INDEPENDENT ALLIANCE BANKS

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FOR IMMEDIATE RELEASE

INDEPENDENT ALLIANCE BANKS ANNOUNCES FIRST QUARTER FINANCIAL PERFORMANCE

FORT WAYNE, IND., April 16, 2015 – Independent Alliance Banks, Inc. (IAB), the holding company of iAB Financial Bank, announced first quarter financial performance as of March 31, 2015.

Assets achieved the $1 billion milestone as of March 31, 2015. IAB became one of 15 bank holding companies headquartered in Indiana to reach that size.

Net income for the first three months of 2015 was $2.1 million, a 21 percent increase over first quarter of 2014 earnings of $1.7 million. Earnings per share were $.51 for the first quarter of 2015, compared to $.43 during the same time in 2014. Return on average assets was .84 percent and return on average equity was 7.41 percent for the first quarter of 2015. Financial results outperformed the prior year mainly due to reduced provision for loan losses, more income from the secondary mortgage market activity and the addition of net earnings from our new Bourbon offices.

Highlights:

- Achieved $1 billion asset level.
- Completed merger with The First State Bank of Bourbon on February 1, 2015.
- Loans were up to $689 million at the end of first quarter 2015 compared to $645 at the same time in 2014.
- First quarter 2015 non-performing loans were down 32 percent to $5.5 million, compared to $8.2 million during the same period in 2014.
- Deposits increased to $802 million compared to first quarter results in 2014 $716 million.
- Since its formation in 2005, the company has paid dividends to shareholders for 44 consecutive quarters.
- IAB's strong capital structure provides a solid base for future growth.

"We are very pleased with our continued improvement in asset quality, and our capital position remains very strong," stated Michael C. Marhenke, President and Chief Executive Officer of IAB. "We are excited about the potential for growth based on an improved economic environment in Northeast Indiana along with our expanded market in Marshall County as a result of completing our merger with The First State Bank of Bourbon. As one of the largest, locally-owned community banks in the area, we remain committed to servicing the needs of our customers as well as contributing talent and resources to the economic well-being of our local community."

Independent Alliance Banks, Inc., established in 2005, is a financial services holding company for iAB Financial Bank. iAB Financial Bank, one of the largest locally-owned community banks in the area, employs approximately 290 people throughout Allen, Huntington, Marshall and Wells counties.

-30-

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Independent Alliance Banks, Inc.

Consolidated Balance Sheets

At March 31, 2015 and December 31, 2014
(unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
Cash & due from banks		
Noninterest bearing	$ 16,412,890	$ 7,170,996
Interest-bearing	30,545,386	30,681,680
Total cash and cash equivalents	46,958,276	37,852,676
Certificates of deposit	12,277,523	14,197,358
Available-for-sale investment securities	218,277,465	190,707,179
Loans held for sale	230,935	644,326
Loans	688,986,453	657,113,843
Allowance for loan losses	(10,252,161)	(10,057,203)
Loans, net	678,734,292	647,056,640
Buildings and equipment (net)	12,697,346	12,421,589
Federal Home Loan Bank stock	5,948,600	5,738,300
Insurance contracts	25,649,578	25,445,578
Goodwill and core deposit intangible	15,177,908	13,855,664
Other assets	13,216,008	12,876,838
Total assets	$ 1,029,167,931	$ 960,796,148
LIABILITIES		
Deposits		
Noninterest bearing	$ 179,580,186	$ 175,764,861
Interest bearing	622,581,977	553,582,457
Total deposits	802,162,163	729,347,318
Short-term borrowings	9,803,867	11,331,274
FHLB advances	80,000,000	87,000,000
Junior subordinated debt	10,310,000	10,310,000
Other liabilities	12,305,472	9,923,870
Total liabilities	914,581,502	847,912,462
STOCKHOLDERS' EQUITY		
Common stock and surplus	37,490,758	37,310,758
Retained earnings	83,061,569	81,833,617
Treasury stock	(9,104,593)	(8,954,128)
Accumulated other comprehensive income, net of tax	3,138,695	2,693,439
Total stockholders' equity	114,586,429	112,883,686
Total liabilities and stockholders' equity	$ 1,029,167,931	$ 960,796,148

Consolidated Statements of Operations

For the three months ended March 31, 2015 and 2014
(unaudited)

	Three Months Ended March 31,	
	2015	2014
Interest Income:		
Loans	$ 7,411,840	$ 7,332,455
Investment securities:		
Taxable	442,350	318,360
Tax exempt	729,175	762,098
Dividend income and other	117,068	128,128
Total interest income	8,700,433	8,541,041
Interest Expense:		
Deposits	615,662	890,962
Short-term borrowings	3,872	13,162
FHLB advances	391,324	518,206
Junior subordinated debt	73,050	71,400
Total interest expense	1,083,908	1,493,730
Net interest income	7,616,525	7,047,311
Provision for Loan Losses	216,000	450,000
Net Interest Income after Provision for Loan Losses	7,400,525	6,597,311
Other Income:		
Service charges on deposit accounts	380,227	391,866
Service charges on loans	56,912	68,012
Income from sale of loans	285,159	83,110
Fiduciary and other nontraditional activities	417,055	407,986
Net realized gains (losses) on sale of assets	-	50,359
Income from life insurance contracts	204,000	207,000
Other	381,837	428,070
Total other income	1,725,190	1,636,403
Other Expenses:		
Salaries and employee benefits	3,988,336	3,718,521
Net occupancy and equipment	963,508	937,053
Printing and office supplies	170,511	167,277
Legal, professional and other fees	526,349	488,853
Marketing	165,101	182,879
Business development	176,853	149,752
FDIC insurance	146,773	160,484
Other	530,839	535,436
Total other expenses	6,668,270	6,340,255
Income Before Income Taxes	2,457,445	1,893,459
Income Taxes	368,413	168,913
Net Income	$ 2,089,032	$ 1,724,546
Earnings Per Common Share	$ 0.51	$ 0.43
Average common shares outstanding	4,098,086	4,050,579

Independent Alliance Banks, Inc.

