



# PRESS RELEASE

---

**CONTACT:**

**Kurt R. Gustavel**  
**IDAHO INDEPENDENT BANK**  
**401 W. Front St., Ste 200**  
**Boise, Idaho 83702**  
**(208) 338-8002**

**FOR IMMEDIATE RELEASE**

**October 12, 2018**

**IDAHO INDEPENDENT BANK ANNOUNCES  
2018 THIRD QUARTER AND YEAR-TO-DATE RESULTS**

**Coeur d'Alene, Idaho** –Kurt R. Gustavel, President and Chief Executive Officer (“CEO”) of Idaho Independent Bank (“IIB” or the “Bank”) (OTC Pink: IIBK), announced IIB’s unaudited, consolidated financial results for the third quarter and nine months ending September 30, 2018.

Mr. Gustavel reported that IIB’s net income for the third quarter of 2018 was \$2.2 million, or \$0.29 per diluted share, an increase of 57.1% when compared to the \$1.4 million, or \$0.18 per diluted share, earned in the same period a year ago. “Profitability improved largely due to better interest rate margins, solid asset and deposit growth, and a lower corporate income tax rate,” CEO Gustavel stated. Net income for the nine months ended September 30, 2018, was \$5.6 million, or \$0.71 per diluted share, compared to \$3.4 million, or \$0.43 per diluted share, for the first nine months of 2017.

At September 30, 2018, the Bank's total assets were \$742.2 million, an increase of \$55.9 million, or 8.1%, when compared to September 30, 2017. Total loans, including loans held-for-sale, remained steady at \$367.2 million; while total deposits and repurchase agreements increased \$50.5 million, or 8.4%, to \$651.6 million over the same timeframe. As of September 30, 2018, the allowance for loan and lease losses was \$6.3 million, or 1.7% of total loans, excluding loans held-for-sale, and nonperforming assets continued to be less than 0.3% of total assets. As of quarter end, the Bank’s stockholders' equity to average total assets was 10.0%, and IIB’s capital ratios exceeded the regulatory thresholds required to be considered “Well-Capitalized.”

On October 11, 2018, IIB announced it has entered into a definitive agreement to merge with and into First Interstate BancSystem, Inc. ("First Interstate"). Subject to the merger agreement, IIB stockholders will receive 0.5 shares of First Interstate Class A common shares in exchange for each IIB share, or approximately 3.9 million First Interstate shares in aggregate. Using a price per share of First Interstate Class A common stock of \$45.45 per share of 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. Closing of the transaction is expected to occur in the first quarter of 2019. The transaction is subject to customary regulatory and shareholder approvals. More information can be found regarding IIB’s pending merger with First Interstate at [www.theidahobank.com](http://www.theidahobank.com) or [www.fibk.com](http://www.fibk.com).

IIB will file its Consolidated Report of Condition and Income for the quarter ended September 30, 2018, ("Call Report") with the Federal Deposit Insurance Corporation by October 30, 2018, and will be available on the Federal Financial Institutions Examinations Council website at <http://cdr.ffiec.gov/public/>.

## **About IIB**

IIB was established in 1993 as an Idaho state-chartered, commercial bank that currently operates branches in Boise (3), Caldwell, Coeur d'Alene, Hayden, Meridian, Mountain Home, Nampa, Star, and Sun Valley/Ketchum, Idaho. IIB was named in a 2018 survey conducted by Populus as one of the Top Ten Best Places to Work in Idaho, is one of the 2018 Top Ranked Community Banks in the Idaho Business Review Reader Rankings, and was named among the top 1% most extraordinary banks in the U.S. by The Institute for Extraordinary Banking™ in 2016. The Bank has approximately 200 employees throughout the State of Idaho. To learn more about IIB, visit us online at [www.theidahobank.com](http://www.theidahobank.com).

## **About First Interstate BancSystem, Inc. and First Interstate Bank**

First Interstate BancSystem, Inc. is a financial services holding company, headquartered in Billings, Montana, with \$12.2 billion in assets as of June 30, 2018. It is the parent company of First Interstate Bank, a community bank operating over 120 banking offices, including online and mobile banking services, throughout Idaho, Montana, Oregon, South Dakota, Washington, and Wyoming. It is also the parent company of Inland Northwest Bank ("INB"), which was acquired by First Interstate in August 2018. The data processing conversion and merger of INB with and into First Interstate Bank will take place in November 2018; INB's 20 locations in Idaho, Oregon, and Washington will officially open their doors as First Interstate Bank on Tuesday, November 13, 2018.

As a recognized leader in community banking services, First Interstate is driven by strong values, as well as a commitment to delivering a rewarding experience to its employees, strong returns to shareholders, exceptional products and services to its clients, and resources to the communities it serves.

*Statements contained herein concerning future performance, developments or events, expectations for earnings, growth and market forecasts, and similar statements that are not historical facts are intended to be "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995, and as such, are subject to a number of risks and uncertainties that may cause actual results to differ from expectations or our stated objectives. Factors that could cause actual results to materially differ; include, but are not limited to, declines in local and general economic conditions; changes in interest rates, deposit flows, demand for loans, real estate values, competition, and/or loan delinquency rates; changes in accounting principles, practices, policies, or guidelines; changes in legislation or regulations; changes in the regulatory environment; changes in monetary policy of the Federal Reserve Bank; changes in fiscal policy of the Federal government and the State of Idaho; changes in other economic, competitive, governmental, regulatory, and technological factors affecting operations, pricing, products, and services; material unforeseen changes in the liquidity, results of operations, or financial condition of the Bank's customers. Accordingly, these factors should be considered in evaluating forward-looking statements, and there should not be undue reliance placed on such statements. The Bank undertakes no responsibility to update or revise any forward-looking statements.*

**Idaho Independent Bank**  
**Financial Highlights (unaudited)**  
(dollars in thousands, except share data)

CONDENSED STATEMENT OF OPERATIONS	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net interest income	\$ 6,775	\$ 5,950	\$ 19,415	\$ 16,436
Provision for loan losses	-	-	200	-
Net interest income after provision for loan losses	6,775	5,950	19,215	16,436
Noninterest income	1,985	1,953	5,323	5,520
Noninterest expense	5,921	5,652	17,170	16,598
Income before provision for income tax expense	2,839	2,251	7,368	5,358
Provision for income tax expense	593	844	1,807	1,978
Net income	\$ 2,246	\$ 1,407	\$ 5,561	\$ 3,380

Earnings per share:

Basic	\$ 0.30	\$ 0.19	\$ 0.74	\$ 0.44
Diluted	\$ 0.29	\$ 0.18	\$ 0.71	\$ 0.43

**SELECTED BALANCE SHEET ACCOUNTS**

	September 30,	September 30,
	2018	2017
Loans held for sale	\$ 4,918	\$ 6,741
Loans receivable	362,253	361,175
Gross loans	367,171	367,916
Allowance for loan losses	6,335	6,304
Total assets	742,212	686,267
Deposits	626,585	571,589
Customer repurchase agreements	25,013	29,502
Total deposits and repurchase agreements	651,598	601,091
Stockholders' equity	72,492	66,870

**PER SHARE DATA**

Common shares outstanding	7,739,024	7,555,542
Book value per share	\$ 9.37	\$ 8.85

PERFORMANCE RATIOS (annualized)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Return on average assets	1.23%	0.84%	1.06%	0.69%
Return on average equity	12.63%	8.42%	10.86%	6.90%
Efficiency ratio	67.59%	71.52%	69.41%	75.60%
Net interest margin	3.99%	3.82%	3.97%	3.63%