencement of the Annual Meeting. Attendance or voting at the Annual Meeting will not, in and of itself, constitute revocation of a Proxy.

As stated previously, beneficial owners with shares held in street name, that is, through a brokerage account or in another nominee form, must provide timely instructions to the broker or nominee as to how their shares should be voted. Otherwise, the shares may not be voted. The broker or nominee will usually provide beneficial owners with the appropriate instruction forms at the time the beneficial owners receive this Proxy Statement. Beneficial owners of street name shares may not vote in person at the Annual Meeting unless they receive a Proxy to do so from the broker or the nominee, and that Proxy is brought to the Annual Meeting.

Voting Electronically via Internet or Telephone

A large number of banks and brokerage firms provide shareholders whose shares are registered in the name of such firms the opportunity to vote via the Internet or by telephone. The voting form sent to a beneficial owner will provide instructions if such options are available. In addition, the proxy card you receive from our transfer agent, a bank, or brokerage firm may contain instructions with regard to voting via the Internet or telephone.

Dissenters' Rights

There are no dissenters' rights applicable to any matters to be considered at the Annual Meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on April 26, 2016.

The Proxy Statement, Proxy Card, and Annual Report to Shareholders are available on the "Investor Relations" page of the Bank's website at www.theidahobank.com/about-us/investor-relations.html.

Shareholders of record as of the Record Date are encouraged and cordially invited to attend the 2016 Annual Meeting. Directions to attend the Annual Meeting where you may vote in person can be found on the Bank's website at www.theidahobank.com/about-us/investor-relations.html.

Disclosure Regarding Forward-Looking Statements

Statements contained herein concerning future performance, developments or events, expectations for earnings, growth and market forecasts, and other 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 might 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, changes in regional and general economic conditions; changes in interest rates, deposit flows, demand for loans, real estate values, competition, 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 or 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.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS,
DIRECTORS, AND EXECUTIVE OFFICERS**

The following table sets forth as of January 31, 2016, information relating to the beneficial ownership of the Bank's Common Stock by each person known to the Bank to be the beneficial owner of more than five percent (5%) of any class of voting securities of the Bank, by each director, by those executive officers listed in the Summary Compensation Table, and by all current directors and executive officers as a group. Unless otherwise indicated, all persons named as beneficial owners of the Common Stock have sole voting power and sole investment power with respect to the shares indicated as beneficially owned. The address for each of the persons listed below, unless otherwise noted, is 1260 W. Riverstone Drive, Coeur d'Alene, Idaho 83814.

<u>Name of Beneficial Owner</u>	<u>Common Stock Amounts and Nature of Beneficial Ownership</u>	<u>Percent of Outstanding Shares</u>
Kootenai Tribe of Idaho 100 Circle Drive Bonners Ferry, ID 83805	588,236	7.25%
Roy L. Eiguren ⁽¹⁾	28,939	0.36%
Jack W. Gustavel ⁽²⁾	1,030,639	12.48%
Kurt R. Gustavel ⁽³⁾	285,699	3.46%
Jerald J. Jaeger ⁽⁴⁾	223,463	2.75%
Gary L. Mahn ⁽⁵⁾	131,283	1.61%
Paul H. Montreuil ⁽⁶⁾	34,634	0.43%
Alicia A. Ritter ⁽⁷⁾	5,825	0.07%
All Directors and Executive Officers as a Group (8 Persons in the Group) ⁽⁸⁾	1,740,482	20.57%

⁽¹⁾ Includes 17,637 shares that Mr. Eiguren has the right to acquire pursuant to stock options granted to him by the Bank under the Idaho Independent Bank 2004 Long-Term Equity Incentive Plan (the "2004 Incentive Plan"), which options are either presently exercisable or will be exercisable within 60 days of January 31, 2016.

⁽²⁾ Includes 236,333 shares owned by Wynn Investments, LLC of which Jack W. Gustavel serves as Manager, 113,375 shares owned by the Gustavel Family Irrevocable Trust of which Mr. Gustavel is the Trustee, 96,445 shares owned by Gustavel, LLC of which Mr. Gustavel serves as Manager, 5,000 shares owned by 3G Trust of which Mr. Gustavel is the Trustee, and approximately 49,094 shares owned by Mr. Gustavel's 401(k) Plan. The total also includes 140,402 shares that Mr. Gustavel has the right to acquire pursuant to stock options granted to him by the Bank under its 2004 Incentive Plan, which options are either presently exercisable or will be

exercisable within 60 days of January 31, 2016. In addition, Mr. Gustavel's spouse, Judith E. Gustavel, owns 263 shares for which she has sole investment and voting power.

- (3) Includes approximately 39,557 shares owned by Kurt R. Gustavel's 401(k) and IRA Plans and 133,119 shares that Mr. Gustavel has the right to acquire pursuant to stock options granted to him by the Bank under its 2004 Incentive Plan, which options are either presently exercisable or will be exercisable within 60 days of January 31, 2016.
- (4) Includes 17,637 shares that Mr. Jaeger has the right to acquire pursuant to stock options granted to him by the Bank under its 2004 Incentive Plan, which options are either presently exercisable or will be exercisable within 60 days of January 31, 2016.
- (5) Includes 17,367 shares that Mr. Mahn has the right to acquire pursuant to stock options granted to him by the Bank under its 2004 Incentive Plan, which options are either presently exercisable or will be exercisable within 60 days of January 31, 2016. In accordance with the Bank's Bylaws, Mr. Mahn is not standing for re-election because he will have exceeded the age of 72 by the date of the Annual Meeting.
- (6) Includes 15,134 shares that Mr. Montreuil has the right to acquire pursuant to stock options granted to him by the Bank under its 2004 Incentive Plan, which options are either presently exercisable or will be exercisable within 60 days of January 31, 2016.
- (7) Includes 5,500 shares that Ms. Ritter has the right to acquire pursuant to stock options granted to her by the Bank under its 2004 Incentive Plan, which options are either presently exercisable or will be exercisable within 60 days of January 31, 2016.
- (8) Includes options exercisable within 60 days of January 31, 2016.

PROPOSAL 1: FIXING THE NUMBER OF DIRECTORS

The Bank's Bylaws and Articles of Incorporation provide that the number of directors shall be fixed by the shareholders at any annual or special meeting but shall not be less than five and not more than fifteen. The Bylaws and Articles of Incorporation also provide that the majority of the full Board of Directors may increase the number of directors so fixed by up to two members, but that the number of directors after any such increase shall not exceed fifteen. The Board of Directors of the Bank presently consists of six (6) members. The Board proposes the number of directors be fixed at six (6) to serve until the next Annual Meeting of the Shareholders. Unless otherwise specified, Proxies will be voted for fixing the number of directors at six (6). Assuming a quorum exists with respect to this proposal, the proposal will be approved if the number of votes cast in favor of the proposal exceeds the number of votes cast against the proposal.

The Board of Directors recommends that shareholders vote "FOR" the proposal to fix the number of directors at six (6).

PROPOSAL 2: ELECTION OF DIRECTORS

Nominees for Election as Director

The nominees named in the table below are proposed by the Board of Directors for election as directors. Five of the nominees for election as directors named in the table below are presently members of the Board. Mr. D'Ambrosio is a new nominee. The term of office for the position for which each of the nominees is a candidate will expire at the later of the Annual Meeting of Shareholders in 2017 or until a successor is elected and qualified.

Under the Bank's Articles of Incorporation, shareholders are not entitled to vote their shares cumulatively for the election of directors. Vacancies and newly created directorships resulting from an increase in the number of directors may be

filled by a vote of the majority of the directors then in office. Directors so chosen will hold office until the next Annual Meeting or until their successors have been elected and qualified. If a quorum exists with respect to the election of directors, those nominees for election as directors receiving the greatest number of the votes cast by the shares entitled to vote in the election of directors will be elected as directors up to the maximum number of directors to be chosen at the Annual Meeting.

In the event any nominee becomes unable or unwilling to serve as a director (an event the Board does not anticipate), the Board of Directors may designate a substitute nominee. Unless authority to vote for a director or directors is withheld, it is intended that the Proxies will be voted for the persons nominated by the Board of Directors named below, or if any of them is unable or unwilling to serve, for such substitute nominee as the Board of Directors may designate. If a Proxy withholds authority to vote for all the nominees, the withheld votes represented by such Proxy will not be cast for any of the nominees.

The Bank's Articles of Incorporation provide that any shareholder intending to make one or more nominations for election to the Board of Directors at a shareholder meeting, other than nominations made by, or on behalf of, existing management, must give written notice of such intent by personal delivery or by mail, to the Chairman of the Board of Directors and to the State of Idaho Department of Finance not less than 14 days nor more than 50 days in advance of the meeting. Such notice must include the name and the address of the notifying shareholder and each proposed nominee, the principal occupation of the proposed nominee, the total number of shares of Common Stock that will be voted for each proposed nominee, and the number of shares of Common Stock owned by the notifying shareholder.

The following table sets forth information concerning the nominees for election to the Board, all of whom are currently directors. In accordance with the Bank's Bylaws, Mr. Mahn is not standing for re-election because he will have exceeded the age of 72 by the date of the Annual Meeting.

Name	Age	Bank Director Since	Principal Occupation ⁽¹⁾
Richard D' Ambrosio	45		Richard D' Ambrosio is the Director of eCommerce for Agribeeef Company, headquartered in Boise, Idaho and has held that position since 2013. Mr. D' Ambrosio has over 18 years of experience managing business to consumer ecommerce, including strategy, design, content, merchandising, management of technical and administrative operations, social media, and optimization of demand generation. Before joining Agribeeef, Mr. D' Ambrosio was Director of eCommerce of PACT Apparel, LLC, Vice President of Marketing and eCommerce with Scottevest, Inc., and eCommerce Manager of Lexar Media and Crucial Technology, both divisions of Micron Technology. Mr. D' Ambrosio graduated in 1993 from the University of Idaho with a Bachelor of Science in Advertising and Communications and received a Masters of Business Administration degree from Northwest Nazarene University in 2006. Mr. D' Ambrosio is a past supporter of the global crowdfunding platform, IndieGoGo, and WholeFoods Market's WholeKids Foundation.

Roy L. Eiguren	64	2002	<p>Director of the Bank. Mr. Eiguren is a partner in the public policy consulting firm of Eiguren Ellis Public Policy. He was formerly a partner of Arkoosh Eiguren and Sullivan, Reberger and Eiguren and was the President of Eiguren Public Policy LLC, which were lobbying and public policy consulting firms. Mr. Eiguren was Of Counsel to the Capitol Law Group in Boise and was President of Inland Public Properties Development Company of Idaho, which leases real estate facilities. Prior to April 2007, he was a senior partner in the Boise law firm of Givens Pursley LLP. Before entering private practice in 1984, Mr. Eiguren worked as a Special Assistant to the Administrator and CEO of the Bonneville Power Administration, U.S. Department of Energy, and prior to that, served as Chief of the Legislative and Administrative Affairs Division of the Idaho Attorney General's office. He also served two years as Deputy Prosecuting Attorney for Ada County, Idaho. Mr. Eiguren is a member of the American and Federal Bar Association. He is a former Director of Avista Corporation, where he served on the Audit Committee and the Energy, Environmental, and Operations Committees of the Board. He is a past Chairman of the Boise Metro Chamber of Commerce, and the Chairman of the Idaho State Capitol Commission. Mr. Eiguren is a native of Idaho and graduated in 1974 from the University of Idaho with a Bachelor of Arts Degree in political science and a law degree in 1977. He is a graduate of the Executive Management Program of Dartmouth College's School of Business Administration. Mr. Eiguren is also the President of the Cenarrusa Center for Basque Culture.</p>
Jack W. Gustavel	76 ⁽²⁾	1993	<p>Chairman of the Board and Chief Executive Officer of the Bank. Mr. Gustavel has 54 years of banking experience and served as the President and Chief Executive Officer of The First National Bank of North Idaho ("FNB") from 1974 until its merger with First Security Bank, now Wells Fargo, in 1992. Prior to joining FNB, Mr. Gustavel was employed by Idaho First National Bank, now U.S. Bank, as a Vice President. He received his Bachelor of Science Degree in Business from the University of Idaho in 1962 and graduated from Pacific Coast Banking School in 1972. Mr. Gustavel has been active in both civic and professional organizations. He is on the Board of Directors of Blue Cross of Idaho and was its Chairman from 2004 to 2010. He has also served as President of the North Idaho College Foundation and served as a Director of the Portland Branch of the Federal Reserve Bank of San Francisco from 1978 to 1984. In addition, Mr. Gustavel has been a Director of the Idaho Association of Commerce and Industry, a Director of Avista Corporation, a Director of Mines Management, Inc., President of the Kootenai County Division of the American Heart Association, Treasurer of the Idaho Bankers Association, and was a member of the Comptroller of the Currency Regional Advisory Committee for the Thirteenth National Bank Region.</p>

Kurt R. Gustavel	46	2003	<p>Director, President, and Chief Operating Officer of the Bank. Mr. Gustavel has over 25 years of banking experience, including over 22 years with IIB and three years with West One Bancorp, now U.S. Bank. He received his Bachelor of Science Degree in Business Information Systems from the University of Idaho in 1991 and is a 2004 graduate of the ABA Stonier Graduate School of Banking. Mr. Gustavel formerly served on the Board of Directors of the Idaho Banker's Association ("IBA") and was a member of the IBA Public Affairs Committee. He also served on the Endowment Land Transaction Advisory Committee, in an advisory role to the Idaho State Board of Land Commissioners. Mr. Gustavel is currently active in the Young Presidents Organization and serves as the Treasurer of the Idaho Chapter. He is the former Secretary-Treasurer and a member of the Board of Directors for the Idaho Community Banker's Association. Mr. Gustavel is a past member of the Precision Computer Systems Advisory Committee.</p>
Jerald J. Jaeger	68	1993	<p>Director of the Bank. For over 40 years, Mr. Jaeger has been President and Co-Owner of Hagadone Hospitality Co., which is headquartered in Coeur d'Alene, Idaho. Hagadone Hospitality owns and operates a number of resorts, inns, and hospitality facilities in the Pacific Northwest, including the Coeur d'Alene Resort Golf Course and The Coeur d'Alene Resort on the Lake. Mr. Jaeger is past President of the Coeur d'Alene Chamber of Commerce, the Idaho Innkeepers Association, Kootenai County United Way, and served as a member of the Idaho 2010 Olympic Committee. He was selected as the first Chairman of the Idaho Travel Council, and from 1982 to 1992, he served on the Board of Directors of The First National Bank of North Idaho. Mr. Jaeger is a 1970 graduate of Washington State University. He was named by the Governor of Idaho as the outstanding Tourism Individual of the Year in 1987 and is a recipient of the Alumni Achievement Award of his alma mater.</p>
Alicia A. Ritter	49	2012	<p>Director of the Bank. Alicia A. Ritter is the owner and president of Ritter Public Relations, located in Boise, Idaho. She has 25 years experience as a senior public relations and marketing strategist, corporate director, and board leader. She was an owner in Deen+Black Public Relations, headquartered in Sacramento, California with offices in San Diego, Los Angeles and San Francisco. Deen+Black was the state's largest independently owned public relations agency when it was acquired by Britain's WPP Group and merged with Ogilvy Public Relations Worldwide. Ms. Ritter served as a managing director for Ogilvy and as a member of the U.S. management team. She holds a bachelors degree in communication from the University of California, Davis, and a masters degree in advertising from Northwestern University's Medill School of Journalism. She is a member of the National Association of Corporate Directors, where she serves on the northwest chapter Advisory Board and is Chair of the Boise Program Advisory Committee. She also serves on the Boards of Idaho Business for Education and the Foundation for Idaho History. Ms. Ritter is a former Chairman</p>

of the Board of the Arid Club of Boise, and chaired the executive, membership and events committees. She has served on more than a dozen not-for-profit boards.

