

INTERMOUNTAIN COMMUNITY BANCORP

Form 424B3

May 02, 2012

PROSPECTUS SUPPLEMENT NO. 2  
(TO PROSPECTUS DATED May 2, 2012)

**FILED PURSUANT TO RULE 424(B)(3)  
REGISTRATION NO. 333-180071**

**INTERMOUNTAIN COMMUNITY BANCORP**

**8,700,000 SHARES OF COMMON STOCK**

This prospectus supplement No. 2 supplements information contained in that certain prospectus dated April 23, 2012, (as subsequently amended or supplemented, the Prospectus ) relating to the offer to shareholders of record on January 20, 2012 subscription rights to purchase up to 8,700,000 shares of common stock of Intermountain Community Bancorp.

This prospectus supplement includes a Rights Offering Slide Presentation dated May 2012 which Intermountain intends to use in presentations to its shareholders in connection with the Rights Offering.

The information contained in the Rights Offering Presentation included in this prospectus supplement is dated as of the date of such document. This prospectus supplement should be read in conjunction with the Prospectus that was previously delivered, except to the extent that the information in this prospectus supplement updates and supersedes the information contained in the Prospectus.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this Prospectus Supplement is May 2, 2012

Rights Offering Presentation  
May 2012  
8/6/10

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Disclosure

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include but are not limited to statements about the Company's plans, objectives, expectations and intentions and other statements contained in this report that are not historical facts. These forward-looking statements are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control. Actual results may differ materially from the results discussed in these forward-looking statements because of numerous possible risks and uncertainties. These include but are not limited to the following and the other risks described in the Risk Factors, Business, and Management's Discussion and Analysis of Financial Condition and Results of Operations sections, as applicable, of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011; the possibility of adverse economic developments that may, among other things,

increase default and delinquency risks in the Company's loan portfolio; shifts in interest rates that may result in lower interest rate margins; shifts in the demand for the Company's loan and other products; a continued decline in the housing and real estate market; a continued increase in unemployment or sustained high levels of unemployment; changes in accounting policies; changes in the monetary and fiscal policies of the federal government; and changes in laws, regulations and the competitive environment. Readers are cautioned that forward-looking statements in this presentation speak only as of the date of this release. The Company does not undertake any obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

No express or implied representations or warranties as to the accuracy or completeness of any of the information in this presentation are being made, and Intermountain expressly disclaims any and all liability for any errors or omissions herein or relating to or arising from the use of the information contained herein.

All  
financial  
data  
in  
this  
presentation  
is  
for  
Intermountain  
and  
its  
subsidiary,  
Panhandle  
State  
Bank, on a consolidated basis, unless otherwise indicated.

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Offering Overview: Offering Terms and Rights

\$8.7 million  
Targeted Size

Registered shares of voting common stock  
Securities Offered

Owners of IMCB stock as of the end of business on January 20, 2012 ( record date )  
Eligible Investors

5:00 p.m. New York City time, Monday, May 21, 2012

Scheduled Completion Date

Right to purchase additional shares if not fully subscribed by existing shareholders as of record date.

If  
total  
offering  
is  
oversubscribed,  
individual  
shareholders  
oversubscription  
amount  
will  
be  
reduced on a pro-rata basis based on percentage of shares owned on the record date  
Oversubscription Privilege

IMCB  
will  
be  
solely  
responsible  
for  
and  
bear  
the  
expenses  
of  
the  
offering,  
which  
are  
anticipated  
to be approximately \$300,000  
Expenses

4.9% of the pro forma outstanding common stock  
Maximum Ownership

Strengthen the Company's balance sheet, reinvest in its communities, other general corporate purposes, and, subject to regulatory approval, using all or a portion of such proceeds to redeem  
its  
Series  
A  
Preferred  
Stock  
held

by  
the  
U.S.  
Treasury  
as  
part  
of  
the  
TARP  
Capital  
Purchase Program.  
Use of Proceeds

The prospectus and other offering materials were issued to registered shareholders and to brokers on or about April 25, 2012. To invest, please read the prospectus and, if applicable, broker information carefully and follow the instructions contained therein.

