

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 18, 2018

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 18, 2018, at 2:00 p.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, 2018.
4. 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 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 February 21, 2018, 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

/s/ Jack W. Gustavel

Jack W. Gustavel
Executive Chairman of the Board of Directors

Coeur d'Alene, Idaho
March 13, 2018

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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 18, 2018

Time and Place of Annual Meeting

The Annual Meeting of Shareholders (the "Annual Meeting") of IDAHO INDEPENDENT BANK ("IIB" or the "Bank") will be held on Wednesday, April 18, 2018, at 2:00 p.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 February 21, 2018, 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 IIB, an Idaho state-chartered banking corporation, in connection with the Annual Meeting to be held on April 18, 2018, including any adjournment or postponement thereof. The 2017 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 13, 2018.

Voting Securities, Quorum, Abstentions

As of the Record Date, there were 7,514,393 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 a valid 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.

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 eliminated 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.

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 Proposal 2 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, email, 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 Alicia A. Ritter and Richard D'Ambrosio. 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, and "FOR" the ratification of the selection of Moss Adams LLP as the independent registered public accounting firm for the Bank.

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, it is important that beneficial owners with shares held in street name, that is, through a brokerage account or in another nominee form, 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 the opportunity to vote via the Internet or by telephone to shareholders whose shares are registered in the name of such firms. 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 18, 2018.

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 2018 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, 2018, 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	7.83%
Richard D' Ambrosio ⁽¹⁾	13,500	0.18%
Roy L. Eiguren ⁽²⁾	36,377	0.48%
Jack W. Gustavel ⁽³⁾	819,152	10.69%
Kurt R. Gustavel ⁽⁴⁾	326,596	4.25%
Jerald J. Jaeger ⁽⁵⁾	230,901	3.06%
Paul H. Montreuil ⁽⁶⁾	43,510	0.58%
Alicia A. Ritter ⁽⁷⁾	15,825	0.21%
All Directors and Executive Officers as a Group (7 Persons in the Group) ⁽⁸⁾	1,485,861	18.72%

⁽¹⁾ Includes 13,000 shares that Mr. D' Ambrosio 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"), and/or the Idaho Independent Bank 2016 Long-Term Equity Incentive Plan (the "2016 Incentive Plan"). These options are either presently exercisable or will be exercisable within 60 days of January 31, 2018.

⁽²⁾ Includes 25,075 shares that Mr. Eiguren has the right to acquire pursuant to stock options granted to him by the Bank under the 2004 Incentive Plan and/or the 2016 Incentive Plan. These options are either presently exercisable or will be exercisable within 60 days of January 31, 2018.

⁽³⁾ 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, and approximately 50,996 shares owned by Mr. Gustavel's 401(k) Plan. The total also includes 149,673 shares that Mr. Gustavel has the right to acquire pursuant to stock options granted to him by the Bank under its 2004 Incentive Plan and/or 2016 Incentive Plan. These options are either presently exercisable or will be exercisable within 60 days of January 31, 2018.

- (4) Includes approximately 42,948 shares owned by Kurt R. Gustavel's 401(k) and IRA Plans and 170,625 shares that Mr. Gustavel has the right to acquire pursuant to stock options granted to him by the Bank under its 2004 Incentive Plan and/or 2016 Incentive Plan. These options are either presently exercisable or will be exercisable within 60 days of January 31, 2018.
- (5) Includes 25,075 shares that Mr. Jaeger has the right to acquire pursuant to stock options granted to him by the Bank under its 2004 Incentive Plan and/or 2016 Incentive Plan. These options are either presently exercisable or will be exercisable within 60 days of January 31, 2018.
- (6) Includes 24,010 shares that Mr. Montreuil has the right to acquire pursuant to stock options granted to him by the Bank under its 2004 Incentive Plan and/or 2016 Incentive Plan. These options are either presently exercisable or will be exercisable within 60 days of January 31, 2018.
- (7) Includes 15,500 shares that Ms. Ritter has the right to acquire pursuant to stock options granted to her by the Bank under its 2004 Incentive Plan and/or 2016 Incentive Plan. These options are either presently exercisable or will be exercisable within 60 days of January 31, 2018.
- (8) Includes options exercisable within 60 days of January 31, 2018.

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. All nominees for election as directors named in the table below are presently members of the Board. 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 2019 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.