- (1) The occupations listed in the foregoing table have been held for more than five years unless otherwise indicated.
- (2) On January 22, 2010, the Board of Directors of the Bank approved the recommendation of the Bank's Nominating Committee to waive the age eligibility requirement contained in Section 2.9(a) of the Bank's Bylaws with respect to the nomination or re-election of Jack W. Gustavel to the Board of Directors. The waiver will continue to be effective at any subsequent Special or Annual Meeting of the Shareholders of the Bank at which Jack W. Gustavel is nominated for election or re-election to the Board pursuant to the recommendation of the Board, the Nominating Committee of the Board, or any committee of the Board serving a similar purpose.

Section 2.9(a) of the Bank's Bylaws states that no person shall be eligible for nomination or re-election to the Board at the Annual Meeting of Shareholders if such person has attained the age of seventy-two (72). Section 2.9(a) of the Bank's Bylaws further provides that the Board has the authority to determine the eligibility for, and to waive the eligibility requirements of, any person for nomination or re-election to the Board. Mr. Gustavel, who is the Chairman and Chief Executive Officer of IIB, attained the age of 72 in December 2011.

Director Qualifications and Experience

The Board believes that all directors should be committed to representing the long-term interests of our shareholders. In addition, IIB seeks candidates who will enhance the governance, business experience, marketing, and diversity of perspectives of the Board. The Board's Nominating Committee has adopted a Board Candidate Criteria Policy used to evaluate candidates for Board membership. Under the policy, qualifications and skills that are considered when evaluating candidates for the Board, include, but are not necessarily limited to, stature and contacts in one or more of the primary markets the Bank serves, prior experience as a senior executive or director of a public company, experience in banking or the financial services industry, experience in accounting or auditing (qualified "audit committee financial expert"), time availability, and such other criteria as the Board's Nominating Committee determines to be relevant at the time. Other criteria the Nominating Committee considered in evaluating the current candidates included financial literacy, leadership skills, experience with other large enterprises, risk management experience, experience with legal matters, and whether or not they hold or vote a significant number of shares of the Bank.

The following table identifies the primary experience, qualifications, and attributes of each director or nominee that the Nominating Committee has determined would contribute to their effectiveness as a Board member. This information supplements the biographical information previously provided above. The absence of an “X” in any box should not be construed to be a determination that the director lacks such an attribute. Rather, an “X” indicates a specific area of focus or expertise of a director on which the Board currently relies.

	R. D'Ambrosio	R. Eiguren	J. Gustavel	K. Gustavel	J. Jaeger	A. Ritter
CEO or President		X	X	X	X	X
CEO or President of Public Company			X	X		
Director of Other Public Companies or Large Enterprises		X	X		X	
CPA or Financial Expert			X	X	X	
Attorney		X				
Regional Business Connections	X	X	X	X	X	X
Audit Committee Experience		X	X	X	X	
Risk Management Experience		X	X	X	X	
Compensation and Benefits Experience		X	X	X	X	X
Strong Community Presence / Involvement	X	X	X	X	X	X
Banking Expertise or Prior Bank Board Experience			X	X	X	
Information Technology or E-Commerce Experience	X			X		
Significant Shareholder (>1%)			X	X	X	

The Board of Directors recommends that shareholders vote "FOR" the nominees named above.

Director Compensation

The following table sets forth information with regard to compensation earned by non-employee directors in 2015. Compensation earned by employee directors is included in the Executive Compensation section of this Proxy.

Name	Fees Earned or Paid In Cash (\$)	Stock Awards (\$)	Option Awards (\$) (1)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Roy L. Eiguren	37,800	-	-	-	-	-	37,800
Jerald J. Jaeger	35,800	-	-	-	-	-	35,800
Gary L. Mahn ⁽²⁾	37,100	-	-	-	-	-	37,100
Alicia A. Ritter	32,200	-	-	-	-	-	32,200

⁽¹⁾ Represents the aggregate grant date fair value for options granted to each individual calculated in accordance with ASC 718, *Compensation – Stock Compensation*.

⁽²⁾ In accordance with the Bank's Bylaws, Mr. Gary L. Mahn will not be standing for re-election because he has exceeded the age of 72.

Directors received a retainer in the amount of \$1,333 per month and a fee of \$900 for each meeting of the Board attended in 2015. A \$900 fee was also paid for each committee meeting attended by non-employee Board committee members and to all directors for each Executive Committee meeting attended. In addition, the Audit Committee and Compensation & Benefits Committee Chairmen received a retainer of \$1,000 and \$500 per quarter, respectively. For the year ended December 31, 2015, the Bank paid a total of \$200,100 in retainers and fees to all directors. Also, directors are entitled to reimbursement for out-of-pocket expenses incurred on behalf of the Bank.

Effective January 1, 2016, directors will receive a retainer in the amount of \$1,533 per month and a fee of \$1,000 for each meeting of the Board attended in 2016. Non-employee directors will receive a \$1,000 fee for each committee meeting attended. The additional annual retainer for the Audit Committee and Compensation & Benefits Committee Chairmen remain at \$1,000 and \$500 per quarter, respectively.

Directors were previously eligible to receive grants of stock options under the Bank's 2004 Incentive Plan that expired in 2014. No further stock options may be granted under that plan. Directors will be eligible to receive grants of equity incentives under the proposed 2016 Incentive Plan.

INFORMATION CONCERNING THE BOARD OF DIRECTORS AND ITS COMMITTEES

Board Leadership Structure

The Bank is led by Jack W. Gustavel, who has served as Chief Executive Officer and Chairman of the Board of Directors since the Bank was founded in 1992. IIB's Board of Directors is currently comprised of Mr. Gustavel and five additional directors. The Board of Directors appoints the executive officers of the Bank, and the executive officers serve at the Board's discretion. Following are the family relationships between current directors and executive officers: Jack W. Gustavel and Kurt R. Gustavel are father and son. The Board has four standing committees: the Audit Committee, Compensation & Benefits Committee, Nominating Committee, and Executive Committee. Except for the Executive Committee, all the committees are chaired by, and comprised solely of, independent directors. The non-management directors generally meet in executive session at each Board meeting, and depending on the issues discussed, various committee chairs may preside over the sessions.

Audit Committee

The primary responsibilities of the Audit Committee are to oversee and monitor the integrity of the Bank's financial reporting process, financial statements, risk assessment and enterprise risk management, and systems of internal controls; the Bank's compliance with legal and regulatory requirements; the independent registered public accounting firm's qualifications, performance, and independence; and the performance of the Bank's internal audit function. The Audit Committee is responsible for the appointment, compensation, oversight, and retention of the independent registered public accounting firm and for resolving disagreements between management and the independent registered public accounting firm. The independent registered public accounting firm reports directly to the Audit Committee. The Audit Committee is also responsible for reviewing the adequacy of the authority, responsibilities, and functions of the Bank's Internal Audit Department. The Audit Committee currently consists of directors Gary L. Mahn (Chairman), Roy L. Eiguren, and Jerald J. Jaeger.

Compensation & Benefits Committee

The Compensation & Benefits Committee is responsible for the administration of the Bank's equity incentive plans and non-incentive compensation and benefit plans for employees, including the Chief Executive Officer and the other executive officers. As such, the Compensation & Benefits Committee is responsible for awards, grants, and related actions under the provisions of the Bank's stock option plans, deferred compensation plans, retirement or pension plans, performance award plans (cash bonuses), and other benefit plans. These responsibilities also include review and recommendations with respect to the Bank's general compensation and benefits policies. The Compensation & Benefits Committee delegates the day-to-day administration of the various benefit plans to management, including the collection of market information regarding benefits and management of various vendors. Further, the Compensation & Benefits Committee accepts recommendations from management with regard to the structure, operations, and potential awards under the various plans. As appropriate and deemed necessary, the Compensation & Benefits Committee is authorized to engage outside consultants to assist with compensation and benefit policies, procedures, standards, and issues. Actions of the Compensation & Benefits Committee are subject to the advice and consent of the Board of Directors. The Compensation & Benefits Committee currently consists of Roy L. Eiguren (Chairman), Alicia A. Ritter, and Jerald J. Jaeger.

Nominating Committee

The Nominating Committee recommends to the Board of Directors a slate of nominees for directors to be presented on behalf of the Board for election at each Annual Meeting of the Shareholders and recommends to the Board persons to fill vacancies on the Board of Directors. Subject to the requirements of the Bank's Articles of Incorporation described under the caption "PROPOSAL 2: ELECTION OF DIRECTORS" of this Proxy Statement, the Nominating Committee will consider nominees recommended by shareholders upon submission in writing to the Chairman of the Board of Directors the names of such nominees together with their qualifications for service as directors of the Bank. Qualifications and skills that the Nominating Committee considers when evaluating candidates for the Board, include, but are not necessarily limited to, stature and contacts in the markets the Bank serves, prior experience as a senior executive or director of a public company, experience in banking or the financial services industry, experience in accounting or auditing, time availability, and such other criteria as the Nominating Committee determines to be relevant at the time. The Nominating Committee identifies potential nominees from various sources, including recommendations from directors and officers of the Bank. Individuals recommended by shareholders are evaluated in the same manner as other potential nominees. The Nominating Committee reviews and discusses recommendations received for director candidates and evaluates the qualifications of such candidates before selecting a slate of nominees to be recommended to the Board. The Nominating Committee currently consists of directors Jerald J. Jaeger (Chairman), Roy L. Eiguren, and Alicia A. Ritter.

Executive Committee

The Executive Committee may research, evaluate, develop, and periodically review and revise the Bank's strategic plan and alternatives. The Executive Committee may also act under delegated authority from the Board under some circumstances. The Executive Committee may be charged with recommending to the Board of Directors policies and

strategies that are intended to maximize shareholder value. The Executive Committee currently consists of directors Jack W. Gustavel (Chairman), Gary L. Mahn, Jerald J. Jaeger, Roy L. Eiguren, and Kurt R. Gustavel.

Communication with the Board of Directors

Shareholders may send communications to the Board of Directors of the Bank by addressing the correspondence to:

Mr. Paul H. Montreuil, Secretary
Idaho Independent Bank
8882 N. Government Way
P.O. Box 2950
Hayden, ID 83835-2950

As Secretary, Mr. Montreuil monitors shareholder communications, forwards correspondence to the appropriate committee(s) or director(s), and facilitates an appropriate response.

EXECUTIVE OFFICERS

Directors Jack W. Gustavel and Kurt R. Gustavel are also executive officers of the Bank. In addition, Paul H. Montreuil is an executive officer (collectively, the “Executive Officers”). The following sets forth information with respect to Mr. Montreuil.

Name	Age	Background
Paul H. Montreuil	60	Senior Vice President and Cashier of the Bank and Secretary of the Board of Directors since 1995. Mr. Montreuil has 26 years of banking experience, including six years with The First National Bank of North Idaho (FNB) where he was Controller. Prior to joining FNB, Mr. Montreuil worked for nine years as a Certified Public Accountant for firms in Boise, Spokane, and Coeur d'Alene. He received his Bachelor of Science Degree in Accounting from the University of Idaho in 1979 and became a Certified Public Accountant in 1981. Mr. Montreuil serves on the Board of Directors of the Dalton Irrigation District and is a past Director and Treasurer of the North Idaho Centennial Trail Foundation, Inc.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following Summary Compensation Table sets forth compensation paid by the Bank for services rendered for the years ended December 31, 2015 and 2014, with respect to the Executive Officers.

Name and Principal Position	Year	Salary (\$ (1))	Bonus (\$ (2))	Stock Awards (\$)	Option Awards (\$ (3))	Non-Equity Incentive Plan Awards (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$ (4))	All Other Compensation (\$ (5))	Total (\$)
Jack W. Gustavel, Chairman and Chief Executive Officer	2015	258,785	189,255	-	-	-	72,950	89,349	610,339
	2014	220,513	154,966	-	-	-	73,999	83,996	533,474
Kurt R. Gustavel, President and Chief Operating Officer	2015	199,261	94,627	-	-	-	29,825	40,559	364,272
	2014	175,596	77,483	-	-	-	27,098	35,537	315,714
Paul Montreuil, Senior Vice President and Cashier	2015	124,490	22,711	-	-	-	42,926	5,468	195,595
	2014	119,375	18,596	-	-	-	39,027	4,946	181,944

- (1) Salary amounts reported in this column are based on actual pay periods during the year so may vary slightly from the base salary.
- (2) The amounts reported in this column are performance awards attributed to the calendar year noted regardless of the timing and method of payment.
- (3) Represents the aggregate grant date fair value for options granted to each individual calculated in accordance with ASC 718, *Compensation – Stock Compensation*.
- (4) The totals reported in this column are the sum of the change in the present value of pension benefits and any pension payments paid during the year. There are no above market or preferential earnings on compensation being deferred under the Bank's Deferred Compensation Plan.
- (5) All Other Compensation is further itemized in the All Other Compensation Detail Table below.

