

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
IRC Sections 354, 356, 358 and 1001

18 Can any resulting loss be recognized? ▶

No loss can be recognized upon the exchange of the CACB common shares for shares of FIBK Class A common stock and cash. If a taxable loss is calculated on the deemed sale of a fractional share of FIBK Class A common stock deemed to have been received in the exchange, this loss can be recognized.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶

The transaction was consummated on May 30, 2017. Consequently, the reportable tax year of the CACB shareholders for reporting the tax effect of the share exchange is the tax year that includes the May 30, 2017 date. This is the 2017 calendar year for those shareholders who report taxable income on the basis of a calendar year.

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|-------------------------------|---|--|----------|---|------------------------|
| Sign Here | Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge. | | | | |
| | Signature ▶ | <i>Marcy D. Mutch</i> | Date ▶ | <i>June 13, 2017</i> | |
| | Print your name ▶ | <i>Marcy D. Mutch</i> | Title ▶ | <i>CFO</i> | |
| Paid Preparer Use Only | Print/Type preparer's name | Preparer's signature | Date | Check <input type="checkbox"/> if self-employed | PTIN |
| | David A. Thornton, CPA | <i>D.A. Thornton</i> | 6/6/2017 | | P00032537 |
| | Firm's name ▶ Crowe Horwath LLP | Firm's address ▶ 488 Madison Avenue, Floor 3, New York, NY 10022 | | Firm's EIN ▶ 35-0921680 | Phone no. 212-572-5500 |

First Interstate BancSystem, Inc.
81-0331430
Attachment to Form 9937

REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

Form 9937 Part I, Box 9:

The securities subject to reporting include all shares of First Interstate BancSystem, Inc. ("FIBK") Class A common stock issued in exchange for the outstanding common stock of Cascade Bancorp ("CACB") as a result of the merger of CACB with and into FIBK on May 30, 2017.

Form 9937 Part II, Box 14:

The reportable organizational action involves the merger of CACB with and into FIBK on May 30, 2017. As a result of this merger, each share of CACB common stock was exchanged for 0.14864 shares of FIBK Class A common stock and \$1.91 in cash. To the extent that the exchange would have resulted in the issuance of a fractional share of FIBK Class A common stock to a CACB shareholder, a cash payment equal to the market value equivalent of the fractional share was paid in lieu of issuing a fractional share of FIBK Class A common stock.

Form 9937 Part II, Box 15:

The merger of CACB with and into FIBK qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. As a result, each CACB shareholder will recognize a taxable gain, but not a loss, equal to the lesser of:

- The amount of cash received in the exchange; or
- The amount, if any, by which the sum of the cash received plus the fair market value of the shares of FIBK Class A common stock received in the exchange (measured at the time of the exchange) exceeds the CACB shareholder's tax basis in the CACB shares surrendered in the exchange.

For purposes of calculating this taxable gain, the amount of cash received in the exchange does not include cash received in lieu of fractional shares of FIBK Class A common stock (see discussion of cash received in lieu of fractional shares below).

Gain or loss must be calculated separately for each identifiable block of CACB common shares surrendered in the exchange having a common tax basis. A loss realized on one block of CACB common shares may not be used to offset a gain realized on another block of CACB common shares. Each CACB shareholder is encouraged to consult their own personal tax advisor regarding the determination of this realized gain or loss on the exchange.

Each CACB shareholder is required to determine the tax basis of the shares of FIBK Class A common stock received in the exchange by performing the following calculations separately for each identifiable block of CACB common shares surrendered in the exchange having a common tax basis:

- Begin with the aggregate tax basis of the CACB common shares surrendered in the exchange
- Add the amount of taxable gain, if any, determined from the above calculation (excluding any gain or loss resulting from the deemed receipt and sale of fractional shares described below)
- Subtract the total amount of cash received (excluding any cash received in lieu of fractional shares described below)
- Subtract the tax basis in any fractional shares of FIBK Class A common stock that were deemed to have been received in the exchange and immediately sold (see the treatment of fractional shares described below)

The resulting figure represents the aggregate tax basis of the shares of FIBK Class A common stock received in the exchange for that identifiable block of CACB common shares transferred. The tax basis of each individual share of FIBK Class A common stock within this identifiable block is determined by dividing this aggregate tax basis by the number of FIBK common shares that comprise this identifiable block.

CACB shareholders who receive cash in lieu of a fractional share of FIBK Class A common stock are, for purposes of determining the taxability of that cash, deemed to have received the fractional share in the exchange and then as having sold the fractional share for cash. These CACB shareholders will generally recognize a taxable gain or loss equal to the difference between the tax basis of the CACB common shares deemed to have been exchanged for the fractional share and the amount of cash received.

Form 9937 Part II, Box 16:

Refer to the description of the basis calculation in Part II, Box 15 above. The May 30, 2017 closing price of a single share of FIBK Class A common stock on the NASDAQ Stock Exchange was \$34.30.