

FIRST INTERSTATE BANCSYSTEM INC

Form 424B3

February 07, 2019

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Registration No. 333-228575**

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Community 1st Bank Shareholder:

On October 11, 2018, First Interstate BancSystem, Inc. (which we refer to as First Interstate), First Interstate Bank and Community 1st Bank (which we refer to as CMYF) entered into an Agreement and Plan of Merger (which we refer to as the merger agreement) under which CMYF will merge with and into First Interstate Bank, with First Interstate Bank remaining as the surviving entity. This transaction is referred to in this document as the merger. Before the merger can be completed, the shareholders of CMYF must approve the merger agreement.

If the merger is completed, CMYF shareholders will be entitled to receive 0.3784 shares of First Interstate Class A common stock for each share of CMYF common stock they own. The maximum number of shares of First Interstate Class A common stock estimated to be issuable upon completion of the merger is 492,069. Based on First Interstate s closing price of \$44.62 on October 11, 2018, which was the last trading date preceding the public announcement of the proposed merger, each share of CMYF common stock exchanged for 0.3784 shares of First Interstate Class A common stock would have a value of \$16.88, or approximately \$21.0 million in the aggregate. Based on First Interstate s closing price of \$38.92 on January 31, 2019, which is the most recent practicable trading day before the printing of this document, each share of CMYF common stock exchanged for 0.3784 shares of First Interstate Class A common stock would have a value of \$14.73. The common stock of First Interstate trades on the Nasdaq Global Select Market under the symbol FIBK. The Class A common stock of CMYF trades on the OTC Market s Pink Market Place under the symbol CMYF. The market price of both First Interstate Class A common stock and CMYF common stock will fluctuate before the completion of the merger. Therefore, you are urged to obtain current market quotations for First Interstate Class A common stock and CMYF common stock.

Although the number of shares of First Interstate Class A common stock that holders of CMYF common stock will be entitled to receive is fixed, the market value of the stock consideration will fluctuate with the market price of First Interstate Class A common stock and will not be known at the time CMYF shareholders vote on the merger. CMYF has the right to terminate the merger agreement if, at any time during a five-day period commencing on the fifth day before closing, the average closing price of First Interstate Class A common stock over the 20 consecutive trading days ending on and including the fifth day before closing (1) is less than \$36.54 and (2) underperforms the KBW Regional Banking Index by more than 20% during the same time period. If CMYF elects to exercise this termination right, then First Interstate has the option to increase the exchange ratio to a level that would eliminate the ability of CMYF to exercise this termination right.

The affirmative vote of two-thirds of the outstanding shares of CMYF common stock is required to approve the merger agreement. CMYF shareholders will vote to approve the merger agreement at a special meeting of shareholders to be held at 5:30 p.m., local time, on March 27, 2019 at 707 N. Post Street, Post Falls, Idaho 83854.

CMYF's board of directors unanimously recommends that CMYF shareholders vote FOR the approval of the merger agreement.

This document contains information that you should consider in evaluating the proposed merger. **In particular, you should carefully read the section captioned Risk Factors beginning on page 13 for a discussion of certain risk factors relating to the merger. You can also obtain information about First Interstate from documents filed with the Securities and Exchange Commission.**

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As always, we appreciate your support and look forward to seeing you at the shareholders meeting and we appreciate your continued support.

/s/ David P. Bobbitt
David P. Bobbitt
Chairman and Chief Executive Officer
Community 1st Bank

The shares of First Interstate Class A common stock to be issued in the merger are not deposits or savings accounts or other obligations of any bank or savings association and are not insured by the FDIC or any other governmental agency.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the merger described in this document or the First Interstate Class A common stock to be issued in the merger, or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offense.

The date of this proxy statement/prospectus is February 5, 2019, and it is first being mailed or otherwise delivered to shareholders of CMYF on or about February 7, 2019.

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ABOUT THIS DOCUMENT

This proxy statement/prospectus, which we refer to as this document, forms part of a registration statement on Form S-4 filed with the Securities and Exchange Commission (which we refer to as the SEC) by First Interstate and constitutes a prospectus of First Interstate with respect to the shares of First Interstate Class A common stock to be issued to CMYF shareholders, as required by the merger agreement. This document also constitutes a proxy statement and a notice of meeting with respect to the special meeting of shareholders of CMYF.

You should only rely on the information contained in this document. No one has been authorized to provide you with information that is different from the information contained in this document. This document is dated February 5, 2019. You should not assume that the information contained in this document is accurate as of any date other than that date. Neither the mailing of this document to CMYF shareholders nor the issuance by First Interstate of its Class A common stock in connection with the merger will create any implication to the contrary.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this document regarding First Interstate has been provided by First Interstate, and the information contained in this document regarding CMYF has been provided by CMYF.

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COMMUNITY 1st BANK

707 North Post Street

Post Falls, Idaho 83854

Notice of Special Meeting of Shareholders to be held on March 27, 2019

To the Shareholders of Community 1st Bank:

Community 1st Bank (which we refer to as CMYF) will hold a special meeting of shareholders (which we refer to as the CMYF special meeting) at 5:30 p.m., local time, on March 27, 2019, at 707 N. Post Street, Post Falls, Idaho 83854, to consider and vote on the following matters:

1. a proposal to approve the merger agreement, dated as of October 11, 2018, by and among First Interstate BancSystem, Inc., First Interstate Bank and CMYF and the merger, pursuant to which CMYF will merge with and into First Interstate Bank. A copy of the merger agreement is included as Annex A to the accompanying proxy statement/prospectus; and
2. a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit the further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement (which we refer to as the CMYF adjournment proposal).

Both of these items are described in more detail in the accompanying proxy statement/prospectus and its annexes. We urge you to read these materials carefully and in their entirety. The enclosed document forms a part of this notice.

CMYF s board of directors unanimously recommends that CMYF shareholders vote FOR both of the proposals.

CMYF shareholders of record as of the close of business on January 28, 2019 are entitled to notice of, and to vote at, the CMYF special meeting and any adjournments or postponements of the CMYF special meeting.

CMYF shareholders have the right to dissent from the merger and obtain payment of the cash appraisal fair value of their CMYF shares under applicable provisions of Idaho law. A copy of the provisions regarding dissenters rights is attached as Annex B to the accompanying proxy statement/prospectus. For details of your dissenter s rights and how to exercise them, please see the discussion under *Description of the Merger Dissenters Rights of Appraisal*.

Your vote is very important. Your proxy is being solicited by CMYF s board of directors. For the proposed merger to be completed, the proposal to approve the merger agreement must be approved by the affirmative vote of at least two-thirds of the outstanding shares of CMYF common stock. The CMYF adjournment proposal will be approved if a majority of the votes cast on such proposal at the CMYF special meeting are voted in favor of such proposal.

Whether or not you plan to attend the CMYF special meeting, we urge you to vote. Shareholders of record may vote:

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By mail complete, sign, date and mail your proxy card in the envelope provided as soon as possible; or

In person vote your shares in person by attending the CMYF special meeting.

If you hold your stock in street name through a banker or broker, please follow the instructions on the voting instruction card furnished by the record holder.

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If you have any questions or need assistance voting your shares, please contact Jerry C. Lyon, President and Operating Officer, at (208) 457-9610.

By Order of the Board of Directors,

/s/ William R. Basom

William R. Basom

Corporate Secretary

Post Falls, Idaho

February 5, 2019

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REFERENCES TO AVAILABLE INFORMATION

This document incorporates important business and financial information about First Interstate from documents filed with the SEC that have not been included in or delivered with this document. You may read and copy these documents at the SEC's public reference room located at 100 F Street, NE, Washington, DC 20549. Copies of these documents also can be obtained at prescribed rates by writing to the Public Reference Section of the SEC, at 100 F Street, NE, Washington, DC 20549 or by calling 1-800-SEC-0330 for additional information on the operation of the public reference facilities. This information is also available at the Internet site the SEC maintains at <http://www.sec.gov>. See *Where You Can Find More Information* on page 82.

You also may request orally or in writing copies of these documents at no cost by contacting First Interstate at:

First Interstate BancSystem, Inc.

401 North 31st Street

Billings, Montana 59101

Attention: Kirk D. Jensen, General Counsel

Telephone: (406) 255-5304

If you are a CMYF shareholder and would like to request documents from First Interstate, please do so by March 20, 2019 to receive them before the CMYF special meeting.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE CMYF SPECIAL MEETING

The following are answers to certain questions that you may have regarding the merger and the CMYF special meeting. We urge you to read carefully the remainder of this document because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the annexes to, and the documents incorporated by reference in, this document.

