



## **FOR IMMEDIATE RELEASE**

### **Independence Bank Posts Seventh Consecutive Profitable Quarter**

Newport Beach, CA, November 8, 2011

Independence Bank released its 2011 Third Quarter Report (unaudited) today, posting its seventh consecutive quarter of profit. The Bank's net income for the 3<sup>rd</sup> quarter ended September 30, 2011 was \$518,436. Year to date net income for the period ending September 30, 2011 was \$1,589,008 compared to \$1,200,432 for the same period 2010. Independence Bank has continued to benefit from lower loan collection costs, lower loan loss provision and a higher net interest margin in 2011 when compared to 2010.

Over the past quarter Independence Bank has reported significant progress with loan and REO resolution. The effort has resulted in a reduction of classified asset to total loan and REO ratio from 5.5% at June 30, 2011 to 4.5% at September 30, 2011. Accordingly, the Bank's classified assets to Tier 1 capital ratio plus ALLL, has dropped from 32.4% at June 30, 2011 to 25.0% at September 30, 2011. The Bank anticipates additional improvement of these ratios during the fourth quarter 2011. Independence Bank has also benefitted from lower resolution costs during the third quarter and expects the velocity of cost reduction to increase during the fourth quarter. As stated in the quarterly report, despite loan collection improvement the Bank will continue to add to their provision for loan and lease losses as an added safety measure against unforeseen loan problems.

Key performance ratios include: Net interest margin improvement from 4.27% at June 30, 2011 to 4.35% at September 30, 2011. The Bank's expense as a percent of total assets increased from 2.91% to 2.97% during the third quarter. Most of these additional expenses can be attributed to hiring and training staff for our new Tustin Office, which is scheduled to open during the fourth quarter. Also, Independence Bank continues to identify and hire seasoned business developers, which contributed to higher expenses. Capital ratios for the quarter ending September 30, 2011 were reported as: Tier 1 Leverage at 12.22% and Total Risk Based Capital at 16.25%. Both of these ratios are well above regulatory minimums for well capitalized institutions.

In his quarterly report message, Independence Bank President and CEO, Charles Thomas said, "We will stay on course regarding our conservative approach towards growth and safety. We do plan to end our commercial real estate loan deleveraging strategy during the fourth quarter and continue to focus our development effort on loans to small and medium sized, well managed companies. Our Business Banking Group has transitioned several companies to Independence Bank recently and our loan and deposit pipelines reflect robust future business development activity."

Closing his quarterly remarks, Charles Thomas said, "I would like to thank our shareholders and customers for your loyalty and confidence in Independence Bank. To our employees, thank you for your hard work and dedication to excellence."

Founded by highly experienced bankers, entrepreneurs and business leaders who live and work in Orange County, Independence Bank is a full-service, community based institution that specializes in providing customized, personal financial solutions for individual and business customers.



Headquartered in Newport Beach, California, the Bank currently operates three regional branch offices located in Newport Beach, San Juan Capistrano, Fountain Valley. Independence Bank will open its fourth regional branch office in Tustin, CA in November 2011.

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