Exercising shareholder rights

Rights to purchase up to 1.0324 common voting shares for each share owned as of the record date for the purchase price of \$1.00 per share. Rights are not transferable.

Basic Subscription Right

Backstop Commitment

If the offering is not fully subscribed, then certain of the investors who invested in the January capital raise are obligated to purchase additional shares at the \$1.00 offering price in a private placement, but are limited to the lower of the pro-rata shares needed to fully subscribe the \$8.7 million offering or certain regulatory restrictions on the percentage of shares they may own.

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Travis Kaul

SVP Chief Banking Officer

Age: 42

IMCB: 15 years

Banking: 25 years

Company Overview: Management Team

Curt Hecker

President/CEO

Age: 51

IMCB: 17 years

Bank Exec: 17 years

Banking: 28 years

Board of Directors

Chairman: John Parker (76)

13 Members

2 Insiders

Audit Committee

Chair Mike Romine



Cindy Ingram  
SVP Audit & Compliance

Age: 52

IMCB: 5 years

Banking: 25 years

Audit: 10 years

Dale Schuman

SVP Trust & Wealth  
and General Counsel

Age: 53

IMCB: 6 years

Banking: 13 years

Law: 29 years

Pam Rasmussen

EVP Chief Operating Officer

Age: 52

IMCB: 7 years

Banking: 23 years

Doug Wright

EVP Chief Financial Officer

Age: 47

IMCB: 10 years

Banking: 25 years

Dave Dean

SVP Chief Credit Officer

Age: 57

IMCB: 12 years

Banking: 34 years

Seasoned banking executives with extensive financial backgrounds

and

significant local market knowledge

Cohesive management team united around thoughtful forward-looking  
business plan

Krissy Peck

VP Credit Risk Manager

Credit Administration

Carolyn Shaw

SVP Risk Management

Officer

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Company Overview: Company Snapshot

Idaho-based community bank with  
\$958 million in assets

Panhandle State Bank ( PSB ),  
established in Idaho in 1981

Bancorp established in 1997 as  
holding company for: PSB,

Intermountain Community Bank  
and Magic Valley Bank

Idaho Market Area

Recovery accelerating. Among

the fastest growing states in the  
country for the past 10 years

Diverse economy: agriculture,  
tech, manufacturing and tourism

Business friendly: taxes, cheap  
energy and health care and high  
quality of life

Branch Map

Fact Sheet (3/31/12)

4 unique regions

11 counties

Northern

Idaho/Eastern

Washington

% of deposits

57% of loans

Southwest Idaho/Eastern Oregon

20% of deposits

20% of loans

Boise Area

10% of deposits

10% of loans

Magic Valley

8% of deposits

7% of loans

IDAHO

UTAH

NEVADA

OREGON

WASHINGTON

MONTANA

Boise

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Company Snapshot

Bulletin Board: IMCB (prepared for NASDAQ upon reverse split)

Unique footprint

ability to expand in 3 states

19 community bank branches

Complementary geographies

3 acquisitions

2006: Premier Financial Services

2004: Snake River Bancorp (\$74 million assets)

2003: Ontario Branch, Household International Inc

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Company Snapshot

Core Values

Accountability

no excuses leadership

Be proactive

hit conflicts head on

Purpose

work with a sense of urgency

Passion

deep sense of caring

Drive

strive to be the best

People

hire and retain the best and brightest

Key Differentiators

Unrivaled local market knowledge

Proven ability to expand in new markets

Flexible

and  
scalable  
technology  
platforms  
-  
growth  
infrastructure  
in  
place today  
Committed, capable, focused and motivated staff