Q: WHY AM I RECEIVING THIS DOCUMENT?

A: You are receiving this document because you are a shareholder of CMYF as of January 28, 2019, the record date for the CMYF special meeting. This document is being used by the board of directors of CMYF to solicit proxies from the CMYF shareholders for approval of the merger agreement and related matters. This document also serves as the prospectus for shares of First Interstate Class A common stock to be issued in exchange for shares of CMYF common stock in the merger.

To approve the merger agreement, CMYF has called a special meeting of its shareholders (which we refer to as the CMYF special meeting). This document also serves as a notice of the CMYF special meeting, and describes the proposals to be presented at the CMYF special meeting.

You should read this document carefully and in its entirety. The enclosed materials allow you to have your shares voted by proxy without attending the special meeting. **Your vote is important.** We encourage you to submit your proxy as soon as possible.

Q: WHAT AM I BEING ASKED TO VOTE ON?

A: You are being asked to vote on the approval of a merger agreement that provides for the merger of CMYF with and into First Interstate Bank. You are also being asked to vote on a proposal to adjourn the shareholders meeting to a later date or dates, if necessary, to permit the further solicitation of proxies if there are not sufficient votes at the meeting to approve the merger agreement (which we refer to as the CMYF adjournment proposal).

Q: WHAT VOTE DOES CMYF S BOARD OF DIRECTORS RECOMMEND?

A: CMYF s board of directors has determined that the proposed merger is in the best interests of CMYF shareholders, has unanimously approved the merger agreement and unanimously recommends that CMYF shareholders vote FOR the approval of the merger agreement and FOR the CMYF adjournment proposal. See the section entitled *Description of the Merger CMYF s Reasons for the Merger and Recommendation of the Board of Directors* beginning on page 30 of this document.

Q: WHAT WILL CMYF SHAREHOLDERS RECEIVE IN THE MERGER?

A: If the merger is completed, CMYF shareholders will receive 0.3784 shares of First Interstate Class A common stock (which we refer to as the merger consideration) for each share of CMYF common stock held immediately before the merger.

Q: WHAT HAPPENS IF I AM ELIGIBLE TO RECEIVE A FRACTION OF A SHARE OF FIRST INTERSTATE CLASS A COMMON STOCK AS PART OF THE MERGER CONSIDERATION?

A: First Interstate will not issue any fractional shares of First Interstate Class A common stock in the merger. If the aggregate number of shares of First Interstate Class A common stock that you are entitled to receive as part of the merger consideration includes a fraction of a share of First Interstate Class A common stock, you will receive cash instead of that fractional share. First Interstate will pay to each former CMYF shareholder who holds fractional shares an amount in cash determined by multiplying the average of the closing sale

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prices of First Interstate Class A common stock for the 20 consecutive trading days ending on and including the fifth day preceding the closing date of the merger, which we refer to as the average closing price, by the fraction of a share (rounded to the nearest cent) of First Interstate Class A common stock that such shareholder would otherwise be entitled to receive. See the section entitled *Description of the Merger Consideration to be Received in the Merger* beginning on page 27 of this document.

Q: HOW WILL THE MERGER AFFECT CMYF STOCK OPTIONS?

A: At the effective time of the merger, each outstanding CMYF stock option, whether or not vested, will be converted into the right to receive cash equal to the product of (1) the number of shares of CMYF common stock subject to the stock option and (2) the amount by which the value of the merger consideration exceeds the exercise price. For purposes of this calculation, the value of the merger consideration is the product of 0.3784 and the average closing price of First Interstate Class A common stock.

Q: FIRST INTERSTATE AND FIRST INTERSTATE BANK ARE ALSO ACQUIRING IDAHO INDEPENDENT BANK, SIMULTANEOUSLY WITH THE MERGER. WHAT IMPACT WILL THE IDAHO INDEPENDENT BANK MERGER HAVE ON FIRST INTERSTATE S AND FIRST INTERSTATE BANK S MERGER WITH CMYF?

First Interstate and First Interstate Bank entered into a merger agreement to acquire Idaho Independent Bank (IIBK) on the same date that it entered into the merger agreement with CMYF. The completion of CMYF s merger is not conditioned upon or subject to the completion of the merger with IIBK (the IIBK Merger). However, since First Interstate and First Interstate Bank will be required to obtain the necessary regulatory approvals for two transactions rather than one, it is possible that the IIBK Merger will lengthen the amount of time that would otherwise be needed to obtain all regulatory approvals of the merger if CMYF were the only banking institution being acquired by First Interstate and First Interstate Bank. See Risk Factors Risks Related to the Merger First Interstate and First Interstate Bank are also acquiring IIBK in the IIBK Merger and the conditions to completing that merger may result in delays in completing the CMYF merger, or make it more difficult or time consuming than expected for a discussion of the impact that the IIBK acquisition would have on First Interstate s and First Interstate Bank s business and operations if both the CMYF and IIBK acquisitions are completed.

Q: WHAT EQUITY STAKE WILL CMYF SHAREHOLDERS HOLD IN FIRST INTERSTATE IMMEDIATELY FOLLOWING THE MERGER?

A: Immediately following completion of the merger, CMYF shareholders will own approximately 1.2% of the outstanding shares of First Interstate Class A common stock and 0.8% of the aggregate outstanding shares of First Interstate Class A common stock and First Interstate Class B common stock, which we refer to collectively in this document as First Interstate common stock, which equates to 0.3% of the voting power of First Interstate common stock. Following the completion of the merger and taking into account the closing of the IIBK Merger, CMYF and IIBK shareholders will own approximately 10.2% of the outstanding shares of First Interstate Class A common stock and 6.7% of the aggregate outstanding shares of First Interstate common stock, which equates to 2.8% of the voting power of First Interstate common stock.

Q: HOW DO CMYF SHAREHOLDERS EXCHANGE THEIR STOCK CERTIFICATES?

A: Shortly after the merger, First Interstate's exchange agent will send instructions to you on how and where to surrender your CMYF stock certificates after the merger is completed. **Please do not send your CMYF stock certificates with your proxy card.**

Q: ARE CMYF'S SHAREHOLDERS ENTITLED TO APPRAISAL RIGHTS?

A: Yes. If you vote against the merger, and take certain other actions required by Idaho law, you will have dissenter's rights under Section 26-909 of the Idaho Code. Exercise of these rights will result in the

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purchase of your shares at fair value, as determined in accordance with Idaho law. Please read the section entitled *Description of the Merger Dissenters Rights of Appraisal* on page 67 of this document and review Annex B to this document for additional information.

Q: IS COMPLETION OF THE MERGER SUBJECT TO ANY CONDITIONS BESIDES CMYF SHAREHOLDER APPROVAL?

A: Yes. The merger must receive the required regulatory approvals, and there are other customary closing conditions that must be satisfied. For more information about the conditions to the completion of the merger, see *Description of the Merger Conditions to Completing the Merger* on page 55 of this document.

Q: WHEN IS THE MERGER EXPECTED TO BE COMPLETED?

A: We will complete the merger as soon as possible. Before that happens, the merger agreement must be approved by CMYF's shareholders and we must obtain the necessary regulatory approvals, among other conditions. Assuming timely receipt of regulatory and shareholder approvals, we expect to complete the merger in the first half of 2019.

Q: ARE THERE RISKS THAT I SHOULD CONSIDER IN DECIDING WHETHER TO VOTE TO APPROVE THE MERGER AGREEMENT?

A: Yes. You should consider the risk factors set forth in the section entitled *Risk Factors* beginning on page 13 of this document.

Q: WHAT VOTE IS REQUIRED TO APPROVE THE MATTERS TO BE CONSIDERED AT THE SPECIAL MEETING?

A: The proposal to approve the merger agreement must be approved by the affirmative vote of two-thirds of the outstanding shares of CMYF common stock. Consequently, abstentions and broker non-votes will effectively act as votes AGAINST such proposal.

Approval of the CMYF adjournment proposal requires that the votes cast in favor of the proposal exceed the votes cast against. Abstentions and broker non-votes will not affect the outcome of the vote on the CMYF adjournment proposal.