All Other Compensation Detail

The components of the "All Other Compensation" column in the Summary Compensation Table are detailed in the following table for the years ended December 31, 2015 and 2014.

Name and Principal Position	Year	Use of Bank Auto / Auto Allowance (\$ (1))	Club Memberships & Dues (\$)	Life Insurance Premiums (\$ (2))	401(k) Matching Contribution (\$ (3))	Director Fees (\$ (4))	Deferred Compensation Plan Expenses (\$ (5))	Total
Jack W. Gustavel, Chairman and Chief Executive Officer	2015	3,288	21,537	471	7,950	28,600	27,503	89,349
	2014	1,002	20,206	612	7,800	26,800	27,576	83,996
Kurt R. Gustavel, President and Chief Operating Officer	2015	3,237	-	772	7,950	28,600	-	40,559
	2014	963	-	716	7,058	26,800	-	35,537
Paul Montreuil, Senior Vice President and Cashier	2015	675	-	480	4,313	-	-	5,468
	2014	473	-	462	4,011	-	-	4,946

- (1) Amount reported on Form W-2 for each Executive Officer related to the personal use of Bank-owned automobiles.
- (2) Actual amounts paid by the Bank for life insurance premiums for each Executive Officer in accordance with life insurance benefits that are generally available to all employees of the Bank.
- (3) On January 21, 2016, the Board of Directors authorized a total of \$194,697 of matching contributions for all eligible employees, including the Executive Officers in the amounts identified above, participating in the Bank's 401(k) Plan in 2015.
- (4) Jack W. Gustavel and Kurt R. Gustavel were directors of the Bank in 2015; therefore, they received retainers of \$1,333 per month and Board meeting fees of \$900 per meeting.
- (5) Expenses paid by the Bank that related to the administration and management of the Deferred Compensation Agreements between Jack W. Gustavel and the Bank.

Employment and Change of Control Agreements

The Bank entered into an Executive Retention and Employment Agreement (the "Agreement") with Jack W. Gustavel, the Chairman and Chief Executive Officer of the Bank, effective September 17, 2002. The Agreement was subsequently amended and restated on November 16, 2007, to further comply with new requirements under Section 409A ("409A") of the Internal Revenue Code of 1986, as amended (the "Code") and to make certain clarifications. The Agreement provides for the payment of his annual base compensation, which is currently \$300,000. The Agreement further provides that the Board shall review the amount of base compensation at least annually and may increase it. Mr. Gustavel is entitled to participate in executive incentive compensation and bonus programs authorized by the Board of Directors. The Agreement further provides that Mr. Gustavel is entitled to participate in the Bank's stock option plans or other equity compensation plans and such employee health and dental insurance and/or other benefit programs as are available to other executive employees of the Bank. Additionally, Mr. Gustavel is entitled to participate in any Bank furnished automobile program and to receive such other compensation or benefits as may from time to time be determined by the Board of Directors. The Agreement provides for automatic renewal of its term for a new three-year period upon each anniversary date of the Agreement unless the Board of Directors terminates the Agreement by providing at least 10 months notice prior to the next expiration date. The Agreement provides for termination under certain circumstances such as death, disability, and for "Cause" as defined in the Agreement. In the event of termination by the Bank "Without Cause" or a termination by Mr. Gustavel with "Good Reason," as defined in the Agreement, prior to the completion of the employment period, including termination following a "Change of Control" of the Bank as defined in the Agreement, the Agreement provides for the payment of a lump-sum severance payment to Mr. Gustavel equal to three times his average annual W-2 compensation for the five calendar years preceding the date of termination or the date of Change of Control, subject to certain restrictions and limitations. In addition, Mr. Gustavel would receive immediate vesting of his stock

options and any restricted stock and a continuation of medical and other employee benefits for a period of five years following the termination. In the case of termination by reason of death or disability, a lump sum severance payment will be payable to Mr. Gustavel or his personal representative equal to 100% of his average annual W-2 compensation during the five calendar years preceding the death or disability. Outstanding stock options and restricted stock shall also vest upon a termination due to death or disability; however, the five-year continuation of medical and other employee benefits only applies to a termination due to disability, not death.

On October 26, 2004, the Bank also entered into employment agreements (“Agreements”) with Executive Officers Paul H. Montreuil and Kurt R. Gustavel. The Agreements were subsequently amended and restated in November 2007, to further comply with new 409A requirements and to make certain clarifications. The initial term of these Agreements began on June 30, 2004, and ended on June 30, 2005. The term of employment under the Agreements is extended for a successive one-year term beyond the initial term unless written notice of non-renewal is given by either party to the other no less than 60 days prior to the expiration of the then current term. Each of these Agreements has been extended until June 30, 2016. The Agreements provide for annual base salaries to be paid to each of the Executive Officers, subject to adjustment from time to time by the Bank. The current salaries are \$125,240 for Mr. Montreuil and \$235,000 for Kurt R. Gustavel. If employment is terminated by the employee with "Good Reason" or by the Bank "Without Cause," the Agreements provide for a severance payment equal to the greater of one month's base salary as of the date of termination multiplied by the greater of (i) the number of full calendar years the employee had been employed by the Bank or (ii) six months in the case of Mr. Montreuil. In the case of Mr. Kurt Gustavel, if employment is terminated by the employee with "Good Reason" or by the Bank "Without Cause," his Agreement provides for a severance payment equal to the product of one times the average of his annual W-2 compensation for the five years preceding the date of termination. In the event of a Change of Control of the Bank, if employment is terminated by the Bank "Without Cause" or by the employee with "Good Reason" following the Change of Control, as defined in the Agreements under certain circumstances and subject to certain restrictions and limitations, the Executive Officers will have a right to receive a severance payment under their Agreement. In the event of a Change of Control of the Bank, if employment is terminated by the Bank "Without Cause" or by the employee with "Good Reason" following the Change of Control, under certain circumstances and subject to certain restrictions and limitations, Mr. Montreuil will have a right to receive a severance payment equal to two times the amount of his annual base salary. In the event of a Change of Control of the Bank, if employment is terminated by the Bank "Without Cause" or by the employee with "Good Reason" following the Change of Control, under certain circumstances and subject to certain restrictions and limitations, Mr. Kurt Gustavel will have a right to receive a severance payment equal to three times the average of his annual W-2 compensation for the five years preceding the Change of Control.

If the Executive Officers had been terminated on December 31, 2015, under circumstances triggering severance payments in the Employment Agreements, they would have been entitled to the payments disclosed in the following table.

Name	Change in Control Severance Payments (\$)	Termination by Employee With Good Reason or Termination by Employer Without Cause (\$)
Jack W. Gustavel, Chairman and Chief Executive Officer	1,462,159	1,462,159
Kurt R. Gustavel, President and Chief Operating Officer	516,205	172,068
Paul Montreuil, Senior Vice President and Cashier	250,480	208,733

The Bank did not pay or incur any severance payment liabilities to any Executive Officer during 2015. Severance payments under the Employment Agreements are in lieu of any other rights to severance pay the officer may have at the time a Change of Control occurs.

In addition, Mr. Jack W. Gustavel would be entitled to continue to participate in any welfare benefit plans and receive benefits provided by the Bank, including medical, dental, disability, employee life, automobile, and group life plans, and would be reimbursed for dues and other reasonable business expenses related to membership in any country club or civic organizations for a period of up to five years from termination of employment. The aggregate present value of such benefits is estimated to be \$158,000 based upon the assumption that the applicable benefits in the amounts disclosed in the All Other Compensation Detail table for 2015 continue to be paid annually over the five-year severance period discounting such payments using the five-year U.S. Treasury rate as of January 26, 2016.

The amounts of the lump-sum severance payment and other payments and benefits payable following a termination under the Employment Agreements with Jack W. Gustavel, Kurt R. Gustavel, Paul H. Montreuil, and certain other officers of the Bank are subject to reduction, so the amount of such payments and benefits will not exceed the maximum amount deductible for income tax purposes by the Bank or other entity making such payments by reason of the application of Section 280G of the Code.

INTERESTS OF DIRECTORS, EXECUTIVE OFFICERS, AND OTHERS IN CERTAIN TRANSACTIONS

Some of the Bank's directors and Executive Officers and some members of their immediate family have been customers of the Bank since January 1, 2015, and had transactions with the Bank in the ordinary course of business. In addition, some of the Bank's directors and Executive Officers are officers, directors, or shareholders of corporations or members of partnerships or joint ventures that have been customers of the Bank since January 1, 2015, and had transactions with the Bank in the ordinary course of business. The aggregate dollar amounts outstanding of the loans to such persons were approximately \$168,000 and \$175,000 at December 31, 2015 and 2014, respectively. In keeping with federal regulations, the loans to such persons were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others and did not involve more than the normal risk of collectability or present other unfavorable terms, except for loans to Executive Officers of the Bank and family members who are also employees of the Bank, which were made pursuant to the Bank's Employee Loan Program and were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other employees of the Bank and did not involve more than the normal risk of collectability or present other unfavorable terms. The Bank provides an Employee Loan Program as a benefit to all of its employees, including Executive Officers, pursuant to which, employees may receive certain loans from the Bank on more favorable terms than those provided to non-employee customers. The Bank's Employee Loan Program complies with federal regulations.

The Bank leases part of its Hayden Branch and part of its Hayden operations facilities under a 15-year lease dated October 20, 1992, and modified on December 26, 2007, from Wynn Investments, LLC, a limited liability company owned by Jack W. Gustavel and members of his family, including Kurt R. Gustavel. Payments under the lease for the Hayden Branch and the Hayden operations facilities for the years ended December 31, 2015 and 2014, were \$57,655 and \$57,655, respectively. The lease agreement was renewed by the Bank on August 1, 2013, for an additional five-year period. In the opinion of the Board of Directors, the rental amount does not exceed the fair market rent for the facilities.

PROPOSAL 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed Moss Adams LLP to serve as the independent registered public accounting firm for the Bank for the year ending December 31, 2016, and any interim periods, subject to ratification by the shareholders.

Moss Adams LLP and its predecessor, McFarland & Alton, P.S., have served as the independent registered public accounting firm for the Bank since 1993. One or more representatives of Moss Adams LLP are expected to be present at the Annual Meeting and will have an opportunity to make a statement if they so desire and will be available to respond to questions. If a quorum exists with respect to the proposal to ratify the selection of Moss Adams LLP as the independent registered public accounting firm for the Bank, the proposal will be approved if the number of votes cast in favor of the proposal exceeds the number of votes cast against the proposal. Unless contrary instructions are noted thereon, Proxies will be voted in favor of this proposal.

Shareholder approval or ratification is not required for the selection of Moss Adams LLP, since the Audit Committee of the Board of Directors has the responsibility for selecting the Bank's independent registered public accounting firm. At this time, no determination has been made as to what action the Board of Directors and the Audit Committee would take if shareholders do not approve the appointment, but the Audit Committee would determine whether or not to retain the firm. Even if the selection is ratified, the Audit Committee, in its discretion, may direct the selection of a different independent registered public accounting firm at any time during the year, if the Audit Committee and/or the Board of Directors determines that such a change would be in the Bank's and its shareholders' best interests.

The Board of Directors recommends that shareholders vote "FOR" the proposal to ratify the appointment of Moss Adams LLP as the Bank's independent registered public accounting firm.

PROPOSAL 4: ADOPTION OF THE 2016 INCENTIVE PLAN

The Board of Directors adopted the 2016 Incentive Plan on February 20, 2016, subject to the approval of the Shareholders at the Annual Meeting. The Board of Directors believes it is in the best long-term interests of the Bank to adopt the 2016 Incentive Plan and recommends that the Shareholders vote in favor of the 2016 Incentive Plan. The Bank's 2004 Incentive Plan expired in 2014 and no further stock options may be granted under that plan, but previously granted awards remain outstanding in accordance with their applicable terms and conditions.

The following summary of the 2016 Incentive Plan is qualified in its entirety by reference to the complete text of the 2016 Incentive Plan, which is attached to this Proxy Statement as APPENDIX "A." Capitalized terms not separately defined below have the meanings set forth in the 2016 Incentive Plan.

Description of the 2016 Incentive Plan

The purpose of the 2016 Incentive Plan is to: a) foster and promote the long-term financial success of the Bank and materially increase shareholder value; b) enable the Bank to attract, motivate, and retain highly-qualified key employees and directors; and c) encourage key employees and directors to link their interests with the long-term financial success of the Bank and the growth of shareholder value. Under the 2016 Incentive Plan, the following types of Incentive Awards may be granted: (i) Incentive Stock Options, (ii) Non-Qualified Stock Options, (iii) Stock Appreciation Rights, (iv) Restricted Stock, (v) Restricted Stock Units, and (vi) Performance Units or Performance Shares. Non-Employee Directors, consultants, and advisors of the Bank are eligible to participate in the 2016 Incentive Plan but may not receive Incentive Stock Options or Stock Appreciation Rights. The Compensation & Benefits Committee presently intends to grant Incentive Awards under the 2016 Incentive Plan to the Bank's executive and other officers (approximately 77 individuals), although all Employees are eligible to participate. The Bank has reserved 400,000 shares of Common Stock for grants of Incentive Awards under the 2016 Incentive Plan. The 2016 Incentive Plan will be administered by the Compensation & Benefits Committee of the Board of Directors, which must consist of at least two Non-Employee

Directors. The Compensation & Benefits Committee may set vesting conditions based upon the achievement of company-wide, business unit, or individual goals, including, but not limited to, continued employment, other performance milestones, or any other basis determined by the Compensation & Benefits Committee in its discretion.

