



PRESS RELEASE

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FOR IMMEDIATE RELEASE

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**IDAHO INDEPENDENT BANK ANNOUNCES
2018 FOURTH QUARTER AND YEAR-END 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 fourth quarter and year ending December 31, 2018.

Mr. Gustavel reported that IIB’s net income for the fourth quarter of 2018 was \$4.5 million, or \$0.57 per diluted share, as compared to an after tax loss of \$326,000, or a loss of \$0.04 per diluted share, in the same period a year ago. Income tax expense in the fourth quarter of 2017 included a one-time, noncash charge of \$1.7 million to revalue the Bank’s deferred tax assets and liabilities to account for the impact of lower corporate tax rates resulting from the Tax Cuts and Jobs Act that was signed into law in December 2017. Fourth quarter 2018 earnings were favorably impacted by gains on the sale of foreclosed assets totaling \$2.1 million, offset by \$596,000 in costs related the Bank’s planned merger with First Interstate BancSystem, Inc. (NASDAQ: FIBK), which was announced on October 11, 2018.

Net income for the full year was \$10.1 million, or \$1.28 per diluted share, including merger related expenses, compared to \$3.1 million, or \$0.39 per diluted share, for 2017. “The Bank’s core profitability improved significantly in 2018 due to substantial asset growth, increased interest rate margins, lower operating expenses, and a lower corporate income tax rate,” CEO Gustavel stated.

At December 31, 2018, the Bank's total assets were \$746.9 million, an increase of \$54.0 million, or 7.8%, when compared to December 31, 2017. Total loans, including loans held-for-sale, decreased 2.1% to \$358.2 million; while total deposits and repurchase agreements increased \$45.1 million, or 7.4%, to \$653.4 million over the same timeframe. As of December 31, 2018, the allowance for loan and lease losses was \$6.3 million, or 1.8% of total loans, excluding loans held-for-sale, and nonperforming assets continued to be less than 0.2% of total assets. As of quarter end, the Bank’s stockholders' equity to average total assets was 10.5%, and IIB’s capital ratios exceeded the regulatory thresholds required to be considered “Well-Capitalized.”

On October 11, 2018, IIB announced it had 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 of First Interstate Class A common stock of \$45.45 per share as of October 5, 2018, the transaction implied a purchase price of \$22.73 per share for IIB, 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 second 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 or www.fibk.com.

IIB filed its Consolidated Report of Condition and Income for the quarter ended December 31, 2018, ("Call Report") with the Federal Deposit Insurance Corporation on January 29, 2019, and is 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.

About First Interstate BancSystem, Inc. and First Interstate Bank

First Interstate BancSystem, Inc. is a financial services holding company headquartered in Billings, Montana with \$13.3 billion in assets as of December 31, 2018. It is the parent company of First Interstate Bank, a community bank with online and mobile banking services and over 140 banking offices located throughout Idaho, Montana, Oregon, South Dakota, Washington, and Wyoming. 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 | | Year Ended | |
|---|--------------------|----------|--------------|-----------|
| | December 31, | | December 31, | |
| | 2018 | 2017 | 2018 | 2017 |
| Net interest income | \$ 7,232 | \$ 6,131 | \$ 26,647 | \$ 22,567 |
| Provision for loan losses | - | - | 200 | - |
| Net interest income after provision for loan losses | 7,232 | 6,131 | 26,447 | 22,567 |
| Noninterest income | 2,533 | 1,969 | 7,856 | 7,489 |
| Noninterest expense | 4,486 | 5,936 | 21,656 | 22,534 |
| Income before provision for income tax expense | 5,279 | 2,164 | 12,647 | 7,522 |
| Provision for income tax expense | 778 | 2,490 | 2,585 | 4,468 |
| Net income (loss) | \$ 4,501 | \$ (326) | \$ 10,062 | \$ 3,054 |

Earnings (loss) per share:

| | | | | |
|---------|---------|-----------|---------|---------|
| Basic | \$ 0.58 | \$ (0.04) | \$ 1.33 | \$ 0.40 |
| Diluted | \$ 0.57 | \$ (0.04) | \$ 1.28 | \$ 0.39 |

SELECTED BALANCE SHEET ACCOUNTS

| | December 31, 2018 | December 31, 2017 |
|--|----------------------|----------------------|
| Loans held for sale | \$ 1,478 | \$ 4,585 |
| Loans receivable | 356,769 | 361,352 |
| Gross loans | 358,247 | 365,937 |
| Allowance for loan losses | 6,297 | 6,522 |
| Total assets | 746,865 | 692,855 |
| Deposits | 615,823 | 578,406 |
| Customer repurchase agreements | 37,594 | 29,906 |
| Total deposits and repurchase agreements | 653,417 | 608,312 |
| Stockholders' equity | 77,051 | 65,968 |

PER SHARE DATA

| | | |
|---------------------------|-----------|-----------|
| Common shares outstanding | 7,742,982 | 7,512,367 |
| Book value per share | \$ 9.95 | \$ 8.78 |

| PERFORMANCE RATIOS (annualized) | Three Months Ended | | Year Ended | |
|---------------------------------|--------------------|--------|--------------|--------|
| | December 31, | | December 31, | |
| | 2018 | 2017 | 2018 | 2017 |
| Return on average assets | 2.43% | -0.19% | 1.42% | 0.46% |
| Return on average equity | 24.07% | -1.91% | 14.39% | 4.62% |
| Efficiency ratio | 45.94% | 73.28% | 62.77% | 74.97% |
| Net interest margin | 4.18% | 3.82% | 4.02% | 3.67% |