Q: WHAT IS THE QUORUM REQUIREMENT FOR THE SPECIAL MEETING?

A:

The presence at the CMYF special meeting, in person or by proxy, of shareholders representing a majority of the outstanding shares of CMYF common stock will constitute a quorum. Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for determining the presence of a quorum.

Q: WHEN AND WHERE IS THE SPECIAL MEETING?

A: The CMYF special meeting is scheduled to take place at 707 N. Post Street, Post Falls, Idaho 83854, at 5:30 p.m., local time, on March 27, 2019.

Q: WHO IS ENTITLED TO VOTE AT THE SPECIAL MEETING?

A: Holders of shares of CMYF common stock at the close of business on January 28, 2019 are entitled to vote at the CMYF special meeting. As of the record date, 1,218,464 shares of CMYF common stock were outstanding and entitled to vote.

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Q: IF I PLAN TO ATTEND THE SPECIAL MEETING IN PERSON, SHOULD I STILL RETURN MY PROXY?

A: Yes. Whether or not you plan to attend the special meeting, you should promptly submit your proxy so that your shares will be voted at the special meeting. The failure of a shareholder to vote in person or by proxy will have the same effect as a vote AGAINST the merger agreement.

Q: WHAT DO I NEED TO DO NOW TO VOTE MY SHARES OF COMMON STOCK?

A: If you are a shareholder of record, you can vote your shares as follows:

by completing and returning the proxy card that is enclosed; or

by voting in person at the special meeting.

If you hold your stock in street name through a banker or broker, please refer to the specific instructions set forth on the proxy or voting instruction card.

Q: HOW CAN I CHANGE MY VOTE AFTER I HAVE SUBMITTED MY PROXY?

A: You may change your vote at any time before your proxy is voted at the special meeting by: (1) filing with the Corporate Secretary a duly executed revocation of proxy; (2) submitting a new proxy card with a later date; or (3) voting in person at the meeting (your attendance at the meeting will not by itself revoke your proxy). The CMYF Corporate Secretary's mailing address is 707 N. Post Street, Post Falls, Idaho 83854.

If you hold your shares of CMYF common stock in street name through a bank or broker, you should contact your bank or broker to change your vote or revoke your proxy.

Your last vote will be the vote that is counted.

Q: IF MY SHARES ARE HELD IN STREET NAME BY MY BROKER, BANK OR OTHER NOMINEE, WILL MY BROKER, BANK OR OTHER NOMINEE AUTOMATICALLY VOTE MY SHARES FOR ME?

A: No. Your broker, bank or other nominee will not be able to vote your shares of common stock on the proposal to approve the merger agreement or on the adjournment proposal unless you provide instructions on how to vote. Please instruct your broker, bank or other nominee how to vote your shares, following the directions that your broker, bank or other nominee provides. If you do not provide instructions to your broker, bank or other nominee, your shares will not be voted, and this will have the effect of voting AGAINST the merger agreement. Please

review the instructions from your broker, bank or other nominee to see if your broker, bank or other nominee offers telephone or internet voting.

Q: WHAT IS THE DEADLINE FOR VOTING?

A: You may vote by mail at any time before the meeting as long as your proxy is received before the time of the special meeting.

If your shares are held in street name, you must vote your shares according to the voting instruction form by the deadline set by your broker, bank or other nominee.

Q: WHAT ARE THE TAX CONSEQUENCES OF THE MERGER TO CMYF SHAREHOLDERS?

A: It is a condition to the completion of the merger that First Interstate and CMYF receive written opinions from their respective counsel to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to in this

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document as the Internal Revenue Code. Subject to the limitations and qualifications described in the section entitled *Description of the Merger Material U.S. Federal Income Tax Consequences of the Merger*, if you are a United States holder of CMYF common stock, generally you will not recognize any gain or loss with respect to the exchange of shares of CMYF common stock for shares of First Interstate Class A common stock in the merger. However, CMYF shareholders generally will recognize gain or loss with respect to cash received instead of fractional shares of First Interstate Class A common stock that the CMYF shareholders would otherwise be entitled to receive.

You should read *Description of the Merger Material U.S. Federal Income Tax Consequences of the Merger* beginning on page 49 of this document for more information about the United States federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger will depend on your particular tax situation. **You should consult your tax advisor to determine the tax consequences of the merger to you.**

Q: IF I AM AN CMYF SHAREHOLDER, SHOULD I SEND IN MY CMYF STOCK CERTIFICATES NOW?

A: No. Please do not send in your CMYF stock certificates with your proxy. Promptly following the completion of the merger, an exchange agent will send you instructions for exchanging CMYF stock certificates for the merger consideration. See *Description of the Merger Surrender of Stock Certificates* beginning on page 49.

Q: WHAT SHOULD I DO IF I HOLD MY SHARES OF CMYF COMMON STOCK IN BOOK-ENTRY FORM?

A: You are not required to take any additional actions if your shares of CMYF common stock are held in book-entry form. Promptly following the completion of the merger, shares of CMYF common stock held in book-entry form automatically will be exchanged for shares of First Interstate Class A common stock in book-entry form and cash to be paid in exchange for fractional shares, if any.

Q: WHOM MAY I CONTACT IF I CANNOT LOCATE MY CMYF STOCK CERTIFICATE(S)?

A: If you are unable to locate your original CMYF stock certificate(s), you should contact CMYF at (208) 457-9610.

Q: WHO CAN ANSWER MY OTHER QUESTIONS?

A: If you have more questions about the merger, the shareholders meeting or how to submit your proxy, or if you need additional copies of this document or a proxy card you should contact:

Jerry C. Lyon

President and Chief Operating Officer

Community 1st Bank

707 N. Post Street

Post Falls, Idaho 83854

(208) 457-9610

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SUMMARY

This summary highlights selected information in this document and may not contain all of the information important to you. To understand the merger more fully, you should read this entire document carefully, including the annexes and the documents attached to or incorporated by reference into this document.

The Companies

First Interstate BancSystem, Inc.

401 North 31st Street

Billings, Montana 59101

(406) 255-5304

First Interstate, a Montana corporation, is a bank holding company headquartered in Billings, Montana. It is the parent company of First Interstate Bank, a Montana-chartered bank. First Interstate Bank is a community bank operating over 140 banking offices, including online and mobile banking services, throughout Idaho, Montana, Oregon, South Dakota, Washington, and Wyoming. First Interstate Class A common stock is listed on the Nasdaq Global Select Market under the symbol FIBK. At September 30, 2018, First Interstate had total assets of \$13.35 billion, total deposits of \$10.85 billion and shareholders' equity of \$1.65 billion.

Community 1st Bank

707 N. Post Street

Post Falls, Idaho 83854

(208) 457-9610

CMYF is an Idaho-chartered bank headquartered in Post Falls, Idaho. Established in 2007, CMYF was the first chartered community bank in Post Falls, Idaho in over 104 years. CMYF serves customers throughout North Idaho with three full-service branch locations in Post Falls and Coeur d'Alene. At September 30, 2018, CMYF had total assets of \$133.1 million, total deposits of \$118.7 million and shareholders' equity of \$13.8 million.

Pending Acquisition of Idaho Independent Bank

On October 11, 2018, First Interstate and First Interstate Bank also entered into an agreement to acquire IIBK. Pursuant to the IIBK merger agreement, IIBK will merge with and into First Interstate Bank, with First Interstate Bank as the surviving entity. The IIBK Merger was approved by the boards of directors of each of First Interstate, First Interstate Bank and IIBK and is expected to close in the first half of 2019. Completion of the IIBK Merger is subject to customary closing conditions, including receipt of required regulatory approvals and approval of IIBK's shareholders. The completion of the CMYF merger is not conditioned upon or subject to the completion of the IIBK Merger. Under the terms of the IIBK merger agreement, holders of IIBK common stock will receive 0.50 shares of First Interstate Class A common stock for each share of IIBK common stock, which equates to an aggregate transaction value of approximately \$180.5 million as of the date of the IIBK merger agreement.

At September 30, 2018, IIBK had total assets of \$742.2 million, total deposits of \$626.6 million and shareholders equity of \$72.5 million.

For additional information on the IIBK Merger, including certain pro forma financial information, see *Unaudited Comparative Pro Forma Per Share Data*.