Under the 2016 Incentive Plan, neither the Compensation & Benefits Committee, nor the Board of Directors may directly or indirectly reduce the exercise price of any Incentive Award without the approval of the Bank's Shareholders. No Incentive Stock Option may be granted with an exercise price per share less than the Fair Market Value of the Common Stock at the date of grant. The exercise price of an Option may be paid in cash, by an equivalent method acceptable to the Compensation & Benefits Committee, or at the Compensation & Benefits Committee's discretion, (i) by delivery (including constructive delivery by attestation) of already owned shares of Common Stock having a Fair Market Value equal to the exercise price, (ii) by delivery and assignment of fully vested Options, or (iii) by delivery of a combination of cash and already owned shares of Common Stock or fully vested Options. However, if the Grantee acquired the stock to be surrendered directly or indirectly from the Bank, he or she must have owned the stock to be surrendered for at least six months prior to tendering such stock for the exercise of an Option.

An eligible Grantee may receive more than one Incentive Stock Option, but the maximum aggregate Fair Market Value of the Common Stock (determined when the Incentive Stock Option is granted) with respect to which Incentive Stock Options are first exercisable by such Grantee in any calendar year cannot exceed \$100,000. In addition, no Incentive Stock Option may be granted to a Grantee owning directly or indirectly stock possessing more than 10% of the total combined voting power of all classes of stock of the Bank (a "Ten-Percent Shareholder"), unless the exercise price is not less than 110% of the Fair Market Value of the shares subject to such Incentive Stock Option on the date of grant.

Except as otherwise provided by the Compensation & Benefits Committee, awards under the 2016 Incentive Plan are not transferable other than as designated by the Grantee by will or by the laws of descent and distribution, except that the transaction restrictions shall not apply to transfers of nonstatutory stock options for estate planning purposes to members of a Grantee's Immediate Family as long as such restrictions are not at the time required for the 2016 Incentive Plan to continue to comply with any applicable legal and regulatory requirements. The expiration date of an Incentive Stock Option is determined by the Compensation & Benefits Committee at the time of the grant, but in no event, may an Incentive Stock Option be exercisable after the expiration of 10 years from the date of grant of the Incentive Stock Option (five years in the case of an Incentive Stock Option granted to a Ten-Percent Shareholder).

Stock Appreciation Rights may be granted under the 2016 Incentive Plan either alone or in conjunction with all or part of an Option. The grant price of a tandem Stock Appreciation Right shall be equal to the exercise price of the related Option or other Incentive Award, and the grant price of a freestanding Stock Appreciation Right shall be established in accordance with procedures for Options. A Stock Appreciation Right may be exercised upon such terms and conditions and for such term as the Committee determines in its sole discretion; provided, however, that subject to earlier termination in accordance with the terms of the Plan and the instrument evidencing the Stock Appreciation Right, the term of a freestanding Stock Appreciation Right shall be as established for that Stock Appreciation Right by the Committee, or if not so established, shall be 10 years, and in the case of a tandem Stock Appreciation Right, (a) the term shall not exceed the term of the related Option and (b) the tandem Stock Appreciation Right may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option, except that the tandem Stock Appreciation Right may be exercised only with respect to the Shares for which its related Option is then exercisable. Upon the exercise of a Stock Appreciation Right, the Bank will pay to the Grantee in cash, Common Stock, or a combination thereof (the method of payment to be at the discretion of the Compensation & Benefits Committee), an amount equal to the excess of the Fair Market Value of the Common Stock on the exercise date over the option exercise price, multiplied by the number of Stock Appreciation Rights being exercised.

Shares of Restricted Stock may be granted under the 2016 Incentive Plan, and the provisions attendant to a grant of Restricted Stock may vary among Grantees. In making an award of Restricted Stock, the Compensation & Benefits Committee will determine the periods during which the Restricted Stock is subject to forfeiture. During the Restriction Period as set forth in the grant of the Restricted Stock, the Grantee may not sell, transfer, pledge, or assign the Restricted Stock, but will be entitled to vote the Restricted Stock.

The Compensation & Benefits Committee may grant Incentive Awards in the form of Restricted Stock Units subject to vesting conditions as established by the Compensation & Benefits Committee. The basis for payment of Restricted Stock

Units for a given performance period shall be the achievement of those financial and nonfinancial vesting conditions determined by the Compensation & Benefits Committee and included in an Incentive Award Agreement established at the time of grant. Upon meeting the applicable vesting conditions, the payout of Restricted Stock Units shall be dependent on the extent to which the vesting conditions are met as determined by the Compensation & Benefits Committee and provided in the Incentive Award Agreement. Payments shall be made, in the discretion of the Compensation & Benefits Committee, solely in cash or Common Stock, or a combination of cash and Common Stock, as soon as practicable following the date(s) set forth in the Incentive Award Agreement.

The Compensation & Benefits Committee may grant Incentive Awards representing a contingent right to receive cash (“Performance Units”) or shares of Common Stock (“Performance Shares”) at the end of a Performance Period. The Compensation & Benefits Committee may grant Performance Units and Performance Shares in such a manner that more than one Performance Period is in progress concurrently. For each Performance Period, the Compensation & Benefits Committee shall establish the number of Performance Units or Performance Shares and the contingent value of any Performance Units or Performance Shares, which may vary depending on the degree to which any performance goals established by the Compensation & Benefits Committee are met. The Compensation & Benefits Committee may modify the performance goals as it deems appropriate.

The basis for payment of Performance Units or Performance Shares for a given performance period shall be the achievement of those financial and nonfinancial performance goals determined by the Compensation & Benefits Committee at the beginning of the performance period. If minimum performance is not achieved for a performance period, no payment shall be made and all contingent rights shall cease. If minimum performance is achieved or exceeded, the value of a Performance Unit or Performance Share shall be based on the degree to which actual performance exceeded the pre-established minimum performance goals, as determined by the Compensation & Benefits Committee. The amount of payment shall be determined by multiplying the number of Performance Units or Performance Shares granted at the beginning of the performance period by the final Performance Unit or Performance Share value. Payments shall be made, in the discretion of the Compensation & Benefits Committee, solely in cash or Common Stock, or a combination of cash and Common Stock, following the close of the applicable performance period.

The 2016 Incentive Plan provides that following a Change of Control, except as otherwise provided in any Incentive Award Agreement, the Committee may, but shall not be obligated to: (i) accelerate, vest, or cause the restrictions to lapse with respect to all or any portion of any Incentive Award; (ii) cancel Incentive Awards and cause to be paid to the holders of vested Incentive Awards the value of such Incentive Awards, if any, as determined by the Committee in its sole discretion it being understood that in the case of any Option with an Option Exercise Price that equals or exceeds the price paid for a share of Common Stock in connection with the Change of Control, the Committee may cancel the Option without the payment of consideration therefor; (iii) provide for the issuance of substitute Incentive Awards or the assumption or replacement of such Incentive Awards; or (iv) provide written notice to Grantees that for a period of at least ten days prior to the Change of Control, such Incentive Awards shall be exercisable, to the extent applicable, as to all shares of Common Stock subject thereto, and upon the occurrence of the Change of Control, any Incentive Awards not so exercised shall terminate and be of no further force and effect.

The obligations of IIB under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation, or other reorganization of IIB, or upon any successor corporation or organization succeeding to all or substantially all of the assets and business of IIB and its affiliates taken as a whole.

If a Grantee’s employment is terminated by reason of death, disability, or retirement, any vested Incentive Awards outstanding will remain exercisable as provided in the 2016 Incentive Plan. If a Grantee is terminated for Cause, all outstanding Incentive Awards shall immediately terminate as of the date of termination of employment regardless of the otherwise vested status of the Incentive Awards.

Under the 2016 Incentive Plan, the Compensation & Benefits Committee has full power and authority to: (i) designate Grantees; (ii) determine the Incentive Awards to be granted to Grantees; (iii) subject to Section 1.4 of the 2016 Incentive Plan, determine the Common Stock (or securities convertible into Common Stock) to be covered by Incentive Awards and in connection therewith, to reserve shares of Common Stock as needed in order to cover grants of Incentive Awards; (iv) determine the terms and conditions of any Incentive Award; (v) determine whether, to what extent, and under what circumstances Incentive Awards may be settled or exercised, canceled, substituted, forfeited or suspended; (vi) interpret

and administer the 2016 Incentive Plan and adopt, interpret, and administer any instrument or agreement relating to, or Incentive Award made under, the 2016 Incentive Plan; (vii) establish, amend, suspend, or waive such rules and guidelines as the Compensation & Benefits Committee deems necessary or appropriate for administration of the 2016 Incentive Plan; (viii) appoint such agents as it deems appropriate for the administration of the 2016 Incentive Plan; and (ix) make any other determination and take any other action that it deems necessary or desirable for such administration, provided, however, that the Compensation & Benefits Committee may not delegate any of the power or authority set forth in (i) through (viii) above. No member of the Compensation & Benefits Committee may vote or act upon any matter relating solely to himself or herself. Designations, determinations, interpretations, and other decisions with respect to the 2016 Incentive Plan or any Incentive Awards are within the discretion of the Compensation & Benefits Committee and shall be final, conclusive, and binding upon all persons, including any Grantee, any holder or beneficiary of any Incentive Award, and any owner of an equity interest in the Bank. No member of the Compensation & Benefits Committee will be liable for any action or determination made in good faith by the Compensation & Benefits Committee with respect to the 2016 Incentive Plan or any Incentive Award and, to the fullest extent permitted by the Bank's Articles of Incorporation and Bylaws, the Bank will indemnify each member of the Compensation & Benefits Committee.

Certain Federal Income Tax Consequences

The Bank believes that under present law, the following are the U.S. federal income tax consequences generally arising with respect to Options. The grant of an Option will not be a taxable event to the Grantee and the Bank will not be entitled to a deduction with respect to such grant.

Upon the exercise of a Non-Qualified Stock Option, a Grantee will recognize ordinary income at the time of exercise equal to the excess of the then Fair Market Value of the shares of Common Stock received over the exercise price. The taxable income recognized upon exercise of a Non-Qualified Stock Option will be treated as compensation income subject to withholding, and the Bank will be entitled to deduct as a compensation expense an amount equal to the ordinary income a Grantee recognizes with respect to such exercise. The treatment to a Grantee of a disposition of shares acquired through the exercise of an Option generally depends on how long the shares were held and on whether the shares were acquired by exercising an Incentive Stock Option or by exercising an Option other than an Incentive Stock Option. Generally, there will be no tax consequence to the Bank in connection with a disposition of shares acquired under an Option, except that the Bank may be entitled to a deduction in cases in which shares acquired under an Incentive Stock Option are disposed of before the applicable Incentive Stock Option holding periods having been satisfied.

A Grantee recognizes no taxable income upon the receipt of a Stock Appreciation Right. Upon the exercise of a Stock Appreciation Right, the Grantee will recognize ordinary income in an amount equal to the excess of the Fair Market Value of the underlying shares of Common Stock on the exercise date over the exercise price. If the Grantee is an employee, such ordinary income generally is subject to the withholding of income and employment taxes. IIB will generally be entitled to a deduction equal to the amount of ordinary income recognized by the Grantee in connection with the exercise of the Stock Appreciation Right, except to the extent such deduction is limited by applicable provisions of the Code.

A Grantee receiving Restricted Stock generally will recognize ordinary income in the amount of the Fair Market Value of the shares on the "determination date." The "determination date" is the date on which the Grantee receives the shares unless the shares are subject to vesting conditions and are not transferable, in which case the determination date is the earlier of (i) the date on which the shares become transferable or (ii) the date on which the shares are no longer subject to vesting conditions. IIB will be entitled to a deduction at the same time and in the same amount. The holding period to determine whether the Grantee has long-term or short-term capital gain or loss on a subsequent sale generally begins when the restriction period expires, and the Grantee's tax basis for such Common Stock will generally equal the Fair Market Value of such Common Stock on such date.

However, a Grantee may elect, under Section 83(b) of the Code, within 30 days of the grant of the Restricted Stock, to recognize taxable ordinary income on the date of grant equal to the excess of the Fair Market Value of the Restricted Stock (determined without regard to the restrictions) over the price (if any) paid for the Restricted Stock. By reason of such an election, the Grantee's holding period will commence on the date of grant and the Grantee's tax basis will be equal to the Fair Market Value of the Common Stock on that date (determined without regard to restrictions). If the Grantee is an employee, such ordinary income generally is subject to withholding of income and employment taxes. IIB

generally should be entitled to a deduction equal to the amount of ordinary income recognized by the Grantee, except to the extent such deduction is limited by applicable provisions of the Code. If the shares of Common Stock are forfeited after making such an election, the forfeiture shall be treated as a sale or exchange upon which there is a capital loss equal to the excess of the purchase price of the forfeited shares of Common Stock over any amount realized on such forfeiture.

A Grantee generally will recognize no income upon the receipt of Performance Shares or Restricted Stock Units. Upon the settlement of such Awards, Grantees normally will recognize ordinary income in the year of receipt in an amount equal to the cash received and the Fair Market Value of any substantially vested shares received. If the Grantee is an employee, such ordinary income generally is subject to withholding of income and employment taxes. If the Grantee receives shares of restricted stock, the Grantee generally will be taxed in the same manner as outlined above with respect to Restricted Stock grants. Upon the sale of any shares received, and based on the difference between the sale price and the Fair Market Value on the “determination date,” as defined above, any gain or loss will be taxed as a capital gain or loss. IIB generally will be entitled to a deduction equal to the amount of ordinary income recognized by the Grantee on the determination date, except to the extent such deduction is limited by applicable provisions of the Code.

No Incentive Awards have been granted or allocated under the 2016 Incentive Plan. Approval of the 2016 Incentive Plan requires the affirmative vote of a majority of the votes cast on this proposal, shares of Common Stock present and voting at the Annual Meeting. The Board of Directors unanimously recommends that Shareholders vote “FOR” the Proposal to approve the adoption of the Bank’s 2016 Incentive Plan.

