

First Interstate BancSystem, Inc. (NASDAQ: FIBK; Billings, MT) has agreed to acquire Flathead Bank of Bigfork, Montana (Private; Bigfork, MT)

Deal Value: Approximately \$34.2 million

Sandler O'Neill acted as exclusive financial advisor to First Interstate BancSystem, Inc. in this transaction. This transaction represents Sandler O'Neill's 72nd bank or thrift transaction nationwide since January 1, 2015 representing \$22.7 billion in aggregate transaction value. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions than any other investment bank during that time period.¹

Since January 1, 2015, Sandler O'Neill has advised on 11 bank or thrift transactions in the Western U.S., more than any other investment bank during that time period, representing an aggregate transaction value of \$7.2 billion.¹

(BILLINGS, Mont. & BIGFORK, Mont.) First Interstate BancSystem, Inc. (NASDAQ: FIBK) ("First Interstate"), parent company of First Interstate Bank, and Flathead Bank of Bigfork ("Flathead Bank"), wholly owned by Flathead Holding Company of Bigfork ("Flathead Holding Company"), announced today that First Interstate Bank has signed a definitive agreement to acquire Flathead Bank. Flathead Bank has total assets of \$231.6 million and currently operates seven branches throughout western and northwestern Montana.

Subject to the terms and conditions of the definitive agreement, consideration for the acquisition will be approximately \$34.2 million in cash. First Interstate expects the transaction to be immediately accretive to earnings per share. Upon closing of the transaction, which is expected to take place during the third quarter of 2016, the Flathead Bank locations will become branches of First Interstate Bank. First Interstate's Board of Directors unanimously approved the acquisition. Flathead Bank of Bigfork and Flathead Holding Company of Bigfork's Board of Directors unanimously approved the acquisition.

"Flathead Bank is a locally-owned banking organization that shares our corporate values and emphasis on community banking and community reinvestment," said First Interstate President and CEO, Kevin Riley. "Bringing our two companies together gives us the opportunity to expand our state-wide market in Montana and provides us with a solid presence in the Gallatin and Flathead markets. We're confident this acquisition will create long-term value for both companies, our customers, our employees, our communities and our shareholders."

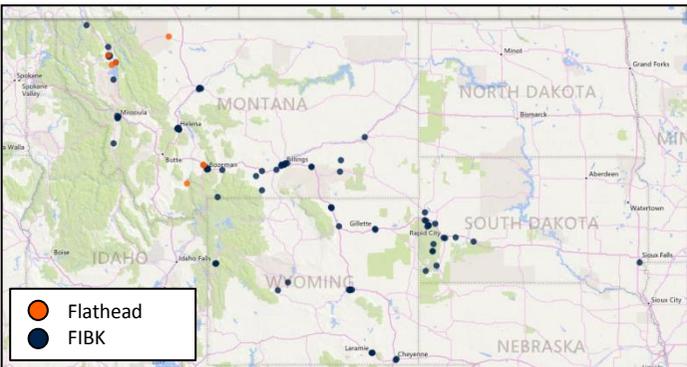
Flathead Bank Chairman Larry Jochim commented, "Flathead Bank is very appreciative of the community support it has received over the past 45 years in Bigfork, Lakeside, Kalispell, Cut Bank, Belgrade and Ennis. Now, we are looking forward to becoming part of the First Interstate family." Mr. Jochim further stated, "First Interstate is a respected company with deep roots in Montana and is known for its progressive posture and philanthropic support of the communities it serves. We are confident the merger of our bank with First Interstate will provide our customers with many new benefits including new banking products, increased lending limits and convenient statewide access to banking services. In addition, our customers will be able to continue their banking relationships with staff they've come to know and trust at Flathead Bank."

Financial Highlights

(Dollars in millions)	<u>FIBK</u>	<u>Flathead</u>
Total Assets	\$8,728	\$232
Gross Loans	\$5,246	\$82
Total Deposits	\$7,089	\$188

(1) Excludes terminated transactions and self-advisory roles
 Note: Financial data as of December 31, 2015; Source: SNL Financial

Pro Forma Branch Map



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