Background of the Merger (page 27)

Increased legislative and regulatory scrutiny of the financial services industry in recent years, as well as the ongoing consolidation in the financial services industry, have affected financial institutions generally and CMYF,

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in particular. As part of its ongoing consideration and evaluation of CMYF's long-term prospects and strategies, CMYF's board of directors and management have been carefully considering all options to grow CMYF in an effort to remain competitive.

After considering CMYF's options and a number of factors including the competitive and economic environment, the board of directors determined that an acquisition by First Interstate and First Interstate Bank was CMYF's best option to realize reasonable value for CMYF's shareholders in the current banking market.

For more information about the background of the merger we recommend you read the section of this document entitled *Description of the Merger Background of the Merger*.

CMYF's Reasons for the Merger and Recommendation of the Board of Directors (page 30)

In evaluating whether to adopt the merger agreement, the CMYF board of directors determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are fair to, and in the best interests of, CMYF's shareholders. In making this determination, CMYF's directors consulted with CMYF's management and its financial and legal advisors, and considered a number of factors.

These factors are discussed under the heading *Description of the Merger CMYF's Reasons for the Merger and Recommendation of the Board of Directors*. After reviewing such factors, the CMYF board of directors unanimously determined that the merger and the transactions contemplated thereby are fair to, and in the best interests of, CMYF's shareholders and unanimously recommended and continues to recommend that CMYF's shareholders vote **FOR** the merger agreement at the CMYF special meeting.

In addition, the CMYF board of directors unanimously recommends that CMYF shareholders vote **FOR** the CMYF adjournment proposal.

Special Meeting of CMYF Shareholders; Required Vote (page 24)

The CMYF special meeting is scheduled to be held at 707 N. Post Street, Post Falls, Idaho 83854, at 5:30 p.m., local time, on March 27, 2019. At the CMYF special meeting, CMYF shareholders will be asked to vote on a proposal to approve the merger agreement by and among CMYF, First Interstate and First Interstate Bank. CMYF shareholders may also be asked to approve the CMYF adjournment proposal.

Only CMYF shareholders of record as of the close of business on January 28, 2019 are entitled to notice of, and to vote at, the CMYF special meeting and any adjournments or postponements of the meeting.

Approval of the merger agreement requires the affirmative vote of two-thirds of the outstanding shares of CMYF common stock entitled to vote. Approval of the CMYF adjournment proposal requires the affirmative vote of a majority of the votes cast by the CMYF shareholders at the CMYF special meeting. As of January 28, 2019, the record date for the CMYF special meeting, there were 1,218,464 shares of CMYF common stock outstanding and entitled to vote. The directors and executive officers of CMYF, as a group, beneficially owned 496,034 shares of CMYF common stock, not including shares that may be acquired upon the exercise of stock options, representing approximately 40.71% of the outstanding shares of CMYF common stock as of the record date.

Each of the directors and executive officers of CMYF, solely in their individual capacity as a CMYF shareholder, have entered into a separate voting agreement with First Interstate and First Interstate Bank, pursuant to which each such CMYF director or executive officer has agreed to vote in favor of the merger agreement.

Table of Contents**The Merger and the Merger Agreement (page 27)**

The merger of CMYF with and into First Interstate Bank is governed by the merger agreement. The merger agreement provides that if all of the conditions are satisfied or waived, CMYF will be merged with and into First Interstate Bank, with First Interstate Bank as the surviving entity. **We encourage you to read the merger agreement, which is included as Annex A to this document.**

What CMYF Shareholders Will Receive in the Merger (page 27)

If the merger is completed, CMYF shareholders will receive 0.3784 shares (such number being referred to as the exchange ratio) of First Interstate Class A common stock for each share of CMYF common stock held immediately before the merger. First Interstate will not issue any fractional shares of First Interstate Class A common stock in the merger. First Interstate will pay to each former CMYF shareholder who holds fractional shares an amount in cash determined by multiplying the average of the closing sale prices of First Interstate Class A common stock for the 20 consecutive trading days ending on and including the fifth day preceding the closing date of the merger by the fraction of a share (rounded to the nearest cent) of First Interstate Class A common stock that such shareholder would otherwise be entitled to receive.

Based on First Interstate's closing price of \$44.62 on October 11, 2018, which was the last trading date preceding the public announcement of the proposed merger, each share of CMYF common stock exchanged for 0.3784 shares of First Interstate Class A common stock would have a value of \$16.88. Based on the deemed value per share to CMYF shareholders and assuming an aggregate of 1,209,591 shares of CMYF common stock outstanding and 90,802 stock options outstanding with a weighted exercise price of \$10.07 the aggregate merger consideration to holders of CMYF common stock was approximately \$21.0 million on October 11, 2018. Based on First Interstate's closing price of \$38.92 on January 31, 2019, which is the most recent practicable trading day before the printing of this document, each share of CMYF common stock exchanged for 0.3784 shares of First Interstate Class A common stock would have a value of \$14.73. The common stock of First Interstate trades on the Nasdaq Global Select Market under the symbol FIBK. The common stock of CMYF trades on the OTC Market's Pink Market Place under the symbol CMYF. The market price of both First Interstate Class A common stock and CMYF common stock will fluctuate before the completion of the merger; therefore, you are urged to obtain current market quotations for First Interstate Class A common stock and CMYF common stock.

Market Price and Share Information (page 80)

The following table shows the closing price per share of First Interstate Class A common stock, the closing price per share of CMYF common stock and the equivalent price per share of CMYF common stock, giving effect to the merger, on October 11, 2018, which is the last day on which shares of each of First Interstate Class A common stock and CMYF common stock traded preceding the public announcement of the proposed merger, and on January 31, 2019, the most recent practicable date before the mailing of this document. The implied value of one share of CMYF common stock is computed by multiplying the price of a share of First Interstate Class A common stock by the 0.3784 exchange ratio. See *Description of the Merger Consideration to be Received in the Merger*.

			Implied Value of One Share of CMYF Common Stock
First Interstate Common Stock	CMYF Common Stock		

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October 11, 2018	\$	44.62	\$	14.55	\$	16.88
January 31, 2019		38.92		14.50		14.73

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Treatment of CMYF Stock Options (page 48)

At the effective time of the merger, each option to purchase shares of CMYF common stock outstanding and unexercised immediately before the effective time of the merger, whether or not vested, will be cancelled and, upon First Interstate's receipt of an option surrender agreement from the holder, exchanged for a cash payment equal to the product of (1) the number of shares of CMYF common stock subject to the stock option multiplied by (2) the amount by which the merger consideration exceeds the exercise price of such option, less applicable withholding taxes. For purposes of this calculation, the merger consideration is the product of the exchange ratio times the average closing sales price of First Interstate Class A common stock over the 20 consecutive trading days ending on and including the fifth day before the closing date of the merger.

D.A. Davidson's Opinion to Community Bank's Board of Directors (page 32)

On October 11, 2018, the CMYF board of directors received an opinion from its financial advisor, D.A. Davidson & Co. (which we refer to as "D.A. Davidson"), to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by D.A. Davidson as set forth in its opinion, the exchange ratio in the proposed merger was fair, from a financial point of view, to the holders of CMYF common stock. Subsequent changes in the operations and prospects of CMYF or First Interstate, general market and economic conditions and other factors that may be beyond the control of CMYF or First Interstate may significantly alter the value of CMYF or First Interstate or the prices of CMYF common stock or First Interstate Class A common stock by the time the merger is completed. Because CMYF does not anticipate asking D.A. Davidson to update its opinion, the opinion will not address the fairness of the exchange ratio from a financial point of view at the time the merger is completed or as of any other date other than the date of such opinion.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, which is attached as Annex C to this document and is incorporated herein by reference, and describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by D.A. Davidson in preparing the opinion.

D.A. Davidson's opinion speaks only as of the date of the opinion. The opinion was for the information of, and was directed to, the CMYF board of directors (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion addressed only the fairness, from a financial point of view, as of the date of the opinion, of the exchange ratio in the merger to the holders of CMYF common stock. It did not address, among other things as set forth in D.A. Davidson's opinion, the underlying business decision of the CMYF board of directors to engage in the merger or enter into the merger agreement or constitute a recommendation to the CMYF board of directors in connection with the merger, and it does not constitute a recommendation to any holder of CMYF common stock as to how to vote in connection with the merger or any other matter.

For a description of the opinion that the CMYF board of directors received from D.A. Davidson, please refer to the section entitled *Description of the Merger - D.A. Davidson's Opinion to CMYF's Board of Directors*.