The Board of Directors recommends that Shareholders vote “FOR” the approval of the Idaho Independent Bank 2016 Incentive Plan.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FEES

Moss Adams LLP served as the Bank's independent registered public accounting firm for the year ended December 31, 2015. The Audit Committee of the Board of Directors has appointed Moss Adams LLP as the Bank's independent registered public accounting firm for the year ended December 31, 2016.

The following table sets forth the aggregate fees billed by Moss Adams LLP for professional services rendered for the years ended December 31, 2015 and 2014.

	Years Ended December 31,	
	2015	2014
Audit Fees (1)	\$ 73,695	\$ 63,260
Audit-Related Fees (2)	11,500	11,437
Tax Fees (3)	6,950	8,096
All Other Fees	-	-

- (1) Services provided in this category consisted of the audit of the Bank's annual financial statements and review of the financial statements included in the Bank's Annual Report to Shareholders.
- (2) Services provided in this category primarily consisted of consultation on accounting standards, the audit of the Bank's employee benefit plan, and services related to the Department of Housing and Urban Development procedures performed.
- (3) Services provided in this category primarily consisted of advice and reviews related to preparing the Bank's corporate tax returns and tax consulting projects.

The Audit Committee considered whether or not providing non-audit services was compatible with maintaining the principal accountant's independence, and the Audit Committee concluded that all such services were compatible.

TRANSACTION OF OTHER BUSINESS

At the date of this Proxy Statement, except for matters incident to the conduct of business at the Annual Meeting, the Board of Directors knows of no other matters, other than those referred to in this Proxy Statement or the Notice of Meeting, that will be presented for consideration at the Annual Meeting. However, if any other matters are properly presented for action at the Annual Meeting, including voting on the election of any person as a director in the event a nominee of the Board of Directors of the Bank is unable to serve, it is the intention of the persons named in the accompanying Proxy Card to vote the shares represented by the Proxy Card in accordance with their judgment on such matters. Discretionary authority to do so is granted in the Proxy Card.

ANNUAL REPORT

Copies of the Bank's Annual Report, including financial statements and financial statement schedules, have been mailed to shareholders of the Bank herewith. Additional copies are available on the Bank's website, www.theidahobank.com/about-us/investor-relations.html, and upon request via mail without charge. Requests should be addressed to the Secretary, Idaho Independent Bank, 8882 N. Government Way, P.O. Box 2950, Hayden, Idaho 83835-2950.

Coeur d'Alene, Idaho
March 16, 2016

By Order of the Board of Directors

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**IDAHO INDEPENDENT BANK
2016 LONG-TERM EQUITY INCENTIVE PLAN**

**Board Approval Date: February 20, 2016
Shareholder Approval Date: [April 26], 2016**

**SECTION 1. GENERAL PROVISIONS RELATING TO PLAN GOVERNANCE, COVERAGE
AND BENEFITS**

1.1 PURPOSE

The purpose of the Idaho Independent Bank 2016 Long-Term Equity Incentive Plan (the "**Plan**") is to: a) foster and promote the long-term financial success of Idaho Independent Bank ("**IIB**") and materially increase shareholder value; b) enable IIB to attract, motivate, and retain highly-qualified key Employees, Directors, and Consultants of IIB; and c) encourage key Employees, Directors, and Consultants to link their interests with the long-term financial success of IIB and the growth of shareholder value. The Plan provides for payment of various forms of incentive compensation and, accordingly, is not intended to be a plan that is subject to the Employee Retirement Income Security Act of 1974, as amended.

1.2 DEFINITIONS

The following terms shall have the meanings set forth below:

(a) "**Appreciation.**" The difference between the exercise price per share of the Option to which a Stock Appreciation Right relates and the Fair Market Value of a share of Common Stock on the date of exercise of the Stock Appreciation Right.

(b) "**Board.**" The Board of Directors of Idaho Independent Bank.

(c) "**Cause.**" Cause shall have the meaning defined in the Incentive Award Agreement or otherwise shall have the meaning assigned to such term in the Grantee's written employment or services agreement or other arrangements with IIB or in the absence of a definition in the Incentive Award Agreement or any such written employment arrangement, shall mean one or more of the following reasons for the termination of employment:

(i) The willful and continued failure by the Grantee to substantially perform his or her duties with IIB (other than any such failure resulting from the Grantee's Disability or incapacity) after a written demand for substantial performance is delivered to the Grantee that specifically identifies the manner in which IIB believes that the Grantee has not substantially performed his or her duties, and the Grantee's failure to remedy or take substantial steps to remedy the situation within five business days of receiving such notice;

(ii) The Grantee's conviction for committing a felony (all rights of appeal having been exhausted); or

(iii) The Grantee's having willfully engaged in gross misconduct that is materially and demonstrably injurious to IIB. However, no act or failure to act on the Grantee's part shall be considered "willful" unless such act or omission was not in good faith and without reasonable belief that such action or omission was in the best interest of IIB or its Subsidiaries.

IIB shall notify the Committee if it believes a Grantee's employment has been terminated for Cause. The Committee shall determine whether a Grantee's employment has been terminated for Cause for purposes of the Plan.

(d) **"Change of Control."** A Change of Control shall be deemed to have occurred at such time as:

(i) Any Person other than Employee or any group of which he or she is a member, becomes the **"Beneficial Owner"** (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 25% or more of either (A) the then outstanding Shares (the **"Outstanding IIB Common Stock"**) or (B) the combined voting power of the then outstanding voting securities of IIB entitled to vote generally in the election of Directors (the **"Outstanding IIB Voting Securities"**); provided, however, that for purposes of this Section 1.2(d)(i), the following acquisitions of Outstanding IIB Common Stock or Outstanding IIB Voting Securities shall not constitute a Change of Control: (I) any acquisition by an underwriter temporarily holding securities pursuant to an offering of such securities, (II) any acquisition by IIB, (III) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by IIB or any corporation controlled by IIB, (IV) any acquisition pursuant to a transaction which complies with clauses (A), (B) and (C) of Section 1.2(d)(iii) below, or (V) any acquisition by an individual, entity, or group (including any member of such group) which is the Beneficial Owner of 10% or more of the Outstanding IIB Common Stock as of the date this Plan is approved by shareholders; or

(ii) Individuals who, as of the date hereof, constitute the IIB Board (the **"Incumbent Directors"**) cease for any reason to constitute at least a majority of the IIB Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by IIB's shareholders, was approved by a vote of at least a majority of the Incumbent Directors then on the IIB Board (either by a specific vote or by approval of the proxy statement of IIB in which such Person is named as a nominee for Director, without written objection to such nomination) shall be considered as though such individual were an Incumbent Director, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of Directors of other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the IIB Board;

(iii) Consummation of a reorganization, merger, or consolidation (or similar corporate transaction) involving IIB or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of IIB, or the acquisition of assets or stock of another entity (a **"Business Combination"**), in each case, unless, immediately following such Business Combination, (A) more than 60% of, respectively, the then outstanding Shares and the total voting power of (I) the corporation resulting from such Business Combination (the **"Surviving Corporation"**), or (II) if applicable, the ultimate parent corporation that directly or indirectly is the Beneficial Owner of 80% of the voting securities eligible to elect directors of the Surviving Corporation (the **"Parent Corporation"**), is represented by Outstanding IIB Common Stock and IIB Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by Shares into which such Outstanding IIB Common Stock or Outstanding IIB Voting Securities, as the case may be, were converted pursuant to such Business Combination), and such Beneficial Ownership of common stock or voting power among the holders thereof is in substantially the same proportion as the Beneficial Ownership of Outstanding IIB Common Stock and the voting power of such IIB Voting Securities among the

holders thereof immediately prior to the Business Combination, (B) no Person (other than any employee benefit plan [or related trust] sponsored or maintained by the Surviving Corporation or the Parent Corporation), is or becomes the Beneficial Owner, directly or indirectly, of 25% or more of the outstanding Shares and the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation), and (C) at least a majority of the members of the Board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Business Combination were Incumbent Directors at the time of the IIB Board's approval of the execution of the initial agreement providing for such Business Combination; or

(iv) Approval by the shareholders of IIB of a complete liquidation or dissolution of IIB.

Notwithstanding the foregoing, a Change of Control of IIB shall not be deemed to occur solely because any Person becomes a Beneficial Owner of more than 25% of the Outstanding IIB Common Stock or Outstanding IIB Voting Securities as a result of the acquisition of Outstanding IIB Common Stock or Outstanding IIB Voting Securities by IIB which reduces the number of Shares of Outstanding IIB Common Stock or Outstanding IIB Voting Securities; provided, that if after such acquisition by IIB such Person becomes the Beneficial Owner of additional Shares of Outstanding IIB Common Stock or Outstanding IIB Voting Securities that increases the percentage of Outstanding IIB Common Stock or Outstanding IIB Voting Securities beneficially owned by such Person, a Change of Control of IIB shall then occur. A Change of Control shall be deemed to have occurred on the date that an acquisition of Outstanding IIB Common Stock or Outstanding IIB Voting Securities constituting a Change of Control is closed or the date that a Business Combination constituting a Change of Control is completed and closed (in either case the "**Date of Change of Control**").

(e) "**Code.**" The Internal Revenue Code of 1986, as amended from time to time.

(f) "**Committee.**" The Committee shall be the Compensation and Benefits Committee of IIB or such other committee or subcommittee as the Board may appoint (the "**Committee**"). The Committee shall meet the requirements of law, including but not limited to, Rule 16b-3(d)(1) of the rules and regulations of the Exchange Act and Treasury Regulations Section 1.162-27(e)(3), or any similar successor rules or regulations.

(g) "**Common Stock.**" The Common Stock, par value five dollars (\$5.00) per share, which IIB is authorized to issue or may in the future be authorized to issue.

(h) "**Detrimental Activity**" has the meaning described in Section 7.10.

(i) "**Director.**" A member of the Board.

(j) "**Disability.**" Any complete and permanent disability as defined in Section 22(e)(3) of the Code and determined in accordance with the procedures set forth in the regulations thereunder.

(k) "**Employee.**" Any individual determined by the Committee to be an Employee of IIB, including a consultant, advisor, or Employee Director, or any individual who has been hired to be an employee of IIB.

(l) "**Employee Director.**" A Director who is also an Employee.

- (m) "**Exchange Act.**" The Securities Exchange Act of 1934, as amended from time to time.
- (n) "**Fair Market Value.**" The closing sales price of the Common Stock as reported or listed on a national securities exchange or an over-the-counter market on any relevant date for valuation, or, if there is no such sale on such date, the applicable prices as so reported on the nearest preceding date upon which such sale took place. In the event the Shares are not listed on a national securities exchange or quoted on an over-the-counter market, the Fair Market Value of such Shares shall be determined by the Committee in its sole discretion, using the reasonable application of a reasonable valuation method.
- (o) "**Grantee.**" Any Employee, Director, advisor, or consultant who is eligible to receive an Incentive Award under the Plan.
- (p) "**Immediate Family.**" The Immediate Family of any individual shall include any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of such individual, and shall include adoptive relationships.
- (q) "**Incentive Award.**" Any incentive award, individually or collectively, as the case may be, including any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Unit, or Performance Share granted under the Plan.
- (r) "**Incentive Award Agreement.**" The written agreement entered into between IIB and the Grantee pursuant to which an Incentive Award shall be made under the Plan.
- (s) "**Incentive Stock Option.**" A stock option which qualifies as such under Section 422 of the Code.
- (t) "**Non-Employee Director.**" A Director who is not an Employee.
- (u) "**Non-Qualified Stock Option.**" A stock option granted by the Committee to a Grantee under the Plan, which does not qualify as an Incentive Stock Option.
- (v) "**Option.**" A right to purchase Common Stock granted by the Committee to a Grantee under the Plan.
- (w) "**Performance Goals.**" Performance Goals established by the Committee may be based on earnings or earnings growth, sales, returns on assets, equity or investment, regulatory compliance, satisfactory internal or external audits, improvements of financial ratings, achievement of balance sheet or income statement objectives, or any other objective goals established by the Committee. Performance Goals may be particular to a Grantee or the department, branch, Subsidiary, or other division in which he or she works, or may be based on the performance of IIB generally, and may cover such period as may be specified by the Committee. Performance Goals shall be set by the Committee within the time period prescribed by, and shall otherwise comply with, the requirements of Section 162(m) of the Code, or any successor provision thereto, and the regulations thereunder.
- (x) "**Performance Period.**" A period of time determined by the Committee over which performance is measured for the purpose of determining a Grantee's right to and the payment value of any Performance Units or Performance Shares.
- (y) "**Performance Share**" or "**Performance Unit.**" An Incentive Award representing a contingent right to receive Shares (which may be Restricted Stock) or cash at the end of a Performance

Period and which, in the case of Performance Shares, is denominated in Common Stock, and in the case of Performance Units, is denominated in cash values.

- (z) "**Person.**" Any individual, entity or group within the meaning of the Exchange Act.
- (aa) "**Plan.**" Idaho Independent Bank 2016 Long-Term Equity Incentive Plan, as amended from time to time.
- (bb) "**Restricted Stock.**" Shares of Common Stock issued or transferred to a Grantee subject to the Restrictions set forth in Section 3 hereof.
- (cc) "**Restricted Stock Award.**" An authorization by the Committee to issue or transfer Restricted Stock to a Grantee.
- (dd) "**Restricted Stock Unit.**" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 4 of the Plan. Each Restricted Stock Unit represents an unfunded and unsecured obligation of IIB.
- (ee) "**Restriction Period.**" The period of time determined by the Committee during which Restricted Stock is subject to the restrictions under the Plan.
- (ff) "**Retirement.**" The termination of employment by IIB constituting retirement as determined by the Committee.
- (gg) "**Section 280G.**" Section 280G of the Code, as amended from time to time.
- (hh) "**Section 409A.**" Section 409A of the Code, as amended from time to time.
- (ii) "**Share.**" A share of the Common Stock, as adjusted in accordance with the Plan.
- (jj) "**Stock Appreciation Right.**" A stock appreciation right granted in connection with the grant of an Option as described in Section 2.4.
- (kk) "**Subsidiary.**" Any corporation (whether now or hereafter existing) which constitutes a "**subsidiary**" of IIB, as defined in Section 424(f) of the Code.
- (ll) "**Ten-Percent Shareholder.**" A Grantee who (applying the rules of Section 424(d) of the Code) owns stock possessing more than 10% of the total combined voting power of all classes of stock of IIB.

