



## FOR IMMEDIATE RELEASE

### Independence Bank Posts Sixth Consecutive Profitable Quarter

Newport Beach, CA, July 29, 2011 – Independence Bank released its 2011 Second Quarter Report (Unaudited) today, posting its sixth consecutive quarter of profit. The Bank's 2<sup>nd</sup> quarter net income was \$590,427, compared to \$480,145 for the 1<sup>st</sup> quarter of 2011. Net income for the six months ending June 30, 2011 was \$1,070,572 compared to \$622,334 for the same period in 2010. The principal drivers for the Bank's year-to-date income improvement over 2010 were increased net interest margin, stabilized expenses, and a reduced level of REO and other problem loans.

In his quarterly report message, Independence Bank President and CEO, Charles Thomas said, "It gives me great pleasure to report these results for the second quarter. As we move into the second half of the year, our focus is increasing revenues, in all areas of income for the Bank. We have restructured our non-interest fee schedules to accommodate higher operating costs. This effort was designed to be fair to all customers and reward those customers who maintain a multiple deposit account relationship with the Bank. To improve interest income we are actively pursuing business loans as evidenced by the hiring of several experienced business bankers over the course of the past six months. This initiative is gaining traction as our loan pipelines are steadily growing. Identifying qualified business borrowers has always been difficult, and today it is even harder. Borrowers are reluctant to consider changing banks in today's environment, even if they dislike their current bank, because of the unknowns of a new banking relationship. Hiring seasoned business bankers helps us cross initial hurdles but it takes much more energy and time to convince business prospects that we are the bank of choice. Our best advertisement comes from those customers who made the change and are thrilled with the opportunity to share their Independence Bank experience."

Independence Bank's loan portfolio has also shown consistent improvement. In the Bank's 1<sup>st</sup> quarter it was anticipated that a significant reduction in REO properties during the 2<sup>nd</sup> quarter would occur. As of end of second quarter, the Bank is reporting the lowest level of REO properties in several quarters. The Bank also experienced a significant reduction in classified and non performing loans during 2<sup>nd</sup> quarter. Charles Thomas said, "The Bank has remained diligent in management of its loan portfolio, utilizing tools that have been developed to anticipate and catch individual and portfolio-wide issues early in the resolution process. Independence Bank's loan administration has consistently demonstrated its ability to manage portfolio risk during this economic crisis."

Key performance ratios for Independence Bank, as compared to its 1<sup>st</sup> quarter 2011 results include a net interest spread at June 30, 2011 of 4.35% compared to 4.27% at March 31, 2011. The Bank's net interest margin at June 30, 2011 was 4.42% compared to 4.44% for the same period. The Bank's tier 1 leverage ratio at June 30, 2011 was 11.42% compared to 11.01% at 3/31/11 and total risk based capital was 15.08% compared to 14.19% at March 31, 2011. Independence Bank's allowance for loan and lease losses was 2.33% at June 30, 2011 compared to 2.26% at March 31, 2011. The Bank has maintained its ALLL at high levels even though problem loan levels have declined.

"Our focus on hiring several seasoned business bankers has resulted in a significantly increased market presence and a 14% core deposit increase during the first six months of 2011. We expect this very positive trend to continue throughout 2011 and beyond," said Charles Thomas.



Closing his second quarter remarks, Charles Thomas said, "As always, I want to thank all Independence Bank employees for their individual contribution and dedication to the Bank's success. I am very proud of their performance. To our shareholders and customers, thank you for your continued confidence and loyalty. We sincerely appreciate the opportunity to serve our customers' financial needs and understand that every customer has choices, and that we must earn your business each and every day."

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