Name	Age	Bank Director Since	Principal Occupation ⁽¹⁾
Richard D'Ambrosio	47	2016	Director of the Bank. Mr. D'Ambrosio is the Director of eCommerce for Agribeef Company, headquartered in Boise, Idaho and has held that position since 2013. He has over 19 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 Agribeef, 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	66	2002	<p>Director of the Bank. Mr. Eiguren is the Managing Partner of the Eiguren Ellis Public Policy firm based in Boise, Idaho. He regularly represents clients before departments and agencies of state and federal governments and has served as a campaign and political advisor to senators, congressmen, governors, and others. As an attorney, Mr. Eiguren has worked with several law firms, including Givens Pursley, LLP, as a senior partner. He is a member of the Idaho State Bar, Idaho State Supreme Court Bar, and U.S. Supreme Court Bar. Mr. Eiguren currently serves as a Director of Gold Torrent Mines and is Advisory Board Chairman for Tolsma USA, an international agricultural manufacturer. Prior to entering private law practice in 1984, his public service included: Special Assistant to the Administrator and CEO of the Bonneville Power Administration of the U.S. Department of Energy, Chief of the Legislative and Administrative Affairs Division of Idaho's Attorney General Office, Deputy Secretary of the State of Idaho, and Ada County Deputy Prosecuting Attorney. Mr. Eiguren is a former Director of Avista Corporation, and currently serves as a director of the American Red Cross of Idaho and Montana and the Foundation for Idaho History. He has been Chairman of the Boise Metro Chamber of Commerce, Chairman of the Idaho State Capitol Commission, and President of the American Basque Association. Mr. Eiguren received Bachelors of Art Degrees from the University of Idaho in Political Science in 1974 and Law in 1977. He is a graduate of the Executive Management Program of Dartmouth College's School of Business Administration and attended Georgetown University College of Law.</p>
Jack W. Gustavel	78 ⁽²⁾	1993	<p>Executive Chairman of the Board and former Chief Executive Officer of the Bank. Mr. Gustavel has 56 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	48	2003	<p>Director, President, and Chief Executive Officer of the Bank. Mr. Gustavel was appointed Chief Executive Officer on January 1, 2018. Mr. Gustavel has over 27 years of banking experience, including over 24 years with IIB in various positions 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	70	1993	<p>Director of the Bank. Mr. Jaeger is the former 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. In 2016, Mr. Jaeger received the Idaho Governor's Lifetime Achievement Award.</p>
Alicia A. Ritter	51	2012	<p>Director of the Bank. Alicia A. Ritter is the owner and president of Ritter Consulting located in Boise, Idaho. She has 25 years experience as a senior public relations and marketing strategist, corporate director, and board leader. She consults with boards and C-Suite executives in complex, highly regulated industries on risk communication/mitigation, issues management, thought leader positioning, and crisis management. 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 largest independently owned public relations agency in California at the time 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 bachelor's degree in communication from the University of California,</p>

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 ("NACD") and is an NACD Governance Fellow (the highest level of credentialing for corporate directors). She serves on Blue Cross of Idaho's Idaho Care Plus Board and chairs the independent committee. She is on the Advisory Board of Tolsma USA and the Board of the Foundation for Idaho History. Ms. Ritter is a former Chairman 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 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 Executive Chairman of the Board, 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, the qualifications and skills (criteria) considered when evaluating candidates for the Board; include, but are not limited to, stature and contacts in one or more of the primary markets the Bank serves, senior executive or director of a public company, accounting or auditing (qualified "audit committee financial expert"), banking or the financial services industry, financial literacy, marketing or public relations, leadership skills, legal matters, and risk management. Other criteria considered include experience with large enterprises, information technology, e-commerce education and/or experience, time availability, whether or not they hold or vote a significant number of shares of the Bank, and such other criteria as the Board's Nominating Committee determines to be relevant.

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 Education and/or 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 2017. 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 (\$)
Richard D' Ambrosio	36,100	-	4,980	-	-	-	41,080
Roy L. Eiguren	39,000	-	4,980	-	-	-	43,980
Jerald J. Jaeger	41,000	-	4,980	-	-	-	45,980
Alicia A. Ritter	37,000	-	4,980	-	-	-	41,980

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

Directors received a retainer in the amount of \$1,633 per month and a fee of \$900 for each meeting of the Board attended in 2017. A \$1,000 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, 2017, the Bank paid a total of \$216,300 in retainers and fees to all directors. Also, directors are entitled to reimbursement for out-of-pocket expenses incurred on behalf of the Bank.

Directors will receive a retainer in the amount of \$1,750 per month and a fee of \$1,000 for each meeting of the Board attended in 2018. 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 are eligible to receive grants of stock options under the Bank's 2016 Incentive Plan. Each non-employee director received grants of stock options to purchase 3,000 shares of common stock during November 2017.