1.3 ADMINISTRATION

- (a) "**Committee Powers.** The Plan shall be administered by the Committee, which shall have full power and authority, subject to such resolutions not inconsistent with the Plan as may from time to time be adopted by the Board, to:
 - (i) designate Grantees to whom Incentive Awards may from time to time be granted under the Plan;
 - (ii) determine the Incentive Awards to be granted to Grantees;

(iii) subject to Section 1.4 of the Plan, determine the Common Stock (or securities convertible into Common Stock) to be covered by Incentive Awards and in connection therewith, to reserve Shares as needed in order to cover grants of Incentive Awards;

(iv) determine the terms and conditions of any Incentive Award;

(v) determine whether, to what extent and under what circumstances Incentive Awards may be settled or exercised in cash, Common Stock, other securities, or other property, or may be canceled, substituted, forfeited or suspended, and the method or methods by which Incentive Awards may be settled, exercised, canceled, substituted, forfeited or suspended;

(vi) interpret and administer the Plan and approve, interpret, and administer any instrument or agreement relating to, or Incentive Award made under, the Plan;

(vii) establish, amend, suspend or waive such rules and guidelines as the Committee shall deem necessary or appropriate for administration of the Plan;

(viii) appoint such agents as it shall deem appropriate for the administration of the Plan; and

(ix) make any other determination and take any other action that it deems necessary or desirable for such administration, provided, however, that the Committee shall not delegate any of the power or authority set forth in (i) through (vii) above.

No member of the Committee shall vote or act upon any matter relating solely to himself. Designations, determinations, interpretations and other decisions with respect to the Plan or any Incentive Award shall be within the discretion of the Committee and shall be final, conclusive, and binding upon all individuals, including any Grantee, any holder or beneficiary of any Incentive Award, and any owner of an equity interest in IIB. Notwithstanding any provision of the Plan to the contrary, administration of the Plan shall at all times be limited by the requirement that any administrative action or exercise of discretion shall be void (or suitably modified when possible) if necessary to avoid the application to any Grantee of taxation under Section 409A.

(b) **No Liability.** No member of the Committee shall be liable for any action or determination made in good faith by the Committee with respect to this Plan or any Incentive Award under this Plan, and, to the fullest extent permitted by IIB's Restated Articles of Incorporation and Bylaws, IIB shall indemnify each member of the Committee.

(c) **Meetings.** The Committee shall designate a chairman from among its members, who shall preside at all of its meetings, and shall designate a secretary, without regard to whether such individual is a member of the Committee, who shall keep the minutes of the proceedings and all records, documents, and data pertaining to its administration of the Plan. Meetings shall be held at such times and places as shall be determined by the Committee. The Committee may take any action otherwise proper under the Plan by the affirmative vote of a majority of its members at a meeting of the Committee, or by unanimous written consent of all of the members of the Committee to any action taken without a meeting.

1.4 SHARES OF COMMON STOCK SUBJECT TO THE PLAN

(a) **Common Stock Authorized.** Subject to adjustment under Section 6.5, the aggregate number of Shares of Common Stock available for granting Incentive Awards under the Plan shall be equal to Four Hundred Thousand (400,000) Shares. Shares issued under the Plan shall be drawn from

authorized and unissued Shares or Shares now held or subsequently acquired by IIB. No fractional Shares shall be issued under the Plan. Payment for fractional Shares shall be made in cash.

(b) **Common Stock Available.** Shares covered by an Incentive Award shall not be counted as used unless and until they are actually issued to a Grantee. If any Incentive Award lapses, expires, terminates, or is canceled prior to the issuance of Shares hereunder, or if Shares are issued under this Plan to a Grantee, and thereafter, are forfeited to, or otherwise reacquired by IIB, the Shares subject to such Incentive Awards and the forfeited or reacquired Shares shall again be available for issuance under the Plan (unless the Plan has terminated). Any Shares (i) tendered by a Grantee or retained by IIB as full or partial payment to IIB for the exercise of an Option, purchase price of an Incentive Award or to satisfy tax withholding obligations in connection with an Incentive Award or (ii) covered by an Incentive Award that is settled in cash or in a manner such that some or all of the Shares covered by the Incentive Award are not issued to a Grantee shall be available for Incentive Awards under the Plan.

The Committee shall also, without limitation, have the authority to grant Incentive Awards as an alternative to, or as the form of payment for, grants or rights earned or due under other compensation plans or arrangements of IIB.

1.5 ELIGIBILITY FOR PARTICIPATION

The Committee shall from time to time designate those Grantees, if any, eligible to be granted Incentive Awards under the Plan, the type of awards granted, the number of Shares, options, rights or units, as the case may be, which shall be granted to each such Grantee and any other terms or conditions relating to the awards as it may deem appropriate, consistent with the provisions of the Plan. A Grantee who has been granted an Incentive Award may, if otherwise eligible, be granted additional Incentive Awards at any time. Non-Employee Directors, advisors and consultants shall be eligible to receive all Incentive Awards under the Plan except for Incentive Stock Options and Stock Appreciation Rights related thereto. Incentive Stock Options and Stock Appreciation Rights related thereto may be granted only to Employees of IIB.

1.6 INCENTIVE AWARDS

The forms of Incentive Awards available under this Plan are Options and Stock Appreciation Rights as described in Section 2, Restricted Stock as described in Section 3, Restricted Stock Units as described in Section 4, and Performance Units or Performance Shares as described in Section 5. The Committee shall have the authority in its sole discretion to determine the type or types of Incentive Awards to be granted under this Plan. Such Incentive Awards may be granted either alone, in addition to, or in tandem with, any other type of Incentive Award. Any Incentive Award settlement may be subject to such conditions, restrictions, and contingencies, as the Committee shall determine.

Without limitation on the foregoing, the Committee may require the execution and delivery to IIB of a shareholders agreement, in such form as determined by the Committee or IIB, as a condition precedent to the receipt or delivery of an Incentive Award or the exercise of an Option. Such shareholders agreement may, include, without limitation, an IIB repurchase right and restrictions upon the Grantee's right to transfer Shares.

1.7 LIMITATION ON AWARDS

The aggregated number of Shares that may be granted under the Plan in the form of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares or other share-based

Incentive Awards in any one fiscal year to any Grantee shall not exceed 50,000 Shares. This limitation is subject to adjustment in accordance with Section 6.5 of the Plan. The aggregate value of all Performance Units or other non-stock Incentive Awards granted under the Plan in any single fiscal year to any Grantee shall not exceed \$750,000. For this purpose, the value of a non-stock Incentive Award shall be determined on the date of grant without regard to any conditions imposed on the non-stock Incentive Award.

SECTION 2. OPTIONS AND STOCK APPRECIATION RIGHTS

2.1 GRANT OF OPTIONS

The Committee is authorized to grant Options to Grantees at any time, and from time to time, in accordance with the terms and conditions required pursuant to this Plan and with such additional terms and conditions, not inconsistent with the provisions of the Plan, in such amounts as the Committee in its sole discretion shall determine. Each Option Incentive Award will be evidenced by an instrument or agreement that will specify the vesting conditions, the number of Options granted, and such other terms and conditions as the Committee in its sole discretion will determine.

2.2 OPTION TERMS

(a) **Exercise Price.** The exercise price per share of Common Stock under each Option shall be determined by the Committee; provided, however, that such exercise price shall not be less than 100% of the Fair Market Value per share of such stock on the date the Option is granted, as determined by the Committee (110% in the case of an Incentive Stock Option granted to a Ten-Percent Shareholder).

(b) **Term.** The Committee shall fix the term of each Option which, in the case of an Incentive Stock Option, shall be not more than ten years from the date of grant. In the event no term is fixed, such term shall be ten years from the date of grant. The term shall be five years in the case of an Incentive Stock Option granted to a Ten-Percent Shareholder.

(c) **Exercise.** The Committee shall establish and set forth in each instrument that evidences an Option the time at which, or the installments in which, the Option shall vest and become exercisable, any of which provisions may be waived or modified by the Committee at any time. The Committee may accelerate the exercisability of any Option or any portion thereof at any time. Notwithstanding the foregoing, the Committee may in its sole discretion provide that all or part of the Options received by a Grantee upon the exercise of a Non-Qualified Stock Option shall be Restricted Stock subject to any or all of the restrictions or conditions set forth in Section 3.2.

2.3 OPTION EXERCISES

(a) **Method of Exercise.** To the extent an Option has vested and become exercisable, the Option may be exercised in whole, or from time to time in part, by delivery to or as directed or approved by IIB of a properly executed stock option exercise agreement or notice in a form and in accordance with the terms, procedures, and vesting conditions established by the Committee setting forth the number of Shares with respect to which the Option is being exercised, the restrictions imposed on the Shares purchased under such exercise agreement, if any, and such representations and agreements as may be required by the Committee, accompanied by payment in full. An Option may be exercised only for whole Shares and may not be exercised for less than a reasonable number of Shares at any one time, as determined by the Committee. The purchase price may be paid in cash or an equivalent acceptable to the

Committee. At the discretion of the Committee, the exercise price per share of Common Stock may be paid either:

- (i) in cash or its equivalent;
- (ii) by the assignment and delivery (including constructive delivery by attestation) to IIB of Shares owned by the Grantee;
- (iii) by the assignment and delivery to IIB of fully vested Options held by the Grantee;
- (iv) such other consideration and method of payment for the issuance of Common Stock as permitted by applicable law and deemed acceptable by the Committee; or
- (v) by a combination of the foregoing methods of payment.

However, if the Grantee acquired the Common Stock to be surrendered directly or indirectly from IIB, he or she must have owned the stock to be surrendered for at least six months prior to tendering such stock for the exercise of an Option. Any Shares so assigned and delivered to IIB in payment or partial payment of the purchase price shall be valued at the Fair Market Value on the exercise date. In addition, at the request of the Grantee and to the extent permitted by applicable law, IIB in its discretion may selectively approve a "cashless exercise" arrangement with a brokerage firm under which such brokerage firm, on behalf of the Grantee, shall pay to IIB the exercise price of the Options being exercised, and IIB, pursuant to an irrevocable notice from the Grantee, shall promptly deliver the Shares being purchased to such firm.

(b) **Incentive Stock Options.** In the case of Incentive Stock Options, the terms and conditions of such grants shall be subject to and comply with Section 422 of the Code and any rules or regulations promulgated thereunder, including the requirement that the aggregate Fair Market Value (determined as of the date of grant) of the Common Stock with respect to which Incentive Stock Options granted under this Plan and all other option plans of IIB become exercisable by a Grantee during any calendar year shall not exceed \$100,000. To the extent that the limitation set forth in the preceding sentence is exceeded for any reason (including the acceleration of the time for exercise of an Option), the Options with respect to such excess amount shall be treated as Non-Qualified Stock Options.

2.4 STOCK APPRECIATION RIGHTS

(a) **Grant of Stock Appreciation Rights.** The Committee may grant Stock Appreciation Rights to Grantees at any time on such terms and conditions as the Committee shall determine in its sole discretion, which terms and conditions shall be set forth in the instrument or agreement evidencing the Incentive Award. The Committee shall determine in its sole discretion the number of Shares subject to Stock Appreciation Rights granted. A Stock Appreciation Right may be granted in tandem with an Option or other Incentive Award ("**tandem**") or alone ("**freestanding**"). The grant price of a tandem Stock Appreciation Right shall be equal to the exercise price of the related Option or other Incentive Award, and the grant price of a freestanding Stock Appreciation Right shall be established in accordance with procedures for Options set forth in Section 2.2. A Stock Appreciation Right may be exercised upon such terms and conditions and for such term as the Committee determines in its sole discretion; provided, however, that subject to earlier termination in accordance with the terms of the Plan and the instrument evidencing the Stock Appreciation Right, the term of a freestanding Stock Appreciation Right shall be as established for that Stock Appreciation Right by the Committee or, if not so established, shall be ten years, and in the case of a tandem Stock Appreciation Right, (a) the term shall not exceed the term of the related Option, and (b) the tandem Stock Appreciation Right may be exercised for all or part of the Shares

subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option, except that the tandem Stock Appreciation Right may be exercised only with respect to the Shares for which its related Option is then exercisable. When a tandem Stock Appreciation Right is exercised, the Option to which it relates shall terminate to the extent of the number of Shares with respect to which the tandem Stock Appreciation Right is exercised. Similarly, when an Option is exercised, the tandem Stock Appreciation Right relating to the Shares covered by such Option exercise shall terminate.

(b) **Payment of Stock Appreciation Rights Amount.** Upon the exercise of a Stock Appreciation Right, a Grantee shall be entitled to receive payment in an amount determined by multiplying: (a) the difference between the Fair Market Value of a share of the Common Stock for the date of exercise over the grant price of the Stock Appreciation Right by (b) the number of Shares with respect to which the Stock Appreciation Right is exercised. At the discretion of the Committee as set forth in the instrument evidencing the Incentive Award, the payment upon exercise of a Stock Appreciation Right may be in cash, in Shares, in some combination thereof or in any other manner approved by the Committee in its sole discretion.

SECTION 3. RESTRICTED STOCK

3.1 AWARD OF RESTRICTED STOCK

(a) **Grant.** In consideration of the performance of services by the Grantee, shares of Restricted Stock may be awarded under this Plan by the Committee on such terms and conditions and with such restrictions as the Committee may from time to time approve, all of which may differ with respect to each Grantee. Such Restricted Stock may be awarded for no additional consideration or such additional consideration as the Committee shall determine. Each Restricted Stock Award will be evidenced by an instrument or agreement that will specify the vesting conditions, the number of shares of Restricted Stock granted, and such other terms and conditions as the Committee in its sole discretion will determine. Unless the Committee determines otherwise, IIB as escrow agent will hold the shares of Restricted Stock until the restrictions or other vesting conditions on such shares of Restricted Stock have lapsed or otherwise been satisfied.