Interests of Certain Persons in the Merger that are Different from Yours (page 53)

In considering the information contained in this document, you should be aware that CMYF's executive officers and directors have plans that give them financial interests in the merger that are different from, or in addition to, the interests of CMYF shareholders generally. The CMYF board of directors was aware of these interests at the time it approved the merger agreement. These interests include, among other things:

accelerated vesting and payment of all outstanding CMYF stock options; and

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the rights of CMYF officers and directors under the merger agreement to continued indemnification coverage and continued coverage under directors and officers liability insurance policies.

CMYF Shareholders Dissenters Rights (page 67)

Under Idaho law, CMYF shareholders have the right to dissent from the merger and receive cash for the fair value of their shares of CMYF common stock. A shareholder electing to dissent must strictly comply with all the procedures required by Idaho law. These procedures are described later in this document, and a copy of the relevant statutory provisions is attached as Annex B. For more information on dissenters rights, see *Description of the Merger Dissenters Rights of Appraisal*.

Regulatory Matters Relating to the Merger (page 52)

Under the terms of the merger agreement, the merger cannot be completed unless it is first approved by the Board of Governors of the Federal Reserve System, which we refer to in this document as the Federal Reserve Board, the Montana Division of Banking and Financial Institutions, which we refer to in this document as the Montana Division, and the Idaho Department of Finance, which we refer to in this document as the Idaho Department. First Interstate has received approvals from the Federal Reserve Board, the Montana Division and the Idaho Department of Finance.

Conditions to Completing the Merger (page 55)

The completion of the merger is subject to the fulfillment of a number of customary closing conditions, including:

approval of the merger agreement by CMYF shareholders;

receipt of all required regulatory approvals, consents or waivers and the expiration of all statutory waiting periods;

the absence of any order, decree, injunction, statute, rule or regulation that prevents the consummation of the merger or that makes completion of the merger illegal;

receipt of consent of all third parties whose consent is required to consummate the merger, except where failure to obtain such consent would not have a material adverse effect on First Interstate or First Interstate Bank;

effectiveness of the registration statement of which this document is a part;

authorization for listing on the Nasdaq Stock Market of the shares of First Interstate Class A common stock to be issued in the merger;

receipt by each of First Interstate and CMYF of an opinion from their respective legal counsel to the effect that the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

subject to the materiality standards provided in the merger agreement, the continued accuracy of the representations and warranties of First Interstate and CMYF in the merger agreement;

performance in all material respects by each of First Interstate and CMYF of its respective obligations under the merger agreement, unless waived by the other party;

the absence of any material adverse effect with respect to First Interstate or First Interstate Bank, on the one hand, or CMYF, on the other hand, since the date of the merger agreement;

none of the regulatory approvals containing any materially burdensome conditions; and

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not more than 10% of the outstanding shares of CMYF common stock have exercised dissenters' rights.

Terminating the Merger Agreement (page 65)

The merger agreement may be terminated by mutual written consent of First Interstate and CMYF at any time before the completion of the merger. Additionally, subject to conditions and circumstances described in the merger agreement, either First Interstate or CMYF may terminate the merger agreement if, among other things, any of the following occur:

CMYF shareholders do not approve the merger agreement at the CMYF special meeting (in the case of CMYF terminating, only if CMYF has complied with certain obligations, including calling the CMYF special meeting and recommending that the CMYF shareholders approve the merger);

any required regulatory approval has been denied and such denial has become final and non-appealable, or a governmental authority or court has issued a final, unappealable order prohibiting consummation of the transactions contemplated by the merger agreement;

the merger has not been consummated by July 31, 2019, unless the failure to complete the merger by that time was due to the failure of the party seeking to terminate the merger agreement to perform or observe the covenants and agreements provided in the merger agreement; or

there is a breach by the other party of any covenant or agreement contained in the merger agreement, or any representation or warranty of the other party becomes untrue, in each case such that the conditions to closing would not be satisfied and such breach or untrue representation or warranty has not been or cannot be cured within 30 days after the giving of written notice to such party of such breach.

First Interstate may also terminate the merger agreement if CMYF breaches its obligations in any material respect regarding the solicitation of other acquisition proposals or submission of the merger agreement to CMYF's shareholders or if the CMYF board of directors does not publicly recommend in this document that CMYF shareholders approve the merger agreement or withdraws or revises its recommendation in a manner adverse to First Interstate.

CMYF may also terminate the merger agreement:

before adoption and approval of the merger agreement by its shareholders, to enter into an agreement with respect to a superior proposal to be acquired by a third party, but only if CMYF's board of directors has determined in good faith based on the advice of legal counsel that failure to take such action would reasonably be expected to cause the CMYF board of directors to violate its fiduciary duties and CMYF has not breached its obligations regarding the solicitation of other acquisition proposals; and

within the five-day period commencing with the fifth day before the closing date of the merger (which we refer to as the determination date), if both of the following conditions have been satisfied:

the average daily closing sale prices of a share of First Interstate Class A common stock as reported on the Nasdaq Global Select Market for the 20 consecutive trading days ending on and including the determination date is less than \$36.54 (80% of the closing sale price of First Interstate Class A common stock on the third trading date before the date of the first public announcement of the merger agreement); and

First Interstate Class A common stock underperforms the KBW Regional Banking Index by more than 20% during the same period.

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However, if CMYF chooses to exercise this termination right, First Interstate has the option, within five days of receipt of notice from CMYF, to adjust the merger consideration and prevent termination under this provision.

Termination Fee (page 66)

Under certain circumstances described in the merger agreement in connection with the termination of the merger agreement, including circumstances involving alternative acquisition proposals with respect to CMYF and changes in the recommendation of the CMYF board of directors to its shareholders, CMYF will owe First Interstate an \$808,624 termination fee. See *Description of the Merger Termination Fee* for a description of the circumstances under which the termination fee is payable. The termination fee could discourage other companies from seeking to acquire CMYF.

Accounting Treatment of the Merger (page 49)

The merger will be accounted for using the acquisition method in accordance with U.S. generally accepted accounting principles.

Comparison of Rights of Shareholders (page 73)

When the merger is completed, CMYF shareholders will receive shares of First Interstate Class A common stock and become First Interstate shareholders with their rights governed by Montana law and by First Interstate's amended and restated articles of incorporation and bylaws. The rights of CMYF shareholders will change as a result of the merger due to differences in First Interstate's and CMYF's governing documents. See *Comparison of Rights of Shareholders* for a summary of the material differences between the respective rights of CMYF shareholders and First Interstate shareholders.

Material U.S. Federal Income Tax Consequences of the Merger (page 49)

The merger is intended to qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Accordingly, U.S. holders of CMYF common stock generally will not recognize any gain or loss on the exchange of shares of CMYF common stock for shares of First Interstate Class A common stock. However, a U.S. holder of CMYF common stock generally will recognize gain or loss with respect to cash received instead of a fractional share of First Interstate Class A common stock that a U.S. holder would otherwise be entitled to receive.

This tax treatment may not apply to all CMYF shareholders. Determining the actual tax consequences of the merger to you can be complicated and will depend on your particular circumstances. CMYF shareholders should consult their own tax advisor for a full understanding of the merger's tax consequences that are particular to each shareholder.

To review the tax consequences of the merger to CMYF shareholders in greater detail, please see the section *Description of the Merger Material U.S. Federal Income Tax Consequences of the Merger*.

Risk Factors (page 13)

You should consider all the information contained in or incorporated by reference into this document in deciding how to vote for the proposals presented in the document. In particular, you should consider the factors described under *Risk Factors*.

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RISK FACTORS

*In deciding how to vote, you should consider carefully all of the information included in this document and its annexes, all of the information incorporated by reference into the document and the risk factors identified by First Interstate with respect to First Interstate's operations included in its filings with the SEC, including First Interstate's Annual Report on Form 10-K for the year ended December 31, 2017. See *Where You Can Find More Information*. In addition, you should consider the following risk factors.*

Risks Related to the Merger

Because the price of First Interstate Class A common stock will fluctuate, CMYF shareholders cannot be certain of the market value of the merger consideration.