INFORMATION CONCERNING THE BOARD OF DIRECTORS AND ITS COMMITTEES

Board Leadership Structure

Jack W. Gustavel, who founded the Bank in 1992, is currently IIB's Executive Chairman of the Board of Directors. The Board is currently comprised of Mr. Gustavel and five additional directors. The Board 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 and loan review

functions. 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 Jerald J. Jaeger (Chairman), Roy L. Eiguren, Alicia A. Ritter, and Richard D'Ambrosio.

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), Richard D'Ambrosio, Jerald J. Jaeger, and Alicia A. Ritter.

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 Executive Chairman of the Board the names of such nominees together with their qualifications for service as directors of the Bank. See **Director Qualifications and Experience** (Page 11) for the skills and qualifications the Nominating Committee considers when evaluating candidates for the Board. 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, Alicia A. Ritter, and Richard D'Ambrosio.

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), Roy L. Eiguren, Kurt R. Gustavel, and Jerald J. Jaeger.

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	62	Senior Vice President and Cashier of the Bank and Secretary of the Board of Directors since 1995. Mr. Montreuil has 28 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, 2017 and 2016, with respect to Executive Officers.

Name and Principal Position	Year	Salary (\$ (3))	Bonus (\$ (4))	Stock Awards (\$)	Option Awards (\$ (5))	Non-Equity Incentive Plan Awards (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$ (6))	All Other Compensation (\$ (7))	Total (\$)
Jack W. Gustavel, Executive Chairman of the Board (1)	2017	309,615	388,815	-	8,300	-	61,870	101,318	869,918
	2016	298,615	260,986	-	26,806	-	67,709	91,874	745,990
Kurt R. Gustavel, President and Chief Executive Officer (2)	2017	249,423	194,407	-	16,600	-	35,986	46,163	542,579
	2016	233,788	130,493	-	26,806	-	32,782	42,773	466,642
Paul Montreuil, Senior Vice President and Cashier	2017	131,955	46,658	-	3,320	-	51,733	11,590	245,256
	2016	128,317	31,318	-	6,702	-	47,154	7,811	221,301

- (1) Jack W. Gustavel was appointed Executive Chairman of the Board and stepped down as Chief Executive Officer effective January 1, 2018.
- (2) Kurt R. Gustavel was appointed Chief Executive Officer effective January 1, 2018.
- (3) Salary amounts reported are based on actual pay periods during the year so may vary slightly from the base salaries.
- (4) These amounts are performance awards attributed to the calendar year noted regardless of the timing and method of payment.
- (5) Represents the fair values for options granted to each individual calculated in accordance with ASC 718, *Compensation – Stock Compensation*.
- (6) The amounts are the sum of the change in the present value of pension benefits and any pension payments made during the year. There are no above market or preferential earnings on compensation being deferred under the Bank's Deferred Compensation Plan.
- (7) All Other Compensation is further itemized in the All Other Compensation Detail Table.

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, 2017 and 2016.

Name and Principal Position	Year	Use of Bank Auto / Auto Allowance (\$ (3))	Club Membership Dues (\$)	Life Insurance Premiums (\$ (4))	401(k) Matching Contribution (\$ (5))	Director Fees (\$ (6))	Deferred Compensation Plan Expenses (\$ (7))	Total
Jack W. Gustavel, Executive Chairman of the Board (1)	2017	4,939	25,839	469	8,100	31,600	30,372	101,318
	2016	3,878	22,394	510	7,950	30,400	26,742	91,874
Kurt R. Gustavel, President and Chief Executive Officer (2)	2017	5,524	-	939	8,100	31,600	-	46,163
	2016	3,402	-	1,021	7,950	30,400	-	42,773
Paul Montreuil, Senior Vice President and Cashier	2017	6,000	-	567	5,023	-	-	11,590
	2016	2,684	-	578	4,549	-	-	7,811

- (1) Jack W. Gustavel was appointed Executive Chairman of the Board and stepped down as Chief Executive Officer effective January 1, 2018.
- (2) Kurt R. Gustavel was appointed Chief Executive Officer effective January 1, 2018.
- (3) Amount reported on Form W-2 for each Executive Officer related to the personal use of Bank-owned automobiles.
- (4) Amounts paid by the Bank for life insurance premiums for each Executive Officer are in accordance with life insurance benefits that are generally available to all employees.
- (5) On January 18, 2018, the Board of Directors authorized a total of \$234,682 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 2017.
- (6) Jack W. Gustavel and Kurt R. Gustavel were directors of the Bank in 2016; therefore, they received retainers of \$1,633 per month and Board meeting fees of \$1,000 per meeting.
- (7) 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

