



PRESS RELEASE

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FOR IMMEDIATE RELEASE

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**IDAHO INDEPENDENT BANK ANNOUNCES
2016 FOURTH QUARTER and YEAR-END RESULTS**

Coeur d'Alene, Idaho – Jack W. Gustavel, Chairman and Chief Executive Officer of Idaho Independent Bank (“IIB” or the “Bank”) (OTC BB: IIBK), announced IIB’s unaudited, consolidated financial results for the fourth quarter and year ended December 31, 2016.

Net income before tax for 2016 was \$4.9 million, a 40% increase when compared to 2015. “The improvement mainly came from growth in loan and deposit relationships combined with improved efficiencies,” Mr. Gustavel said. Income tax expense for both years included reversals of the Bank’s deferred tax valuation allowance. Approximately \$3.0 million was reversed in 2015, while only \$1.0 million was reversed in 2016. Consequently, net income after tax for the year ended December 31, 2016, was \$4.1 million, or \$0.51 per diluted share, compared to \$5.2 million, or \$0.63 per diluted share, for 2015. Net income after tax for the fourth quarter of 2016 was \$1.2 million, or \$0.15 per diluted share, compared to \$2.7 million, or \$0.33 per diluted share, for the fourth quarter a year ago. The fourth quarter of 2015 included \$1.8 million of net tax benefit.

At December 31, 2016, the Bank's total assets were \$618.8 million, an increase of \$62.8 million, or 11.3%, when compared to December 31, 2015. Total loans, including loans held-for-sale, increased \$32.5 million, or 11.2%, to \$324.6 million; while deposits and repurchase agreements increased \$61.0 million, or 12.8%, to \$538.9 million over the same timeframe. As of December 31, 2016, the allowance for loan and lease losses totaled \$6.1 million, or 1.9% of total loans, excluding loans held-for-sale. Nonperforming assets were only 0.3% of total assets as of December 31, 2016.

As of December 31, 2016, the Bank’s Stockholders' Equity to Average Total Assets Ratio was 10.4%, and its capital ratios exceeded the regulatory thresholds required to be considered “Well-Capitalized.” During 2016, the Bank purchased 497,189 shares of its common stock at a cost of \$4.1 million, representing 6% of the shares outstanding at the beginning of the year. IIB previously announced an increase to its Buyback Plan, so currently, the Bank may purchase up to \$2.2 million worth of additional shares.

IIB filed its Consolidated Report of Condition and Income for the quarter ended December 31, 2016, (“Call Report”) with the Federal Deposit Insurance Corporation on January 26, 2017 and is available on the Federal Financial Institutions Examinations Council website at <http://cdr.ffiec.gov/public/>.

About IIB

IIB was established in 1993 as an Idaho state-chartered, commercial bank and currently operates branches in Boise (3), Caldwell, Coeur d'Alene, Hayden, Meridian, Mountain Home, Nampa, Star, and Sun Valley/Ketchum, Idaho. IIB has been named to DepositAccounts.com's Top 200 Healthiest Banks in America for the second straight year and received honorable mention from Populus for being one of the 2016 Best Places to Work in Idaho. The Bank has approximately 200 employees throughout the State of Idaho. To learn more about IIB, visit us online at www.theidahobank.com.

Statements contained herein concerning future performance, developments or events, expectations for earnings, growth and market forecasts, and similar statements that are not historical facts are intended to be "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995, and as such, are subject to a number of risks and uncertainties that may cause actual results to differ materially from expectations or our stated objectives. Factors that could cause actual results to differ materially, include, but are not limited to, declines in regional and general economic conditions; changes in interest rates, deposit flows, demand for loans, real estate values, competition, and/or loan delinquency rates; changes in accounting principles, practices, policies, or guidelines; changes in legislation or regulations; changes in the regulatory environment; changes in monetary policy of the Federal Reserve Bank; changes in fiscal policy of the Federal government and the State of Idaho; changes in other economic, competitive, governmental, regulatory, and technological factors affecting operations, pricing, products, and services; material unforeseen changes in the liquidity, results of operations, or financial condition of the Bank's customers. Accordingly, these factors should be considered in evaluating forward-looking statements, and there should not be undue reliance placed on such statements. The Bank undertakes no responsibility to update or revise any forward-looking statements.

Idaho Independent Bank
Financial Highlights (unaudited)
(dollars in thousands, except share data)

CONDENSED STATEMENT OF OPERATIONS	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Net interest income	\$ 4,932	\$ 4,427	\$ 18,651	\$ 17,203
Provision for loan losses	-	-	-	-
Net interest income after provision for loan losses	4,932	4,427	18,651	17,203
Noninterest income	1,823	1,627	7,229	6,184
Noninterest expense	5,255	5,100	20,965	19,899
Income before income tax expense (benefit)	1,500	954	4,915	3,488
Income tax expense (benefit)	339	(1,750)	779	(1,750)
Net income	\$ 1,161	\$ 2,704	\$ 4,136	\$ 5,238

Earnings per share:				
Basic	\$ 0.15	\$ 0.33	\$ 0.52	\$ 0.64
Diluted	\$ 0.15	\$ 0.33	\$ 0.51	\$ 0.63

SELECTED BALANCE SHEET ACCOUNTS	December 31,	December 31,
	2016	2015
Loans held for sale	\$ 4,723	\$ 5,477
Loans receivable	319,912	286,695
Gross loans	324,635	292,172
Allowance for loan losses	6,124	6,114
Total assets	618,794	556,016
Deposits	512,426	459,971
Customer repurchase agreements	26,464	17,922
Total deposits and repurchase agreements	538,890	477,893
Stockholders' equity	64,079	63,927

PER SHARE DATA

Common shares outstanding	7,633,918	8,114,758
Book value per share	\$ 8.39	\$ 7.88

CAPITAL RATIOS

Tier 1 capital (to average assets)	10.17%	10.90%
Common Equity Tier 1 capital (to risk-weighted assets)	14.17%	16.04%
Tier 1 capital (to risk-weighted assets)	14.17%	16.04%
Total risk-based capital (to risk-weighted assets)	15.43%	17.30%

PERFORMANCE RATIOS (annualized)	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Return on average assets	0.75%	1.90%	0.70%	0.95%
Return on average equity	7.13%	17.27%	6.38%	8.58%
Efficiency ratio	77.79%	84.24%	81.01%	85.09%
Net interest margin	3.44%	3.37%	3.45%	3.37%