Upon the completion of the merger, each share of CMYF common stock outstanding immediately before the completion of the merger will be converted into the right to receive 0.3784 shares of First Interstate Class A common stock. The market value of the merger consideration may vary from the closing price of First Interstate Class A common stock on the date the execution of the merger agreement was announced, on the date that this document was mailed to CMYF shareholders, on the date of the CMYF special meeting and on the date the merger is completed. The market price of First Interstate Class A common stock may fluctuate as a result of a variety of factors, including general market and economic conditions, changes in First Interstate's business, operations and prospects, and regulatory considerations. Therefore, at the time of the CMYF special meeting, CMYF shareholders will not know or be able to calculate the market value of the First Interstate Class A common stock they will receive upon completion of the merger. For example, based on the range of closing prices of First Interstate Class A common stock during the period from October 11, 2018, the last trading day before public announcement of the merger, through January 31, 2019, the last practicable date before the date of this document, the merger consideration represented a market value ranging from a low of \$13.10 to a high of \$16.88 for each share of CMYF common stock. You should obtain current market quotations for shares of First Interstate Class A common stock and CMYF common stock.

The price of First Interstate Class A common stock might decrease after the merger.

Upon completion of the merger, holders of CMYF common stock will become shareholders of First Interstate. First Interstate Class A common stock could decline in value after the merger. For example, during the twelve-month period ending on January 31, 2019 (the most recent practicable date before the printing of this document), the closing price of First Interstate Class A common stock varied from a low of \$35.03 to a high of \$46.95 and ended that period at \$38.92. The market value of First Interstate Class A common stock fluctuates based upon general market conditions, First Interstate's business, operations and prospects and other factors. Further, the market price of First Interstate Class A common stock after the merger may be affected by factors different from those currently affecting the common stock of First Interstate or CMYF. The businesses of CMYF and First Interstate Bank differ and, accordingly, the results of operations of the combined company and the market price of First Interstate's shares of common stock following the merger may be affected by factors different from those currently affecting the independent results of operations and market prices of common stock of each of CMYF and First Interstate. For a discussion of the business of First Interstate, First Interstate Bank and of certain factors to consider in connection with First Interstate's business, see the documents incorporated by reference in this document and referred to under *Where You Can Find More Information* beginning on page 82.

CMYF, First Interstate Bank and First Interstate will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effects of the merger on employees and customers may have an adverse effect on CMYF, First Interstate Bank or First Interstate. These uncertainties may impair CMYF's, First Interstate Bank's or First Interstate's ability to attract, retain and motivate key personnel until the merger is completed, and could

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cause customers and others that interact with CMYF, First Interstate Bank or First Interstate to seek to change existing business relationships with CMYF, First Interstate Bank or First Interstate. Retention of certain employees by CMYF, First Interstate Bank or First Interstate may be challenging while the merger is pending, as certain employees may experience uncertainty about their future roles with the combined company. If key employees depart because of issues relating to the uncertainty and difficulty of integration, or a desire not to remain with CMYF or First Interstate, CMYF's business or First Interstate's business could be harmed. In addition, subject to certain exceptions, CMYF has agreed to operate its business in the ordinary course before closing, which may prevent it from pursuing certain growth opportunities. See *Description of the Merger Conduct of Business Before the Merger* for a description of the restrictive covenants applicable to CMYF, First Interstate and First Interstate Bank.

Failure to complete the merger could negatively impact the stock prices and future businesses and financial results of First Interstate, First Interstate Bank and CMYF.

There can be no assurance that the merger will be completed. If the merger is not completed, the ongoing businesses of First Interstate, First Interstate Bank and CMYF may be adversely affected and First Interstate, First Interstate Bank and CMYF will be subject to a number of risks, including the following:

First Interstate and CMYF will be required to pay certain costs relating to the merger, whether or not the merger is completed, such as legal, accounting, financial advisor, proxy solicitation and printing fees;

under the merger agreement, First Interstate, First Interstate Bank and CMYF are subject to certain restrictions on the conduct of their respective businesses before completing the merger, which may adversely affect their ability to execute certain of its business strategies if the merger is terminated; and

matters relating to the merger may require substantial commitments of time and resources by First Interstate, First Interstate Bank and CMYF management, which could otherwise have been devoted to other opportunities that may have been beneficial to First Interstate, First Interstate Bank and CMYF as independent companies.

In addition, if the merger is not completed, First Interstate, First Interstate Bank and/or CMYF may experience negative reactions from the financial markets and from their respective customers and employees. First Interstate, First Interstate Bank and/or CMYF also could be subject to litigation related to any failure to complete the merger or to proceedings commenced by First Interstate and First Interstate Bank on the one hand, or CMYF on the other hand, against the other seeking damages or to compel the other to perform its obligations under the merger agreement. These factors and similar risks could have an adverse effect on the results of operation, business and stock prices of First Interstate, First Interstate Bank and CMYF.

First Interstate and First Interstate Bank may be unable to successfully integrate CMYF's operations or retain CMYF's employees, which could adversely affect the combined company.

The merger involves the integration of two banks that have previously operated independently. The difficulties of combining the operations of the two banks include, among other things: integrating personnel with diverse business backgrounds; combining different corporate cultures; and retaining key employees.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of the business and the loss of key personnel. The integration of the two banks will substantially benefit from the experience and expertise of certain key employees of CMYF who are expected to be retained by First Interstate Bank. First Interstate Bank may not be successful in retaining these employees for the time period necessary to successfully integrate CMYF's operations with those of First Interstate Bank. The diversion of management's attention and any delays or difficulties encountered in connection with the merger and the integration of the two companies' operations could have an adverse effect on the business and results of operations of First Interstate Bank following the merger.

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Additionally, First Interstate and First Interstate Bank may not be able to successfully achieve the level of cost savings, revenue enhancements and other synergies that it expects, and may not be able to capitalize upon the existing customer relationships of CMYF to the extent anticipated, or it may take longer, or be more difficult or expensive than expected, to achieve these goals. These matters could have an adverse effect on First Interstate's business, results of operation and stock price.

First Interstate and First Interstate Bank are also acquiring IIBK in the IIBK Merger and the conditions to completing that merger may result in delays in completing the CMYF merger, or make it more difficult or time consuming than expected.

First Interstate and First Interstate Bank announced the proposed acquisition of IIBK in the IIBK Merger on the same date as the CMYF merger. The IIBK Merger is subject to customary closing conditions, including receipt of regulatory approvals for the IIBK Merger, as well as the approval of the shareholders of IIBK. The preparation and filing of regulatory applications, and a separate prospectus/proxy statement, as well as planning the integration of CMYF at the same time as obtaining the regulatory approvals and planning the integration of CMYF is time consuming and could divert management attention and resources away from the CMYF merger. It is possible that because of the complexities involved in acquiring two financial institutions simultaneously, First Interstate and First Interstate Bank could experience delays in regulatory approval. This could result in the merger process taking longer than anticipated, which could be costly to First Interstate, First Interstate Bank and CMYF, disrupt First Interstate's or CMYF's ongoing businesses relationships with their respective clients, customers, depositors and employees or result in a failure to achieve the anticipated benefits of the CMYF merger.

The termination fee and the restrictions on solicitation contained in the merger agreement may discourage other companies from trying to acquire CMYF.

Until the completion of the merger, with some exceptions, CMYF is prohibited from soliciting, initiating, encouraging or participating in any discussion of or otherwise considering any inquiry or proposal that may lead to an acquisition proposal, such as a merger or other business combination transactions, with any person other than First Interstate and First Interstate Bank. In addition, CMYF has agreed to pay an \$808,624 termination fee to First Interstate in specified circumstances. These provisions could discourage other companies that may have an interest in acquiring CMYF from considering or proposing such an acquisition even though those other companies might be willing to offer greater value to CMYF's shareholders than First Interstate has offered in the merger. The payment of the termination fee would also have a material adverse effect on CMYF's financial condition and results of operations.

Certain of CMYF's directors and officers have interests that are different from, or in addition to, interests of CMYF shareholders generally.

Certain executive officers and directors of CMYF have interests in the merger that are different from, or in addition to, the interests of CMYF shareholders generally. These include: (1) a cash payment in connection with the termination of all outstanding CMYF stock options; and (2) provisions in the merger agreement relating to indemnification of directors and officers and insurance for directors and officers of CMYF for events occurring before the merger. For a more detailed discussion of these interests, see *Description of the Merger Interests of Certain Persons in the Merger that are Different from Yours* beginning on page 53.

Both First Interstate and CMYF shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management of the combined organization.