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Company  
Overview

State  
of  
Industry

Banking sector still recovering from financial crisis

Credit losses are decreasing

Companies facing net interest margin pressure

Low interest rates and keen competition for loans

Future liability interest rate deductions limited

Regulatory burden increasing

Pressure on non-interest income

Compliance cost burden

Significant pressure on small banks

Lower revenues, higher fixed costs

Older board and management teams

Industry bi-furcating into haves  
and have nots  
based on capital and adequate size

Consolidation beginning to pick up

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Company Overview: Management Focus

Priorities over the past 3 years:

Credit quality

Problem loans below industry average and loss provisions down significantly (comparisons as of 12/31/11 1Q bank numbers show further improvement)

Non Performing Loans/Total Assets at 1.78% vs. peer group 2.78%

30-day delinquent at 0.27% vs. peer group 0.97%

Other Real Estate owned at 0.62% vs. peer group 0.82%

Capital

successfully raised net \$42.3 million in January

Regulatory capital ratios now among strongest in peer group

Liquidity

core deposit growth and capital raise

Non-interest bearing demand deposits comprise 27% of deposits at 3/31/12

Brokered and CDARs CDs only total 3.2% of deposits at 3/31/12

Operating expense reduction

Operating expense in 2011 was down \$11.3 million or 22.8% over 2009

Efforts continue -

1Q 2012 expense down \$1.4 million or 14.8% over 1Q 2011.

Restructuring for the future

Community-focused

Leaner operation

Scalability

Source: Company financial statements and FFIEC Uniform Bank Performance Report, 112-31-11



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Company Overview: Management Focus

New Priorities

Loan growth

Continued expense reduction

Capitalizing on potential expansion opportunities

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IMCB Balance Sheet  
Key Balances & Ratios  
IMCB  
3/31/11  
IMCB  
12/31/11  
IMCB  
3/31/12  
Investments Available for Sale  
\$173,484

\$219,039  
 \$264,313  
 Cash & Cash Equivalents  
 160,071  
 109,868  
 102,785  
 Loans Receivable, Net  
 540,614  
 502,252  
 492,983  
 ALLL  
 12,482  
 12,690  
 11,372  
 Total Assets  
 980,873  
 934,218  
 958,631  
 Transaction Deposits  
 501,908  
 498,787  
 517,373  
 Savings, CDs and IRAs  
 265,733  
 230,586  
 214,085  
 Total Deposits  
 767,641  
 729,373  
 731,458  
 Equity  
 59,118  
 61,616  
 102,949  
 Tangible Common Equity  
 32,957  
 35,278  
 47,814  
 Loans/Deposits  
 70.4%  
 68.9%  
 67.4%  
 Transaction Deposits/Total Deposits  
 65.4%  
 68.4%  
 70.7%  
 Brokered +CDARs/Tot Dep  
 6.6%  
 5.7%  
 3.8%

Tangible Common Equity/Tangible Assets

3.36%

3.78%

4.99%

Tangible Book Value per Common Share

\$3.92

\$4.19

\$2.30

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IMCB Income Statement  
Key Totals & Ratios  
IMCB  
1Q 2011  
IMCB  
4Q 2011  
IMCB  
1Q 2012  
IMCB  
FY 2011  
Interest Income

\$10,488  
 \$9,770  
 \$9,120  
 \$41,657  
 Interest Expense  
 1,777  
 1,428  
 1,498  
 6,819  
 Net Interest Income  
 8,711  
 8,342  
 7,622  
 34,838  
 Provision for Loan Losses  
 1,633  
 706  
 959  
 7,289  
 Other Income  
 2,663  
 2,690  
 2,506  
 10,678  
 Operating Expenses  
 9,740  
 9,166  
 8,298  
 38,342  
 Security gains/(losses) & Hedge Fair Value Adjustments  
 0  
 55  
 (70)  
 (53)  
 Net Income (Loss) before tax  
 \$1  
 \$1,215  
 \$801  
 (\$168)  
 Tax benefit (provision)  
 0  
 152  
 0  
 0  
 Net income (loss) after tax  
 \$1  
 \$1,367  
 \$801  
 (\$168)  
 Preferred stock dividend

