

CAPITAL MARKETS ANNOUNCEMENT

Intermountain Community Bancorp Announces Closing of \$47.3 Million Capital Raise

Sandler O'Neill + Partners, L.P. served as sole placement agent to Intermountain Community Bancorp in this transaction.

This transaction represents the 25th private placement for a depository institution since 2010 in which Sandler O'Neill has acted as a placement agent or financial advisor, more than any other investment bank during this period, raising in aggregate over \$6.2 billion in gross proceeds.

About the Offering:

Intermountain Community Bancorp, the holding company of Panhandle State Bank, today announced that it had successfully closed its previously-announced \$47.3 million private capital raise led by Castle Creek Capital Partners IV, L.P. and affiliates of Stadium Capital Management, LLC through the issuance and sale of shares of common stock at \$1.00 per share and a newly-created mandatorily convertible series of preferred stock which will automatically convert into a new series of non-voting common stock at a conversion price of \$1.00 upon shareholder approval of such non-voting common stock. The Company also issued to each of Castle Creek and Stadium, for no additional consideration, warrants to purchase 850,000 shares of non-voting common stock at \$1.00 per share.

The Company expects to use the proceeds from the capital raise and the planned \$5 to 8 million rights offering to make capital contributions to and strengthen the balance sheet of the Bank, for other general corporate purposes and as otherwise provided for in the securities purchase agreements with the investors.

This announcement is for informational purposes only and does not constitute an offer to buy or the solicitation of an offer to sell securities.

**About the Company:**

Intermountain is headquartered in Sandpoint, Idaho, and operates as four separate divisions with 19 banking locations in three states. Its banking subsidiary, Panhandle State Bank, offers financial services through northern Idaho offices. Intermountain Community Bank, a division of Panhandle State Bank, operates branches in southwest Idaho. Intermountain Community Bank Washington, a division of Panhandle State Bank, operates branches in Washington. Magic Valley Bank, a division of Panhandle State Bank, operates branches in Idaho.

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