First Interstate shareholders and CMYF shareholders each currently have the right to vote in the election of their respective board of directors and on various other matters affecting their respective company. Upon the completion of the merger, CMYF's shareholders will become shareholders of First Interstate with a percentage ownership of the combined organization that is substantially smaller than such shareholders' percentage.

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ownership of CMYF. Following completion of the merger, CMYF shareholders will own approximately 1.2% of the outstanding shares of First Interstate Class A common stock and 0.8% of the aggregate outstanding shares of the First Interstate common stock, which equates to 0.3% of the voting power of First Interstate common stock. Additionally, upon the completion of the IIBK Merger, CMYF's shareholders percentage ownership of First Interstate will further decrease.

The reduced voting power of CMYF shareholders is further effected by the two classes of common stock that First Interstate maintains. First Interstate Class B common stock is entitled to five votes per share, while shares of First Interstate Class A common stock, which is what will be issued to CMYF shareholders, are entitled to one vote per share. As of January 28, 2019, members of the Scott family held 21,285,014 shares of First Interstate Class B common stock and, therefore, controlled in excess of 71% of the voting power of First Interstate's outstanding common stock. As a result, the Scott family will be able to exert a significant degree of influence or actual control over First Interstate's management and affairs and over matters requiring shareholder approval, including the election of directors, a merger, consolidation or sale of all or substantially all of First Interstate's assets and any other significant transaction. This concentrated control will limit CMYF shareholders' future ability to influence corporate matters, and the interests of the Scott family may not always coincide with First Interstate's interests or your interests.

The fairness opinion to the board of directors CMYF rendered on the date of the signing of the merger agreement does not reflect any changes in circumstances after the date of such fairness opinions.

D.A. Davidson delivered to the board of directors of CMYF its opinion on October 11, 2018. The opinion does not reflect changes that may occur or may have occurred after the date of such opinion, including changes to the operations and prospects of First Interstate or CMYF, changes in general market and economic conditions or regulatory or other factors that may materially alter or affect the value of First Interstate Class A common stock or CMYF common stock. The opinion speaks only as of the date on which it was rendered and not as of the date of this document or any other date.

There is no assurance when or even if the merger will be completed.

Completion of the merger is subject to satisfaction or waiver of a number of conditions. See *Description of the Merger Conditions to Completing the Merger* beginning on page 55. There can be no assurance that First Interstate, First Interstate Bank and CMYF will be able to satisfy the closing conditions or that closing conditions beyond their control will be satisfied or waived.

First Interstate and CMYF can agree at any time to terminate the merger agreement, even if CMYF shareholders have already voted to approve the merger agreement. First Interstate and CMYF can also terminate the merger agreement under other specified circumstances.

Regulatory approvals may not be received, may take longer than expected, or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the merger.

Before the merger may be completed, First Interstate, First Interstate Bank and CMYF must obtain approvals from the Federal Reserve Board, the Montana Division and the Idaho Department, which approvals have been received. Other approvals, waivers or consents from regulators may also be required. In determining whether to grant these approvals the regulators consider a variety of factors, including the regulatory standing of each party. An adverse development in either party's regulatory standing or other factors could result in an inability to obtain approval or delay their receipt. These regulators may impose conditions on the completion of the merger or require changes to the terms of the merger. Such conditions or changes could have the effect of delaying or preventing completion of the merger or

imposing additional costs on or limiting the revenues of the combined company following the merger, any of which might have an adverse effect on the combined company following the merger.

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The shares of First Interstate Class A common stock to be received by CMYF shareholders as a result of the merger will have different rights from the shares of CMYF common stock.

Upon completion of the merger, CMYF shareholders will become First Interstate shareholders. Their rights as shareholders Class A common stock will be governed by Montana corporate law and the amended and restated articles of incorporation and bylaws of First Interstate. The rights associated with CMYF common stock are governed by Idaho law and the articles of incorporation and bylaws of CMYF and are different from the rights associated with First Interstate Class A common stock. See the section of this document entitled *Comparison of Rights of Shareholders* beginning on page 73 for a discussion of the different rights associated with First Interstate Class A common stock.

Goodwill incurred in the merger may negatively affect First Interstate's financial condition.

To the extent that the merger consideration, consisting of shares of First Interstate Class A common stock to be issued in the merger, cash paid for fractional shares and cash paid to terminate CMYF options, exceeds the fair value of the net assets acquired in the merger, including identifiable intangibles of CMYF, that amount will be reported as goodwill by First Interstate. In accordance with current accounting guidance, goodwill will not be amortized but will be evaluated for impairment annually. A failure to realize expected benefits of the merger could adversely impact the carrying value of the goodwill recognized in the merger, and in turn negatively affect First Interstate's financial condition.

Risks Relating to First Interstate's Business

You should read and consider risk factors specific to First Interstate's business that will also affect the combined company after the merger. These risks are described in the sections entitled *Risk Factors* in First Interstate's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and in other documents incorporated by reference into this document. Please see the section entitled *Where You Can Find More Information* beginning on page 82 of this document for the location of information incorporated by reference into this document.

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CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by reference in this document are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 giving First Interstate's or CMYF's expectations or predictions of future financial or business performance or conditions. Forward-looking statements are typically identified by words such as believe, expect, anticipate, intend, target, estimate, continue, projections, potential, by future conditional verbs such as will, would, should, could or may, or by variations of such words or similar expressions. Such forward-looking statements include, but are not limited to, statements about the benefits of the merger, including future financial and operating results of First Interstate, CMYF or the combined entity following the merger, the combined entity's plans, objectives, expectations and intentions, cost savings and/or revenue enhancements to be achieved in the merger, the expected timing of the completion of the merger, financing plans and the availability of capital, the likelihood of success and impact of litigation and other statements that are not historical facts. These statements are only predictions based on First Interstate's and CMYF's current expectations and projections about future events. There are important factors that could cause First Interstate's and CMYF's actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the numerous risks and uncertainties described in the section entitled *Risk Factors* beginning on page 13.

These forward-looking statements are subject to numerous assumptions, risks, and uncertainties that change over time. In addition to factors previously disclosed in First Interstate's reports filed with the SEC, the following factors, among others, could cause actual results to differ materially from forward-looking statements:

the inability to close the merger in a timely manner, in particular due to First Interstate's and First Interstate Bank's efforts to simultaneously acquire IIBK;

the failure of CMYF shareholders to approve the merger agreement;

the failure to obtain applicable regulatory approvals and meet other closing conditions to the merger on the expected terms and schedule;

the potential impact of announcement or consummation of the proposed merger with CMYF on relationships with third parties, including customers, employees, and competitors;

business disruption following the merger;

difficulties and delays in integrating the First Interstate and CMYF businesses or fully realizing cost savings and other benefits;

First Interstate's potential exposure to unknown or contingent liabilities of CMYF;

the challenges of integrating, retaining, and hiring key personnel;

the failure to attract new customers and retain existing customers in the manner anticipated;

the outcome of pending or threatened litigation, or of matters before regulatory agencies, whether currently existing or commencing in the future, including litigation related to the merger;

any interruption or breach of security resulting in failures or disruptions in customer account management, general ledger, deposit, loan, or other systems;

changes in First Interstate's stock price before closing;

operational issues stemming from, and/or capital spending necessitated by, the potential need to adapt to industry changes in information technology systems, on which First Interstate and CMYF are highly dependent;

changes in legislation, regulation, policies, or administrative practices, whether by judicial, governmental, or legislative action, and other changes pertaining to banking, securities, taxation, rent

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regulation and housing, financial accounting and reporting, environmental protection, and insurance, and the ability to comply with such changes in a timely manner;

changes in the monetary and fiscal policies of the U.S. Government, including policies of the U.S. Department of the Treasury and the Federal Reserve Board;

changes in interest rates, which may affect First Interstate's or CMYF's net income, prepayment penalty income, mortgage banking income, and other future cash flows, or the market value of First Interstate's or CMYF's assets, including its investment securities;

changes to the federal tax code;

the imposition of tariffs or other domestic or international governmental policies impacting the value of the agricultural or other products of the borrowers of First Interstate or CMYF;

changes in accounting principles, policies, practices, or guidelines;

changes in First Interstate's credit ratings or in First Interstate's ability to access the capital markets;

natural disasters, war, or terrorist activities; and

other economic, competitive, governmental, regulatory, technological, and geopolitical factors affecting First Interstate's or CMYF's operations, pricing, and services.