(b) **Immediate Transfer Without Immediate Delivery of Restricted Stock.** Each Restricted Stock Award will constitute an immediate transfer of the record and Beneficial Ownership of the shares of Restricted Stock to the Grantee in consideration of the performance of services, entitling such Grantee to all voting and other ownership rights, but subject to the restrictions hereinafter referred to. Each Restricted Stock Award may limit the Grantee's dividend rights during the Restriction Period in which the shares of Restricted Stock are subject to a substantial risk of forfeiture and restrictions on transfer. Shares awarded pursuant to a grant of Restricted Stock will be held by IIB, in trust or in escrow pursuant to an agreement satisfactory to the Committee, as determined by the Committee, until such time as the restrictions on transfer have expired. Any such trust or escrow shall not be insulated from the claims of the general creditors of IIB in the event of bankruptcy or insolvency of IIB.

3.2 RESTRICTIONS

(a) **Restrictive Conditions.** Each Restricted Stock Award shall be subject to vesting conditions based upon the satisfaction of such requirements, conditions, restrictions, or performance goals as shall be established by the Committee and set forth in the Incentive Award Agreement approved by the Committee. At a minimum, the following restrictions shall apply until the expiration of the Restriction Period: (i) the Shares included in the Restricted Stock Award shall be subject to one or more restrictions, including without limitation, a restriction that constitutes a "**substantial risk of forfeiture**" within the

meaning of Section 83 of the Code and regulations promulgated thereunder, and to the restrictions on transferability set forth in Section 6.2; (ii) unless otherwise approved by the Committee, the Shares included in the Restricted Stock Award that are subject to restrictions that are not satisfied at such time the Grantee ceases to be employed by, or be a Director of, IIB shall be forfeited and all rights of the Grantee to such Shares shall terminate without further obligation on the part of IIB; and (iii) any other restrictions that the Committee may determine in advance are necessary or appropriate.

(b) **Forfeiture of Restricted Stock.** If for any reason, the restrictions imposed by the Committee upon Restricted Stock are not satisfied at the end of the Restriction Period, any Restricted Stock remaining subject to such restrictions shall thereupon be forfeited by the Grantee and re-acquired by IIB.

(c) **Removal of Restrictions.** The Committee shall have the authority to remove any or all of the restrictions on the Restricted Stock, whenever it determines that, by reason of changes in applicable laws or other changes in circumstances arising after the date of the Restricted Stock Award, such action is appropriate.

3.3 RESTRICTION PERIOD

The Restriction Period of Restricted Stock shall commence on the date of grant and shall be established by the Committee in the Incentive Award Agreement setting forth the terms of the award of Restricted Stock.

3.4 DELIVERY OF SHARES OF COMMON STOCK

Subject to Section 7.3, at the expiration of the Restriction Period, a stock certificate evidencing the Restricted Stock (to the nearest full share) with respect to which the Restriction Period has expired with all restrictions thereon having been satisfied shall be delivered without charge to the Grantee, or his or her personal representative, free of all restrictions under the Plan.

SECTION 4. RESTRICTED STOCK UNITS

4.1 AWARD OF RESTRICTED STOCK UNITS

(a) **Grant.** Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant shares of Restricted Stock Units in such amounts as the Committee in its sole discretion will determine. Each Restricted Stock Unit Incentive Award will be evidenced by an Incentive Award Agreement that will specify the vesting conditions, the number of Restricted Stock Units granted, and such other terms and conditions as the Committee in its sole discretion will determine.

(b) **Vesting.** Each Restricted Stock Unit Incentive Award may be made subject to vesting conditions based upon the satisfaction of such requirements, conditions, restrictions, or performance goals as shall be established by the Committee and set forth in the Incentive Award Agreement. The Committee, in its discretion, may accelerate the time at which any restrictions or other vesting conditions will lapse or be removed.

(c) **Form and Timing of Payment.** Upon meeting the applicable vesting conditions, the Grantee shall be entitled to receive a payout as specified in the Restricted Stock Unit Incentive Award Agreement. Payment of earned Restricted Stock Units shall be made as soon as practicable after the date(s) set forth in the Restricted Stock Unit Incentive Award Agreement or at such other time as

determined by the Committee in its discretion. Unless otherwise provided in the Incentive Award Agreement, the Committee may settle earned Restricted Stock Units in Shares, in cash, or in a combination thereof, at the Committee's discretion.

4.2 VOTING RIGHTS

Grantees shall have no voting rights with respect to the Shares represented by Restricted Stock Units until the date of the issuance of such Shares (as evidenced by the appropriate entry on the books of IIB or of a duly authorized transfer agent of IIB).

4.3 DIVIDEND EQUIVALENTS AND OTHER DISTRIBUTIONS

The Committee may include in any Incentive Award Agreement a dividend equivalent right entitling the Grantee to receive amounts equal to the ordinary dividends that would be paid, during the time such Award is outstanding and unvested on the Shares underlying such Incentive Award, as if such Shares were then outstanding. In the event such a provision is included in an Incentive Award Agreement, the Committee shall determine whether such payments shall be (i) paid to the Grantee, as specified in the Incentive Award Agreement, either (A) at the same time as the underlying dividends are paid, regardless of the fact that the Restricted Stock Unit has not vested, or (B) at the time at which the vesting conditions are satisfied, (ii) made in cash, Shares, or other property, and (iii) subject to the vesting conditions and forfeiture provisions and such other terms and conditions as the Committee in its sole discretion shall deem appropriate and as shall be set forth in the Incentive Award Agreement. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Restricted Stock Units with respect to which they were paid.

4.4 EFFECT OF TERMINATION OF CONTINUOUS SERVICE

Except as otherwise provided by the Committee in its discretion or as set forth in the Restricted Stock Unit Incentive Award Agreement, if a Grantee's employment terminates for any reason, whether voluntary or involuntary (including the Grantee's death or Disability) the Grantee shall forfeit to IIB any Restricted Stock Units that remain subject to vesting conditions as of the date the Grantee's employment is terminated.

4.5 COMPLIANCE WITH SECTION 409A

Notwithstanding anything to the contrary set forth herein, any Restricted Stock Unit Incentive Award granted under the Plan that is not exempt from the requirements of Section 409A shall contain such provisions so that such Restricted Stock Unit Incentive Award will comply with the requirements of Section 409A. Such restrictions, if any, shall be determined by the Committee and contained in the Incentive Award Agreement evidencing such Restricted Stock Unit Incentive Award. For example, such restrictions may include, without limitation, a requirement that any Stock that is issued in a year following the year in which the Restricted Stock Unit Incentive Award vests must be issued in accordance with a fixed pre-determined schedule.

SECTION 5. PERFORMANCE UNITS AND PERFORMANCE SHARES

5.1 PERFORMANCE BASED AWARDS

(a) **Grant.** The Committee is authorized to grant Performance Units and Performance Shares to Grantees. The Committee may make grants of Performance Units or Performance Shares in such a

manner that more than one Performance Period is in progress concurrently. For each Performance Period, the Committee shall establish the number of Performance Units or Performance Shares and the contingent value of any Performance Units or Performance Shares, which may vary depending on the degree to which Performance Goals established by the Committee are met.

(b) **Performance Goals.** At the beginning of each Performance Period, the Committee shall (i) establish for such Performance Period specific Performance Goals; (ii) determine the value of a Performance Unit or the number of Shares under a Performance Share grant relative to Performance Goals; and (iii) notify each Grantee in writing of the established Performance Goals and minimum, target, and maximum Performance Unit or Share value for such Performance Period.

(c) **Payment.** The basis for payment of Performance Units or Performance Shares for a given Performance Period shall be the achievement of those financial and nonfinancial Performance Goals determined by the Committee at the beginning of the Performance Period. If minimum performance is not achieved for a Performance Period, no payment shall be made and all contingent rights shall cease. If minimum performance is achieved or exceeded, the value of a Performance Unit or Performance Share shall be based on the degree to which actual performance exceeds the pre-established minimum Performance Goals, as determined by the Committee. The amount of payment shall be determined by multiplying the number of Performance Units or Performance Shares granted at the beginning of the Performance Period times the final Performance Unit or Performance Share value. Payments shall be made, in the discretion of the Committee, solely in cash or Common Stock, or a combination of cash and Common Stock, following the close of the applicable Performance Period.

SECTION 6. PROVISIONS RELATING TO PLAN PARTICIPATION

6.1 PLAN CONDITIONS

(a) **Incentive Award Agreement.** Each Grantee to whom an Incentive Award is granted under the Plan shall be required to enter into an Incentive Award Agreement with IIB in a form provided by the Committee, which shall contain certain specific terms, as determined by the Committee, with respect to the Incentive Award and shall include provisions that the Grantee (i) shall not disclose any trade or secret data or any other confidential information of IIB acquired during employment by IIB, or after the termination of employment or Retirement, (ii) shall abide by all the terms and conditions of the Plan and such other terms and conditions as may be imposed by the Committee, and (iii) shall not interfere with the employment of any IIB Employee. An Incentive Award may include a noncompetition agreement with respect to the Grantee and/or such other terms and conditions, including, without limitation, forfeiture, rights of repurchase or first refusal, not inconsistent with the Plan, as shall be determined from time to time by the Committee.

(b) **No Right to Employment.** Nothing in the Plan, any Incentive Award Agreement or any instrument executed pursuant to the Plan shall create any employment rights (including without limitation, rights to continued employment) in any Grantee or affect the right of IIB to terminate the employment of any Grantee at any time for any reason whether before the exercise date of any Option or during the Restriction Period of any Restricted Stock or during the Performance Period of any Performance Unit or Performance Share or otherwise.

(c) **Securities Requirements.** The Shares have not been, and are not expected to be, registered under the Securities Act of 1933, as amended, or listed on any stock exchange, and IIB has no obligation to register or qualify the Shares. No Shares will be issued or transferred pursuant to an Incentive Award unless and until all then-applicable requirements imposed by federal and state securities

and other laws, rules and regulations and by any regulatory agencies having jurisdiction and by any stock market or exchange upon which the Shares may be listed, have been fully met. As a condition precedent to the issuance of Shares pursuant to the grant or exercise of an Incentive Award, IIB may require the Grantee to take any reasonable action to meet such requirements. IIB shall not be obligated to take any affirmative action in order to cause the issuance or transfer of Shares pursuant to an Incentive Award to comply with any law or regulation described in the second preceding sentence.

6.2 TRANSFERABILITY

(a) **Non-Transferable Award.** Unless otherwise provided in an Incentive Award Agreement, no Incentive Award and no right under the Plan, contingent or otherwise, other than Restricted Stock as to which restrictions have lapsed, shall be (i) assignable, saleable, or otherwise transferable by a Grantee except by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order, or (ii) subject to any encumbrance, pledge or charge of any nature. No transfer by will or by the laws of descent and distribution shall be effective to bind IIB unless the Committee shall have been furnished with a copy of the deceased Grantee's will or such other evidence as the Committee may deem necessary to establish the validity of the transfer. Any attempted transfer in violation of this Section 6.2 shall be void and ineffective for all purposes. Notwithstanding the foregoing, the Committee shall have the authority to permit a transfer for estate planning purposes of Non-Qualified Stock Options granted under the Plan to members of the Grantee's Immediate Family or to trusts, family partnerships, limited liability companies, corporations or other entities beneficially owned by Grantee and/or members of his or her Immediate Family, to the extent such restrictions are not at the time required, in the reasonable judgment of the Committee, for the Plan to continue to meet the requirements of Rule 16b-3 under the Securities Exchange Act of 1934, or any successor Rule or any other federal or state law, rule or regulation, and so long as, in the case of such transfer, there is no consideration for the transfer, and the Non-Qualified Stock Options held by such transferees continue to be subject to the same terms and conditions (including restrictions on subsequent transfers) as were applicable to such Non-Qualified Stock Options immediately prior to their transfer.

(b) **Ability To Exercise Rights.** Only the Grantee or his or her guardian (if the Grantee becomes Disabled), or in the event of his or her death, his or her legal representative or beneficiary, may exercise Options, receive cash payments and deliveries of Shares, or otherwise exercise rights under the Plan. The executor or administrator of the Grantee's estate, or the individual or individuals to whom the Grantee's rights under any Incentive Award will pass by will or the laws of descent and distribution, shall be deemed to be the Grantee's beneficiary or beneficiaries of the rights of the Grantee hereunder and shall be entitled to exercise such rights as are provided hereunder.

6.3 RIGHTS AS A SHAREHOLDER

Except as otherwise provided in any Incentive Award Agreement, a Grantee of an Incentive Award or a transferee of such Grantee shall have no rights as a shareholder with respect to any Shares until such individual becomes a holder of record of such Common Stock. Except as otherwise provided in Section 6.5, no adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities, other property) or distributions or other rights for which the record date is prior to the date such stock certificate is issued.

6.4 LISTING AND REGISTRATION OF SHARES OF COMMON STOCK

Prior to issuance and/or delivery of Shares, IIB shall consult with its advisors, as appropriate, regarding compliance with laws, rules, and regulations that apply to such Shares. If necessary, IIB shall postpone the issuance and/or delivery of the affected Shares upon any exercise of an Incentive Award until

completion of such stock exchange listing, registration, or other qualification of such Shares under any state and/or federal law, rule, or regulation as IIB may consider appropriate, and may require any Grantee to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of the Shares in compliance with applicable laws, rules, and regulations. IIB shall not be obligated to take any affirmative action in order to cause the issuance or transfer of Shares pursuant to an Incentive Award to comply with any law, rule, or regulation described in the immediately preceding sentence.

6.5 CHANGE IN STOCK AND ADJUSTMENTS

(a) **Changes in Capitalization.** In the event the Outstanding Shares of IIB Common Stock, as constituted from time to time, shall be changed as a result of a change in capitalization of IIB, including, but not limited to, stock splits, reverse stock splits, stock dividends and the like, or a combination, merger, or reorganization of IIB into or with any other corporation or any other transaction with similar effects, then, for all purposes, references herein to Common Stock or Restricted Stock shall mean and include all securities or other property (other than cash) that holders of Common Stock are entitled to receive in respect of Common Stock by reason of each successive aforementioned event, which securities or other property (other than cash) shall be treated in the same manner and shall be subject to the same restrictions as the underlying Common Stock or Restricted Stock.