Consolidated Financial Highlights

First Quarter 2015

(unaudited)

		Quarterly					Year-To-Date	
($ in thousands except for share data)		1st Qtr 2015	4th Qtr 2014	3rd Qtr 2014	2nd Qtr 2014	1st Qtr 2014	3 mo 2015	3 mo 2014
$ EARNINGS								
Net interest income	$	7,616	7,704	7,847	7,271	7,047	7,616	7,047
Provision for loan loss	$	216	(150)	450	450	450	216	450
Other income	$	1,725	1,813	2,100	1,869	1,636	1,725	1,636
Other expense	$	6,668	6,047	6,194	6,133	6,340	6,668	6,340
Pretax income	$	2,457	3,620	3,303	2,557	1,893	2,457	1,893
Taxes	$	368	809	702	384	169	368	169
Net income	$	2,089	2,811	2,601	2,173	1,724	2,089	1,724
Earnings per share	$	0.51	0.69	0.64	0.54	0.43	0.51	0.43
PERFORMANCE RATIOS								
Return on average assets *		0.84%	1.14%	1.07%	0.88%	0.74%	0.84%	0.74%
Return on average equity *		7.41%	9.94%	9.37%	8.02%	6.61%	7.41%	6.61%
Net interest margin (*fully-tax equivalent*) *		3.46%	3.54%	3.66%	3.40%	3.47%	3.46%	3.47%
Fee income as % of total revenue		18.5%	19.1%	21.1%	20.4%	18.8%	18.5%	18.8%
Efficiency ratio		71.38%	63.54%	62.27%	67.10%	73.02%	71.38%	73.02%
CAPITAL								
Tier 1 leverage capital ratio		10.63%	11.06%	11.05%	10.55%	10.79%	10.63%	10.79%
Tier 1 risk-based capital ratio		14.09%	14.84%	14.68%	14.04%	14.26%	14.09%	14.26%
Total risk-based capital ratio		15.34%	16.10%	15.93%	15.29%	15.51%	15.34%	15.51%
Book value per share	$	27.96	27.56	27.09	26.79	26.26	27.96	26.26
Tangible book value per share	$	24.26	24.17	23.71	23.36	22.83	24.26	22.83
Outstanding shares		4,097,880	4,096,639	4,102,610	4,042,107	4,045,352	4,097,880	4,045,352
Average outstanding shares		4,098,086	4,099,708	4,074,665	4,043,931	4,050,579	4,098,086	4,050,579
ASSET QUALITY								
Net charge-offs (recoveries)	$	21	143	8	558	373	21	373
Net charge-offs to average loans *		0.01%	0.09%	0.00%	0.34%	0.23%	0.01%	0.23%
Allowance for loan losses	$	10,252	10,057	10,350	9,908	10,016	10,252	10,016
Allowance for loan losses to total loans		1.49%	1.53%	1.58%	1.49%	1.55%	1.49%	1.55%
Nonperforming loans	$	5,529	5,374	6,899	6,687	8,183	5,529	8,183
Other real estate owned	$	1,212	1,444	1,429	1,590	2,961	1,212	2,961
Nonperforming loans to total loans		0.80%	0.82%	1.06%	1.01%	1.27%	0.80%	1.27%
Nonperforming assets to total assets		0.65%	0.71%	0.88%	0.86%	1.19%	0.65%	1.19%
END OF PERIOD BALANCES								
Assets	$	1,029,168	960,796	947,513	961,023	935,107	1,029,168	935,107
Total S/T and L/T Investments	$	267,280	240,131	230,395	233,280	225,344	267,280	225,344
Total Loans	$	688,986	657,114	653,541	664,152	645,214	688,986	645,214
Deposits	$	802,162	729,347	745,136	753,837	715,911	802,162	715,911
Borrowings	$	100,114	108,641	82,045	90,029	104,602	100,114	104,602
Shareholders' equity	$	114,586	112,884	111,135	108,298	106,224	114,586	106,224
AVERAGE BALANCES								
Assets	$	1,013,153	974,753	960,024	975,134	942,559	1,013,153	942,559
Total S/T and L/T Investments	$	272,153	254,589	236,443	253,557	228,434	272,153	228,434
Total Loans	$	673,054	657,088	659,930	656,375	649,213	673,054	649,213
Deposits	$	771,882	761,966	753,810	750,998	710,717	771,882	710,717
Borrowings	$	112,685	91,074	87,165	108,130	116,754	112,685	116,754
Shareholders' equity	$	114,375	112,213	110,091	107,506	105,795	114,375	105,795
STOCK VALUATION								
Closing Market Price (OTCQB)	$	25.95	25.00	23.30	23.80	25.12	25.95	25.12
Dividend Paid	$	0.21	0.21	0.21	0.21	0.21	0.21	0.21
Dividend Yield *		3.24%	3.36%	3.61%	3.53%	3.34%	3.24%	3.34%
LTM P/E Ratio		10.9	10.9	10.9	12.0	14.4	10.9	14.4
% of Tangible Book Value		107.0%	103.4%	98.3%	101.9%	110.0%	107.0%	110.0%

* annualized with quarterly data