433  
460  
466  
1,808  
Net Income (Loss) to common shareholders  
(\$442)  
\$907  
\$335  
(\$1,976)  
Earnings  
(Loss)  
per  
common  
share  
  
diluted  
(\$0.05)  
\$0.11  
\$0.01  
(\$0.21)  
Return on Average Assets  
0.00%  
0.58%  
0.34%  
0.00%  
Return on Average Common Equity  
(5.37%)  
10.28%  
3.23%  
(5.27%)

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IMCB Asset Quality  
Key Metrics  
March 31,  
2011  
December 31,  
2011  
March 31,  
2012  
Non Performing Loans ( NPL ) & 90 day past dues  
\$18,717  
\$9,292  
\$8,000  
OREO  
3,686  
6,650  
6,852  
Total Non Performing Assets ( NPA )  
22,403  
15,942



14,852

NPA/Total Assets

2.28%

1.71%

1.55%

NPA to Tangible Equity + Allowance for Loan Loss

( ALLL ) aka the Texas Ratio

31.41%

21.51%

13.01%

ALLL/Total Loans

2.26%

2.46%

2.25%

ALLL Coverage of NPLs

66.69%

136.57%

142.15%

30-day delinquency/Total Loans

0.54%

0.28%

0.19%

Quarterly chargeoffs, net of recoveries

\$1,607

\$2,383

\$2,277

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Pro Forma Impacts of Raise -  
IMCB and PSB Capital Ratios  
Adjustments from  
Rights Offering/  
Estimated (1)  
Priv Plac Backstop (2)  
Pro Forma  
INTERMOUNTAIN COMMUNITY BANCORP:  
Tier 1 Capital  
108,985  
\$  
8,334  
\$  
117,319  
\$  
Tier 2 Capital  
7,616  
  
7,616  
  
Total Risk-Based Capital  
116,601  
  
8,334  
  
124,935  
  
Average Assets for Leverage Capital  
939,097  
  
8,334  
  
947,431

Total Risk Weighted Assets

605,496

605,496

Tier 1 Capital/Average Assets (Leverage Ratio)

11.61%

12.38%

Tier 1 Capital to Risk-Weighted Assets

18.00%

19.38%

Total Risk-Based Capital to Risk-Weighted Assets

19.26%

20.63%

Tangible Common Equity to Tangible Assets with Preferred Conversion

7.99%

8.78%

Tangible Common Equity per Share with Preferred Conversion

1.37

\$

1.32

\$

PANHANDLE STATE BANK:

Tier 1 Capital

105,757

\$

105,757

\$

Tier 2 Capital

7,616

7,616

Total Risk-Based Capital

113,373

113,373

Average Assets for Leverage Capital

937,921

937,921

Total Risk Weighted Assets

605,496

605,496

Tier 1 Capital/Average Assets (Leverage Ratio)

11.28%

11.28%

Tier 1 Capital to Risk-Weighted Assets

17.47%

17.47%

Total Risk-Based Capital to Risk-Weighted Assets

18.72%

18.72%

(1) Assumes that the 698,993 shares of Series B Preferred Stock are converted to 34,949,648 shares of Non-Voting Common a  
shareholder approval authorizing Non Voting Common Stock at the Company's Annual Meeting on May 17.

(2) Assumes full subscription of 8,700,00 shares at \$1 per share price, net of estimated transaction expenses.

As of March 31, 2012

(Dollars in thousands)

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?  
Questions

Please direct questions to:

Susan Pleasant, IMCB Shareholder Relations

Phone: 208-255-3432

Email:  
[Susan.Pleasant@intermountainbank.com](mailto:Susan.Pleasant@intermountainbank.com)

American Stock Transfer and Trust (AST), Subscription

Agent

Phone: 877-478-5038