(b) **Changes in Law or Circumstances.** In the event of any change in applicable laws or any change in circumstances which results in or would result in any dilution of the rights granted under the Plan, or which otherwise warrants equitable adjustment because it interferes with the intended operation of the Plan, then if the Committee shall in its sole discretion determine that such change equitably requires an adjustment in the number or kind of Shares of stock or other securities or property theretofore subject, or which may become subject, to issuance or transfer under the Plan or in the terms and conditions of outstanding Incentive Awards, such adjustment shall be made in accordance with such determination. Such adjustments may include without limitation changes with respect to (i) the aggregate number of Shares that may be issued under the Plan, (ii) the number of Shares subject to Incentive Awards and (iii) the price per share for outstanding Incentive Awards. The Committee shall give notice to each Grantee, and upon notice, such adjustment shall be effective and binding for all purposes of the Plan.

6.6 TERMINATION OF EMPLOYMENT

(a) **Termination of Employment Due to Death, Disability or Retirement.** If the employment of a Grantee is terminated by reason of death, Disability or Retirement, Incentive Awards granted to the Grantee under this Plan may be exercised only as follows:

(i) **Death.** If the Grantee's employment is terminated by reason of death, any outstanding Incentive Awards granted to such Grantee that are vested as of the date of his or her death shall remain exercisable at any time prior to their expiration date or for one year after the date his or her employment terminated, whichever period is shorter. The Incentive Awards may be exercised by such Persons who have acquired the Grantee's rights under the Incentive Awards by will or by the laws of descent and distribution or permitted transfer.

(ii) **Disability.** If the Grantee's employment is terminated by reason of Disability, any outstanding Incentive Awards granted to such Grantee that are vested as of the date his or her employment terminates shall remain exercisable at any time prior to their expiration date or for one year after the date that his or her Disability is determined by the Committee to be total and permanent, whichever period is shorter.

(iii) **Retirement.** If the Grantee's employment is terminated by reason of Retirement, any outstanding Incentive Awards granted to such Grantee that are vested as of the effective date of his or her Retirement shall remain exercisable at any time prior to their expiration date or for three years after his or her date of Retirement, whichever period is shorter.

(b) **For Cause.** If a Grantee's employment is terminated for Cause, all of his or her outstanding Incentive Awards shall immediately be cancelled and surrendered to IIB and no additional exercise periods shall be allowed, regardless of the otherwise vested status of the Incentive Awards.

(c) **Termination of Employment for Other Reasons.** If the employment of a Grantee shall terminate for any reason other than the reasons set forth in this Section or Section 6.7, any nonvested Incentive Awards held by the Grantee shall vest only if the Committee determines in its sole discretion to vest all or any portion of such Incentive Awards. Thereafter, all vested Incentive Awards shall remain exercisable at any time prior to their expiration date or for three months after the date that the Grantee's employment was terminated, whichever period is shorter. If the Committee does not vest such Incentive Awards, the Incentive Awards shall be deemed for all purposes to have remained unvested and will remain unvested upon the termination of the Grantee's employment.

(d) **Continuation.** Subject to the express provisions of the Plan and the terms of any applicable Incentive Award Agreement, the Committee, in its discretion, may provide for the continuation of any Incentive Award for such period and upon such terms and conditions as are determined by the Committee in the event of the termination of Grantee.

6.7 CHANGE OF CONTROL

(a) **Change of Control.** In the event of a Change of Control, the Committee may, but shall not be obligated to:

(i) accelerate, vest, or cause the restrictions to lapse with respect to all or any portion of any Incentive Award;

(ii) cancel Incentive Awards and cause to be paid to the holders of vested Incentive Awards the value of such Incentive Awards, if any, as determined by the Committee in its sole discretion it being understood that in the case of any Option with an Option exercise price that equals or exceeds the price paid for a share of Common Stock in connection with the Change of Control, the Committee may cancel the Option without the payment of consideration therefor;

(iii) provide for the issuance of substitute Incentive Awards or the assumption or replacement of such Incentive Awards; or

(iv) provide written notice to Grantees that for a period of at least ten days prior to the Change of Control, such Incentive Awards shall be exercisable, to the extent applicable, as to all shares of Common Stock subject thereto, and upon the occurrence of the Change of Control, any Incentive Awards not so exercised shall terminate and be of no further force and effect.

(b) **Successor Obligations.** The obligations of IIB under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation, or other reorganization of IIB, or upon any successor corporation or organization succeeding to all or substantially all of the assets and business of IIB and its affiliates, taken as a whole.

6.8 AMENDMENTS TO INCENTIVE AWARDS

The Committee may waive any conditions or rights with respect to, or amend, alter, suspend, discontinue, or terminate, any unexercised Incentive Award theretofore granted, prospectively or retroactively, with the consent of any relevant Grantee. Notwithstanding any contrary provision in this Plan, neither the Committee nor the Board may directly or indirectly reduce the exercise price of any Incentive Award without the approval of IIB's shareholders.

6.9 EXCHANGE OF INCENTIVE AWARDS

The Committee may, in its discretion, permit Grantees under the Plan to surrender outstanding Incentive Awards in order to exercise or realize the rights under other Incentive Awards, or in exchange for the grant of new Incentive Awards, or the Committee may require holders of Incentive Awards to surrender outstanding Incentive Awards as a condition precedent to the grant of new Incentive Awards.

6.10 SUBSTITUTION OF INCENTIVE AWARDS

Anything contained herein to the contrary notwithstanding, Incentive Awards may in the discretion of the Committee be granted under the Plan in substitution for options or other rights to purchase Shares of capital stock of another corporation that is merged into, consolidated with, or all or a substantial portion of the property or stock of which is acquired by, IIB. The terms and conditions of the substitute Incentive Awards so granted may vary from the terms and conditions set forth in this Plan to such extent as the Committee may deem appropriate in order to conform, in whole or part, to the provisions of the Options or other rights in substitution for which they are granted.

6.11 LEAVES OF ABSENCE

Unless the Committee provides otherwise, vesting of Incentive Awards granted hereunder will be suspended during any unpaid leave of absence. A Grantee will not cease to be an Employee in the case of (i) any leave of absence approved by IIB or (ii) transfers between locations of IIB or between IIB or any Subsidiary. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is provided by statute or contract. If reemployment upon expiration of a leave of absence approved by IIB is not so provided, then any Incentive Stock Option held by the Grantee will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Non-Qualified Stock Option if it is not exercised within three (3) months of the day after the expiration of the initial three (3) month leave period.

SECTION 7. MISCELLANEOUS

7.1 EFFECTIVE DATE AND GRANT PERIOD

This Plan shall be effective as of the date of shareholder approval, [**April 26**], 2016. Unless sooner terminated by the Board, the Plan shall terminate on [**April 26**], 2026, unless extended. After the termination of the Plan, no Incentive Awards may be granted under the Plan, but previously granted awards shall remain outstanding in accordance with their applicable terms and conditions.

7.2 FUNDING

Except as provided under Section 3, no provision of the Plan shall require IIB, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to

which contributions are made or otherwise to segregate any assets in a manner that would provide any Grantee any rights that are greater than those of a general creditor of IIB, nor shall IIB maintain separate bank accounts, books, records, or other evidence of the existence of a segregated or separately maintained or administered fund if such action would provide any Grantee with any rights that are greater than those of a general creditor of IIB. Grantees shall have no rights under the Plan other than as unsecured general creditors of IIB except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other Employees under applicable law. However, IIB may establish a "**Rabbi Trust**," or other similar arrangement that will not result in Grantees receiving any other rights than those of a general creditor of IIB, for purposes of securing the payment pursuant to a Change of Control.

7.3 DEFERRAL OF CERTAIN PAYMENTS

The Committee may in its sole discretion permit a Grantee to elect to defer all or a portion of any earned Restricted Stock, Restricted Stock Unit, Performance Unit or Performance Share or gain on any exercised Option or SAR pursuant to the terms of any deferred compensation plan that IIB may adopt in the future. The value so deferred shall be transferred to such plan and held in an account under that plan established for the benefit of the Grantee.

7.4 WITHHOLDING TAXES

IIB shall have the right to (i) make deductions from any settlement of an Incentive Award made under the Plan, including the delivery of Shares, or require Shares or cash or both be withheld from any Incentive Award, in each case in an amount sufficient to satisfy withholding of any federal, state or local taxes required by law, or (ii) take such other action as may be necessary or appropriate to satisfy any such withholding obligations. The Committee may determine the manner in which such tax withholding may be satisfied and may, in the Committee's discretion, permit Shares or Options (rounded up to the next whole number) to be used to satisfy required tax withholding based on the Fair Market Value of any such Shares or Options, as of the delivery of Shares or Options or payment of cash in satisfaction of the applicable Incentive Award.

7.5 CONFLICTS WITH PLAN

In the event of any inconsistency or conflict between the terms of the Plan and an Incentive Award Agreement, the terms of the Plan shall govern.

7.6 NO GUARANTEE OF TAX CONSEQUENCES

Neither IIB nor the Committee makes any commitment or guarantee that any federal, state, or local tax treatment will apply or be available to any Grantee or Person participating or eligible to participate hereunder.

7.7 SEVERABILITY

In the event that any provision of this Plan shall be held illegal, invalid or unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provision of the Plan, and the Plan shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never been included herein.

7.8 GENDER, TENSE AND HEADINGS

Whenever the context requires such, words of the masculine gender used herein shall include the feminine and neuter, and words used in the singular shall include the plural. Section headings as used herein are inserted solely for convenience and reference and constitute no part of the Plan.

7.9 AMENDMENT AND TERMINATION

The Plan may be amended or terminated at any time by the Board by the affirmative vote of a majority of the members in office; provided, however, that no such amendment or termination shall reduce or eliminate any material vested benefits or vested rights of any Grantee without Grantee's consent; and provided further, that to the extent necessary to meet the requirements of applicable law, regulation, or stock exchange rule, shareholder approval shall be required for any such amendment of the Plan.

7.10 CLAWBACK AND FORFEITURE

Notwithstanding anything to the contrary contained herein, an Incentive Award Agreement may provide that the Committee may in its sole discretion cancel such Incentive Award if the Grantee has engaged in, or engages in, any of the following activities: (i) unauthorized disclosure of any confidential or proprietary information of IIB or its subsidiaries; (ii) any activity that would be grounds to terminate the Grantee's employment or service with IIB for Cause; (iii) the breach of any noncompetition, nonsolicitation, or other agreement containing restrictive covenants with IIB or its Subsidiaries; or (iv) fraud or conduct contributing to any financial restatements or irregularities, as determined by the Committee in its sole discretion (each, a "**Detrimental Activity**").

The Committee may also provide in an Incentive Award Agreement that if the Grantee otherwise has engaged in or engages in any Detrimental Activity, the Grantee will forfeit any gain realized on the vesting or exercise of such Incentive Award, and must repay the gain to IIB. The Committee may also provide in an Incentive Award Agreement that if the Grantee receives any amount in excess of what the Grantee should have received under the terms of the Incentive Award for any reason, including, without limitation, by reason of a financial restatement, mistake in calculations, or other administrative error, the Grantee shall be required to repay any such excess amount to IIB. Without limiting the foregoing, all Incentive Awards shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with applicable law. Unless otherwise paid back to IIB by Grantee, IIB shall have the right to offset the amount of the Award that is to be forfeited or repaid against any current amounts due to the Grantee, including, but not limited to, salary, incentive compensation, Incentive Awards under the Plan, severance, deferred compensation, or any other funds due to the Grantee from IIB.

7.11 SECTION 280G PAYMENTS

In the event that the aggregate present value of the payments to a Grantee under the Plan and any other plan, program, or arrangement maintained by IIB constitutes an "**excess parachute payment**" (within the meaning of Section 280G(b)(1) of the Code) and would cause such payments to the Grantee to not be deductible to IIB, the Grantee's total "**parachute payments**" (within the meaning of Code Section 280G(b)(2)(A)) shall be reduced by the smallest amount necessary so that the aggregate present value of such payments shall not constitute an "**excess parachute payment**," taking into account all other parachute payments which the Grantee may be entitled to receive. All determinations required to be made under the provisions of this Section 7.11 shall be made by tax counsel selected by the Employer's independent auditors and acceptable to the Executive.

7.12 COMPLIANCE WITH SECTION 409A OF THE CODE

This Plan is intended to comply with Section 409A of the Code to the extent subject thereto, and accordingly, to the maximum extent permitted, the Plan shall be interpreted and administered to be in compliance therewith. Any payments described in the Plan that are due within the "short-term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable laws require otherwise. Notwithstanding any provision of this Plan to the contrary, if one or more payments or benefits received or to be received by Grantee pursuant to an Incentive Award granted under this Plan would constitute deferred compensation subject to Section 409A of the Code and would cause Grantee to incur any penalty, tax, or interest under Section 409A or any regulations or Treasury guidance promulgated thereunder, the Committee may reform such provision to maintain to the maximum extent practicable the original intent of the applicable provisions without violating the provisions of Section 409A; provided, however, that if no reasonably practicable reformation would avoid the imposition of any penalty tax or interest under Section 409A, no payment or benefit will be provided under such Incentive Award, such Incentive Award will be deemed null, void, and of no force and effect, and IIB shall have no further obligation with respect to such Incentive Award or the failure to issue any Shares or other compensation hereunder. Notwithstanding the foregoing, neither IIB nor the Committee shall have any obligation to take any action to prevent the assessment of any excise tax or penalty on any Grantee under Section 409A of the Code, and neither IIB nor the Committee will have any liability to any Grantee for such tax or penalty.

7.13 GOVERNING LAW

The Plan shall be construed in accordance with the laws of the state of Idaho, except as superseded by federal law, and in accordance with applicable provisions of the Code and regulations or other authority issued thereunder by the appropriate governmental authority.

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