On September 17, 2002, IIB entered into an Executive Retention and Employment Agreement with Jack W. Gustavel, Chairman and Chief Executive Officer of the Bank (the "2002 Agreement"). The 2002 Agreement was subsequently amended and restated on November 16, 2007, and again on June 16, 2016, to further compliance with requirements under Section 409A ("409A") of the Internal Revenue Code of 1986, as amended (the "Code"), and to make certain clarifications (cumulatively, the "Agreement"). The Agreement provides for the payment of his current \$310,000 annual base compensation and for a Board review and possible increase to his base compensation at least annually. He is also entitled to participate in executive incentive compensation and bonus programs authorized by the Board. Additionally, Mr. Gustavel is entitled to participate in IIB'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. He 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. The Agreement provides for automatic renewal for a new three-year period upon each anniversary date of the Agreement; that is, unless the Board terminates the Agreement by providing notice at least 10 months prior to its next anniversary date. The Agreement terminates 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, a lump-sum severance payment would be made to Mr. Gustavel equal to three times his average annual W-2 compensation for the five calendar years preceding the date of the 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 his medical and other employee benefits for a period of five years. Mr. Gustavel would provide consulting services to IIB's successor for a period of three years following such termination and be entitled to office support. In the case of termination by reason of death or disability, a lump sum severance payment would 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 would also vest upon a termination due to death or disability; however, the five-year continuation of medical and other employee benefits would only apply to a termination due to disability, not death.

On October 26, 2004, IIB entered into an Executive Retention and Employment Agreement with Kurt R. Gustavel, President and Chief Operating Officer of the Bank (the "2004 Agreement"). The 2004 Agreement was subsequently amended and restated on November 16, 2007, and again on June 16, 2016, to further compliance with requirements under 409A and to make certain clarifications (cumulatively, the "Agreement"). The Agreement provides for an annual base salary to be paid to Mr. Gustavel that is subject to increase from time-to-time by the Bank. The base salary is currently \$275,000 per annum. Mr. Gustavel is entitled to participate in any executive incentive compensation and bonus programs authorized by the Board. Additionally, the Agreement entitles Mr. Gustavel to participate in IIB's stock option or other equity compensation plans and such employee health and dental insurance and/or other benefit programs as are available to other executive employees. The current term of the Agreement began on June 16, 2016 and ends on June 30, 2019, and provides for an automatic renewal for a new two-year period upon each anniversary date of the Agreement, unless the Board terminates the Agreement by providing at least 180 days notice prior to the next anniversary date of the Agreement. In the event of termination by the Bank "Without Cause" or a termination by Mr. Kurt 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, there is a provision for a lump-sum severance payment to Mr. Kurt 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.

On October 26, 2004, IIB entered into an Executive Retention and Employment Agreement with Paul H. Montreuil, Senior Vice President and Cashier of the Bank (the "2004 Agreement"). The 2004 Agreement was subsequently amended and restated on November 16, 2007, to further compliance with 409A, and to make certain clarifications (cumulatively, the "Agreement"). The Agreement provides for an annual base salary to be paid to Mr. Montreuil that is subject to increase from time-to-time by the Bank. The base salary is currently \$134,147 per annum. Mr. Montreuil is entitled to participate in any executive incentive compensation and bonus programs authorized by the Board. Additionally, the Agreement entitles Mr. Montreuil to participate in IIB's stock option or other equity compensation plans and such employee health and dental insurance and/or other benefit programs as are available to other executive employees. The current term of the Agreement began on June 30, 2017 and ends on June 30, 2018, and the term is automatically extended for successive one-year terms 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. If Mr. Montreuil terminates his employment with "Good Reason" or by the Bank "Without Cause," the Agreement provides 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 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, Mr. Montreuil will have a right to receive a severance payment under his 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.

If the Executive Officers had been terminated on December 31, 2017, 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, Executive Chairman of the Board	2,067,142	2,067,142
Kurt R. Gustavel, President and Chief Executive Officer	756,343	756,343
Paul Montreuil, Senior Vice President and Cashier	268,294	245,936

The Bank did not pay or incur any severance payment liabilities to any Executive Officer during 2017. 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 \$180,000 based upon the assumption that the applicable benefits in the amounts disclosed in the All Other Compensation Detail table for 2017 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 23, 2018.

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, 2017, 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, 2017, 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 \$1.8 million and \$419,000 at December 31, 2017 and 2016, 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 their 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, 2017 and 2016, 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, 2018, 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.

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, 2017. 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, 2018.

The following table sets forth the aggregate fees billed by Moss Adams LLP for professional services rendered for the years ended December 31, 2017 and 2016.

	Years Ended	
	December 31,	
	2017	2016
Audit Fees (1)	\$ 77,800	\$ 73,581
Audit-Related Fees (2)	12,000	12,000
Tax Fees (3)	8,656	7,875
All Other Fees	-	-

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

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 13, 2018

By Order of the Board of Directors

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