

Idaho Independent Bank (OTC Pink: IIBK; Coeur d'Alene, ID) has agreed to merge with First Interstate BancSystem, Inc. (NASDAQ: FIBK; Billings, MT)

Deal Value: Approximately \$181.3 Million

Sandler O'Neill acted as exclusive financial advisor and rendered a fairness opinion to Idaho Independent Bank in this transaction. This represents the first whole bank acquisition of an Idaho bank since 2014.

This transaction represents Sandler O'Neill's 200th bank or thrift transaction nationwide since January 1, 2015 representing \$64.1 billion in aggregate transaction value. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions and for a greater aggregate transaction value than any other investment bank during that time period.¹

Billings, Montana and Coeur d'Alene, Idaho – October 11, 2018 – First Interstate BancSystem, Inc. ("First Interstate") (NASDAQ: FIBK), parent company of First Interstate Bank and Inland Northwest Bank, announced today the concurrent signing of two separate definitive merger agreements. Under the agreements, First Interstate will acquire Idaho Independent Bank ("IIB") (OTC Pink: IIBK) and Community 1st Bank (OTC Pink: CMYF). Upon completion, the banks will merge into First Interstate Bank, a wholly-owned subsidiary of First Interstate.

"We are excited to announce these partnerships that build upon our growing commitment to Idaho," said Kevin Riley, Chief Executive Officer and President of First Interstate.

Pro forma for both acquisitions, First Interstate will have approximately \$14.1 billion in total assets, \$8.9 billion in total loans, \$11.4 billion in total deposits, and \$1.8 billion in shareholders' equity.

"We are excited to join the First Interstate team and look forward to the opportunities and benefits this combination will bring to our clients, employees, and shareholders," said Jack Gustavel, Executive Chairman and founder of IIB.

Subject to the terms of the IIB merger agreement, IIB stockholders will receive 0.5 First Interstate Class A common shares per IIB share, or approximately 3.87 million First Interstate shares in aggregate. Using a price per share of First Interstate Class A common stock of \$45.45 per share on October 5, 2018, the transaction results in an implied purchase price of \$22.73 per share, which equates to an aggregate value of \$181.3 million, including \$5.4 million in cash consideration for option holders.

Completion of the merger with IIB is subject to customary closing conditions, including receipt of required regulatory approvals and the approval by the stockholders of IIB.

Financial Highlights (\$ millions)²

	<u>FIBK</u>	<u>IIBK</u>
Total Assets	\$12,236	\$725
Gross Loans	\$7,759	\$362
Deposits	\$9,946	\$610
Equity	\$1,458	\$69
YTD ROAA	1.29%	0.96%
TCE / TA	8.2%	9.5%

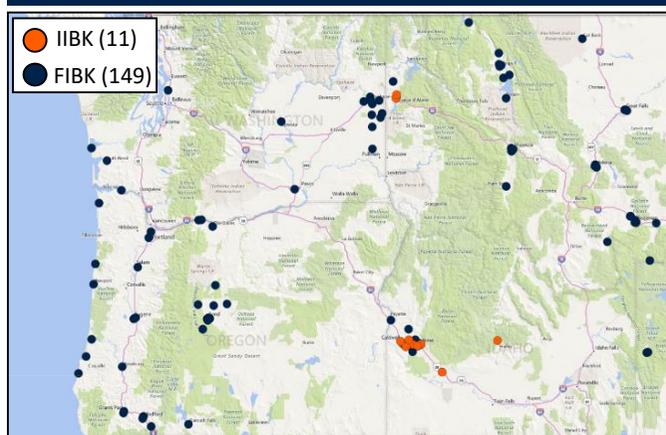
1: Excludes terminated transactions and self-advisory roles

2: Financial data as of June 30, 2018

3: Map excludes certain FIBK branches in MT, SD, and WY

Source: S&P Global Market Intelligence, Press Release

Pro Forma Pacific Northwest Branch Network³



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