Additionally, the timing and occurrence or non-occurrence of events may be subject to circumstances beyond First Interstate's or CMYF's control.

Annualized, projected and estimated numbers are used for illustrative purposes only, are not forecasts and may not reflect actual results.

For any forward-looking statements made in this document or in any documents incorporated by reference into this document, First Interstate and CMYF claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this document or the date of the applicable document incorporated by reference in this document. Except to the extent required by applicable law, neither First Interstate nor CMYF undertake to update forward-looking statements to reflect facts, circumstances, assumptions, or events that occur after the date the forward-looking statements are made. All written and oral forward-looking statements concerning the merger or other matters addressed in this document and attributable to First Interstate, CMYF, or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this document.

Table of Contents**SELECTED HISTORICAL FINANCIAL AND OTHER DATA**

The following tables present selected historical financial information for First Interstate and for CMYF at and for the dates indicated. The following information is only a summary and not necessarily indicative of the results of future operations of First Interstate, CMYF or the combined company. The summary financial information for First Interstate is derived from prior filings made with the SEC, which are incorporated by reference into this document. The financial information for First Interstate at December 31, 2017 and 2016 and for the three years ended December 31, 2017 should be read in connection with the audited consolidated financial statements and related notes thereto included in its Annual Report on Form 10-K for the year ended December 31, 2017. The financial information for First Interstate for the nine months ended September 30, 2018 and 2017 should be read in connection with the unaudited financial statements and notes thereto included in its Quarterly Report on Form 10-Q for the period ended September 30, 2018. The results of operations for the nine months ended September 30, 2018 are not necessarily indicative of the operating results for the year ending December 31, 2018 or for any other period. See *Where You Can Find More Information* on page 82.

Selected Consolidated Historical Financial Data of First Interstate

	At or For the Nine Months Ended September 30,		At or For the Year Ended December 31,				
	2018	2017	2017	2016	2015	2014	2013
	(Dollars in thousands, except per share amounts)						
FINANCIAL CONDITION DATA							
Total assets	\$ 13,355,799	\$ 12,206,473	\$ 12,213,255	\$ 9,063,895	\$ 8,728,196	\$ 8,609,936	\$ 7,564,651
Cash and cash equivalents	965,049	882,834	758,986	782,023	780,457	798,670	534,827
Investment securities	2,576,634	2,617,682	2,693,206	2,124,468	2,057,505	2,287,110	2,151,543
Net loans	8,444,328	7,477,544	7,542,208	5,402,330	5,169,379	4,823,243	4,259,514
Securities sold under repurchase agreements	635,884	635,289	642,961	537,556	510,635	502,250	457,437
Deposits	10,845,561	9,933,467	9,934,871	7,376,110	7,088,937	7,006,212	6,133,750
Long-term debt	22,432	28,039	13,126	27,970	27,885	38,067	36,917
Subordinated debentures	86,865	82,477	82,477	82,477	82,477	82,477	82,477
Total shareholders equity	1,654,432	1,419,410	1,427,616	982,593	950,493	908,924	801,581
OPERATING DATA							
	\$ 313,607	\$ 249,007	\$ 349,843	\$ 279,765	\$ 264,363	\$ 248,461	\$ 236,967

Net interest income							
Provision (credit) for loan losses	7,037	7,528	11,053	9,991	6,822	(6,622)	(6,125)
Non-interest income	109,109	104,561	141,753	136,496	121,515	111,835	113,024
Non-interest expense	261,463	238,748	323,821	261,011	248,599	236,435	220,724
Income tax expense	34,378	35,039	50,201	49,623	43,662	45,214	46,566
Net income	119,838	72,253	106,521	95,636	86,795	84,401	86,136
COMMON SHARE DATA							
Basic earnings per share	\$ 2.10	\$ 1.46	\$ 2.07	\$ 2.15	\$ 1.92	\$ 1.89	\$ 1.98
Diluted earnings per share	2.09	1.45	2.05	2.13	1.90	1.87	1.96
Dividends per share	0.84	0.72	0.96	0.88	0.80	0.64	0.41
Book value per share ⁽¹⁾	27.30	25.14	25.28	21.87	20.92	19.85	18.15
Outstanding shares (basic)	56,951,029	49,514,818	51,429,366	44,511,774	45,184,091	44,615,060	43,566,681
Outstanding shares (diluted)	57,330,027	50,000,882	51,903,209	44,910,396	45,646,418	45,210,561	44,044,602

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	At or For the Nine Months Ended September 30,		At or For the Year Ended December 31,				
	2018	2017	2017	2016	2015	2014	2013
KEY OPERATING RATIOS							
Return on average assets	1.30%	0.93%	0.98%	1.10%	1.02%	1.06%	1.16%
Return on average common equity	10.79	8.18	8.57	9.93	9.37	9.86	11.05
Interest rate spread	3.70	3.51	3.54	3.50	3.39	3.41	3.44
Net interest margin ⁽²⁾	3.84	3.61	3.64	3.57	3.46	3.49	3.54
Average shareholders equity to average assets	12.02	11.36	11.45	11.04	10.87	10.77	10.49
Dividend payout ratio ⁽³⁾	39.93	49.31	46.38	40.93	41.65	33.83	20.71
Efficiency ratio ⁽⁴⁾	60.58	66.52	64.77	61.88	63.55	65.24	63.43
Allowance for loan losses to total loans	0.86	0.99	0.95	1.39	1.46	1.52	1.96
Non-performing loans to total loans ⁽⁵⁾	0.78	1.06	0.95	1.40	1.37	1.32	2.22
Non-performing assets to total assets ⁽⁶⁾	0.63	0.74	0.68	0.96	0.90	0.91	1.48
Allowance for loan losses to non-performing loans	110.84	93.02	99.40	99.52	106.71	114.58	88.28
Net charge-offs to average loans	0.09	0.19	0.23	0.20	0.08	0.10	0.21
CAPITAL RATIOS							
Total risk-based capital ratio	12.76	12.76	12.76	15.13	15.36	16.15	16.75
Tier 1 risk-based capital ratio	12.01	11.90	11.93	13.89	13.99	14.52	4. Sales and revenues between geographic areas are generally made at values that approximate arm s-length prices.

5. Unallocated corporate assets, included in reconciling items, amounted to ¥165,657 million as of December 31, 2008, which consist primarily of cash and cash equivalents and marketable securities held by the Company. Reconciling items also include elimination of transactions between geographic areas.

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HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(2) Overseas sales and revenues based on the location of the customer

For the three months ended December 31, 2008

	Yen (millions)
	December 31,
	2008
North America	¥ 1,163,927
Europe	263,612
Asia	396,305
Other regions	349,114

For the nine months ended December 31, 2008

	Yen (millions)
	December 31,
	2008
North America	¥ 3,885,573
Europe	913,837
Asia	1,268,134
Other regions	1,057,051
Explanatory notes:	

Major countries or regions in each geographic area:

North America
Europe
Asia
Other Regions

United States, Canada, Mexico
United Kingdom, Germany, France, Italy, Belgium
Thailand, Indonesia, China, India
Brazil, Australia

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HONDA MOTOR CO., LTD. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(11) Per Share Data*(a) Net Asset per Share*

	Yen	
	December 31, 2008	March 31, 2008
Net asset per share	¥ 2,345.59	¥ 2,504.36

(b) Net Income per Common Share

Net income per common share for the nine months ended December 31, 2008 is as follows:

	Yen December 31, 2008
Basic net income per common share	¥ 178.10

* Diluted net income per common share is not provided as there is no potential dilution effect.

* The basis of computation of basic net income per common share is as follows:

	Yen (millions) December 31, 2008
Net income	¥ 323,169
Amount not applicable to common stock	
Net income applicable to common stock	¥ 323,169
Weighted average number of common shares	1,814,545,999 shares

Net income per common share for the three months ended December 31, 2008 is as follows:

	Yen December 31, 2008
Basic net income per common share	¥ 11.16

* Diluted net income per common share is not provided as there is no potential dilution effect.

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* The basis of computation of basic net income per common share is as follows:

	Yen (millions)
	December 31, 2008
Net income	¥ 20,242
Amount not applicable to common stock	
Net income applicable to common stock	¥ 20,242
Weighted average number of common shares	1,814,557,407 shares
(12) Subsequent Event	

No relevant information